

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

***BOARD OF EDUCATION***

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

***COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR  
ENDED JUNE 30, 2015***

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2015**

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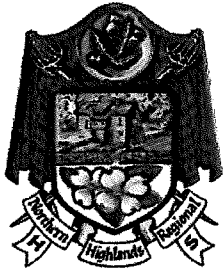
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# **INTRODUCTORY SECTION**



## *Northern Highlands Regional High School*

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

Dr. Scot Beckerman

Superintendent of Schools

November 20, 2015

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

Dear Board Members:

The comprehensive annual financial report (the "CAFR") of the Northern Highlands Regional High School District for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in the CAFR is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements, management's discussion and analysis and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the 1996 Single Audit Act, the U. S. Office of Management and Budget's Circular A- 133, Audits of State and Local Governments, and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

## 1. REPORTING ENTITY AND ITS SERVICES

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

The district provides a full range of educational services appropriate to grade levels 9-12. These include regular, as well as special education (through age 21) for handicapped youngsters. The district completed the 2014-2015 fiscal year with an enrollment in-district of 1,372 students, which is an increase of 18 students from the preceding year. In addition to the students on roll at the high school in Allendale, the district is responsible for approximately 51 students that are sent out-of-district to Bergen Academies, Bergen County Vocational schools and special needs placements. The following schedule on the following page details the changes in the student enrollment of the district over a five-year period. These schedules do not reflect students sent out of district for special education.

### Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2014-2015          | 1370                      | 1.56%                 |
| 2013-2014          | 1349                      | 1.73%                 |
| 2012-2013          | 1326                      | -0.80%                |
| 2011-2012          | 1337                      | +2.50%                |
| 2010-2011          | 1304                      | -0.50%                |

## 2. ECONOMIC CONDITION & OUTLOOK:

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

## 3. MAJOR INITIATIVES:

Students continued to score above the state and national average on all standardized tests. Northern Highlands Regional High School seniors averaged well above their counterparts on their Scholastic Aptitude Tests at both the national and state level. Of the 352 graduates in the class of 2015, 97.4% (343) are attending college (88.1% and 8.8% at four and two year colleges respectively) with 69% attending colleges rated by Barron's as most, highly or very competitive. The drop-out rate is practically non-existent. NHRHS offers 46 Honors courses and 21 Advanced Placement courses to aid student growth and achievement. In May of 2015, 412 students sat for 693 AP exams in 25 subjects (some of which are not offered as an AP course at Northern Highlands). Eighty-eight percent of the students sitting for the AP exams scored a 3 or above. In addition to these offerings, Northern Highlands also offers a number of courses in which students may earn college credit. Northern Highlands students can earn college credit through Advanced Placement testing or by enrolling in either Syracuse University Project Advance (SUPA) or one of our other dual enrollment programs. SUPA is a prestigious program in which students may earn college credits that are accepted at universities around the nation based on their successful completion of these courses.

During the 2014-15 fiscal year there were significant improvements to our facilities and there were many projects that will be completed during the summer of 2015 too. Several of the larger projects were partially subsidized by state grants or debt service aid up to 40 percent of the project cost. There was a two-part project to replace the roof on the original two school buildings. The roof project was completed during the summer months of 2014 and 2015. The district installed an additional 30 internal security cameras. In addition, the district installed new lighting controls and water valves, and renovated and upgraded the female coaches facilities. Moreover, there were major improvements in drainage around the campus, and the tennis courts were resurfaced.

#### 4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (G.A.A.P.). An internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district management.

As part of the district single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance program, as well as to determine that the district has complied with applicable laws and regulations.

#### 5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

## 6. ACCOUNTING SYSTEM AND REPORTS:

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

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

## 7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

The District utilized Bank of America as its main depository for district funds for most of the fiscal year. However, during the month of June we began to migrate from Bank of America to Valley National Bank. Effective July 1, 2015, Valley National Bank will become the main depository for district funds. This program meets the G.U.D.P.A. requirements at both financial institutions.

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

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibilities for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2015 and the amount and percentage of increase (decrease) in relation to the prior year.

| Revenues            | FY 2014-15<br>Amount | Percentage of<br>Total | Total<br>Dollar<br>Increase<br>(Decrease)<br>From 2013-14 | Percentage<br>Increase<br>(Decrease) |
|---------------------|----------------------|------------------------|-----------------------------------------------------------|--------------------------------------|
| Taxes               | \$21,431,171         | 71.17%                 | \$565,504                                                 | 2.71%                                |
| Other Local Sources | 71,725               | 0.23%                  | (29,366)                                                  | 29.05%                               |
| Tuition             | 4,926,237            | 16.36%                 | 567,280                                                   | 13.01%                               |
| State Sources       | 3,447,203            | 11.45%                 | 386,736                                                   | 12.51%                               |
| Federal Sources     | <u>236,418</u>       | <u>0.79%</u>           | <u>40,168</u>                                             | 20.47%                               |
| Totals              | <u>\$30,112,754</u>  | <u>100.00%</u>         | <u>\$1,530,322</u>                                        | <u>5.35%</u>                         |

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2015 and the amount and percentage of increase (decrease) in relation to the prior year.

| Expenditures     | FY 2014-15<br>Amount | Percentage of<br>Total | Total<br>Dollar<br>Increase<br>(Decrease)<br>From 2013-14 | Percentage<br>Increase<br>(Decrease) |
|------------------|----------------------|------------------------|-----------------------------------------------------------|--------------------------------------|
| Current Expense  | \$28,044,590         | 94.31%                 | \$1,077,697                                               | 4.00%                                |
| Capital Outlays  | 111,233              | 0.37%                  | (1,126)                                                   | (1.02%)                              |
| Special Revenues | 236,418              | 0.80%                  | 50,479                                                    | 27.15%                               |
| Debt Service     | <u>1,343,596</u>     | <u>4.52%</u>           | <u>197,748</u>                                            | 17.26%                               |
| Totals           | <u>\$29,735,837</u>  | <u>100.00%</u>         | <u>\$1,324,798</u>                                        | <u>4.66%</u>                         |

#### 9. DEBT ADMINISTRATION:

As of June 30, 2015 the district has three general obligation bond issues outstanding. The first was the 2003 issue which was approved for the science-wing addition. In March 2011, the district refunded the callable portion of this issue which amounted to \$8,805,000. The refunding produced a net present value savings to the district and community of approximately +3.2%. As of June 30, 2015 \$7,175,000 remained in principal to be paid. The final payment is scheduled for June 15, 2022.

The second outstanding bond issue is the 2009 issue, which was approved for the installation of new boilers and an emergency generator system. As of June 30, 2015 \$377,000 remained in principal to be paid. The final payment is scheduled for April 15, 2019.

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

#### 10. RISK MANAGEMENT:

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

#### 11. OTHER INFORMATION:

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

## 12. ACKNOWLEDGEMENTS:

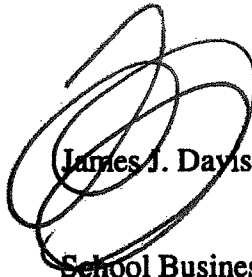
We would like to express our appreciation to the members of the Northern Highlands Regional High School District Board of Education for its concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and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

Respectfully submitted,



Dr. Scot Beckerman

Superintendent of Schools



James J. Davis

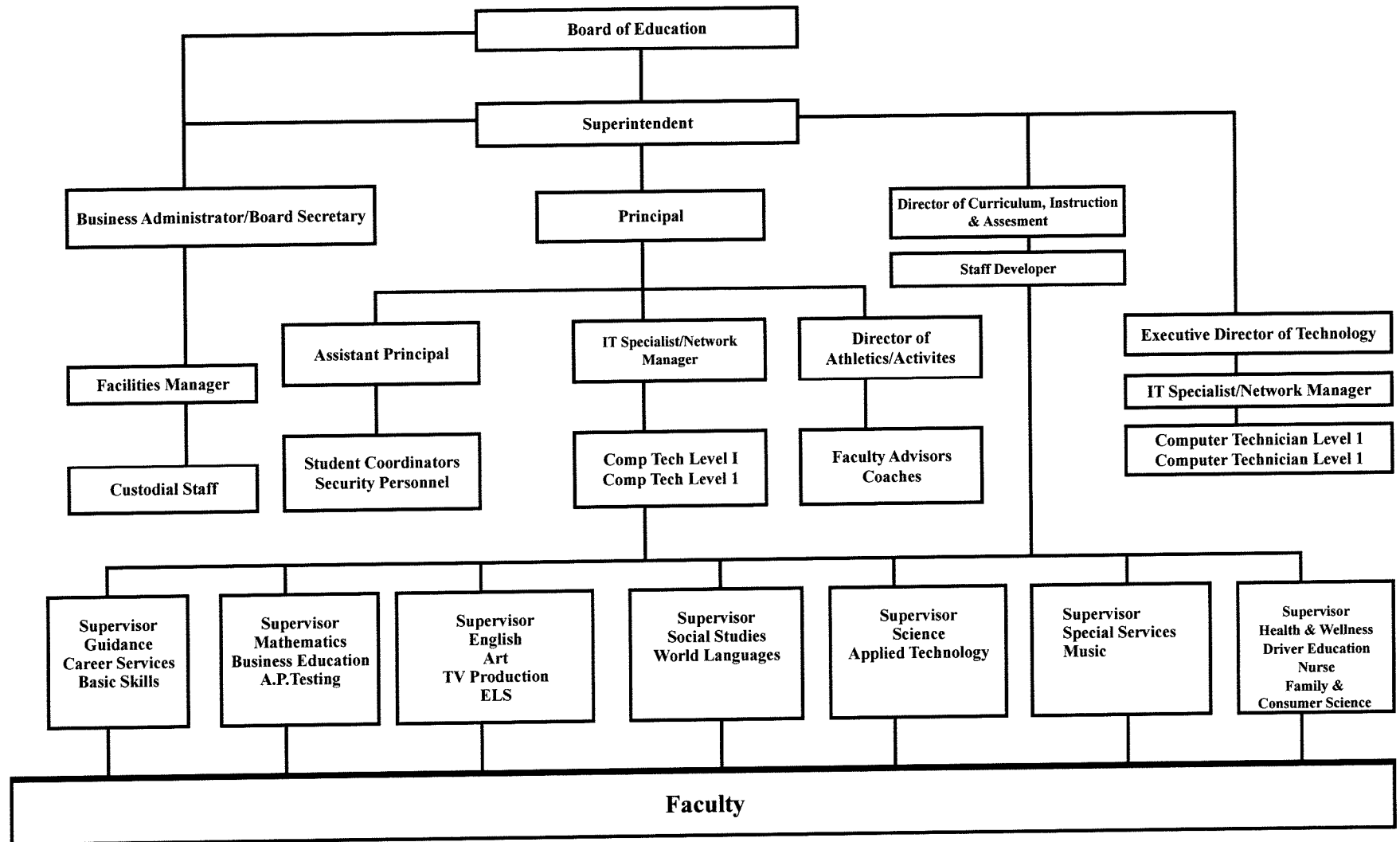
School Business Administrator/Board Secretary

# Northern Highlands Regional High School District

## District Organizational Chart

2014 - 2015

FINAL DRAFT 9.18.14



NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT

BOARD OF EDUCATION

BERGEN COUNTY, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2015

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|------------------------------------------|---------------------|
| Mrs. Barbara Garand, President           | 2017                |
| Mrs. Gail Trumbetti, Vice-President      | 2015                |
| Mrs. Anne Goddard                        | 2017                |
| Dr. Robert Hands                         | 2016                |
| Mr. James Mulanaphy                      | 2015                |
| Mrs. Ann Pagano                          | 2016                |
| Ms. Ellen Marie Walsh                    | 2016                |
| Mrs. Jill Webb                           | 2017                |
| Mr. Robert Wei                           | 2016                |
| Dr. Sheila Yallowitz                     | 2015                |

Mr. Henry Senger (Saddle River Liaison)

Other Officials

Mr. John J. Petrelli, Interim Superintendent of Schools

Mr. James J. Davis, Board Secretary/School Business Administrator

Ms. M. Alissa Mayer, Treasurer of School Monies

James L. Plosia, Esq., Board Attorney

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

**Attorney**

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

Cleary, Giacobbe, Alfieri, Jacobs, LLC  
7 James Street  
Florham Park, NJ 07932

**Audit Firm**

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

**Risk Manager**

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

**Bond Counsel**

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

McManimon, Baumann & Scotland, LLC  
75 Livingston Avenue  
Roseland, NJ 07068

**Official Depository**

Valley National Bank  
67 Franklin Turnpike  
Waldwick, NJ 07463

Bank of America  
East Allendale Ave.  
Allendale, NJ 07401

## **FINANCIAL SECTION**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
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MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**INDEPENDENT AUDITOR'S REPORT**

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

**REPORT ON FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Northern Highlands Regional High School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the district's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **OPINIONS**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Northern Highlands Regional High School District, in the County of Bergen, State of New Jersey, as of June 30, 2015 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **EMPHASIS OF MATTER**

As discussed in Note 1 to the financial statements, during the fiscal year ending June 30, 2015, the Northern Highlands Regional High School District implemented the provisions of Statement Number 68 of the Governmental Accounting Standards Board (GASB 68). GASB 68 changed the measurement criteria and reporting provisions relating to the District's proportionate share (if any), of the net pension liability of the defined benefit pension plans in which its employees are enrolled. The accompanying statement of net position discloses the District's net pension liability and pension plan related deferred outflows and deferred inflows of financial resources. The accompanying statement of activities and Note 14 to the financial statements disclose the adjustments to the District's beginning net position based upon GASB 68 implementation. Our opinion is not modified with respect to this matter.

## **OTHER MATTERS**

### **Required Supplementary Information**

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

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Highlands Regional High School District's basic financial statements as a whole. The accompanying other supplementary information, consisting of the combining and individual fund financial statements, and long-term debt schedules, as listed in the table of contents, the schedule of state financial assistance, required by New Jersey OMB Circular 04-04, and the other information, including the introductory section and the statistical section are presented for purpose of additional analysis and are not a required part of the financial statements.

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

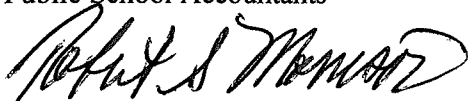
The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 on our consideration of the Northern Highlands Regional High School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Northern Highlands Regional High School District's internal control over financial reporting and compliance.



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



Robert S. Morrison  
Public School Accountant  
PSA # 871

Highland Park, New Jersey  
November 20, 2015

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

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

**MANAGEMENT DISCUSSION & ANALYSIS (MD&A)**  
**June 30, 2015**

The Northern Highlands Regional High School (the “District”) discussion and analysis is designed to provide an overview of the District’s financial activities for the year ended June 30, 2015, identify changes in the District’s financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

**Financial Highlights**

The District’s Governmental Activities net position increased by \$1,208,582 as reflected in Table 2, Changes in Net Position. This increase is primarily attributable to the excess of debt retirement over depreciation. The district’s business-type activity revenues exceeded related expenses by \$23,477. This amount was entirely comprised of net profits from food service operations. The breakdown of these amounts is reflected in Schedule A-2 of the District-wide Financial Statements. The District’s Governmental Funds Fund reported a decrease in Fund Balance of \$1,310,692, to \$6,933,234 at year-end. The revenues, expenses and changes in fund balances for the Governmental Funds are reflected in Exhibit B-2 of the Financial Statements.

**Understanding the Annual Report**

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

**Government-Wide Financial Statements**

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

The Statement of Activities is focused on both the gross and net costs of various activities (including governmental and business-type), which are provided by the government’s general tax and other revenues. This statement is intended to summarize and simplify the user’s analysis of the cost of various governmental services and/or subsidy to various business type activities. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. As required by accounting principles generally accepted in the U.S and New Jersey state law and regulation, the district uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the district can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. This is the manner in which the District's financial plan (budget) is typically developed. The flow and availability of current financial resources is a clear and appropriate focus of any analysis of a government. The financial statements include reconciliations of the differences between the fund balance of the governmental funds and the net position of the governmental activities in the government-wide financial statements (Exhibit B-1) and a reconciliation of the differences between the net changes in government fund balances and the change in net position in the government-wide financial statements (Exhibit B-3).

The proprietary funds consist of a major program (food services enterprise fund) and a non-major program (shared services enterprise fund). Proprietary funds are used to account for activities and programs that are financed primarily through user fees. The activity reported in the proprietary funds utilizes the same basis of accounting as that of the business-type activities reported in the government-wide financial statements. The "Total" column on the business-type fund financial statements is the same as the business-type column on the government-wide financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the programs of the district. The district's fiduciary funds include the student activities fund, the payroll agency fund, and the unemployment compensation trust fund.

### **The District as a Whole**

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

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

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

The condensed Statement of Net Position reflects assets, deferred outflows of resources, liabilities and deferred inflows of resources of the district on an accrual basis of accounting. This statement, which reflects the district's net financial position, is a yardstick of measuring the district's net worth. It means that if the district were forced to liquidate on June 30, 2015 and sell all its assets at book value, after paying all known bills and liabilities, including long-term bonds and lease obligations, the District would have a total of \$6,648,316 remaining.

**Table 1**  
**Net Position**

|                                  | <u>Governmental Activities</u> |              | <u>Business-Type Activities</u> |             | <u>Total School District</u> |              |
|----------------------------------|--------------------------------|--------------|---------------------------------|-------------|------------------------------|--------------|
|                                  | <u>2015</u>                    | <u>2014*</u> | <u>2015</u>                     | <u>2014</u> | <u>2015</u>                  | <u>2014*</u> |
| Current and Other Assets         | 8,198,729                      | 9,329,539    | 115,847                         | 92,788      | 8,314,576                    | 9,422,327    |
| Capital Assets                   | 16,293,137                     | 14,406,243   | 186,767                         | 174,398     | 16,479,904                   | 14,580,641   |
| Total Assets                     | 24,491,866                     | 23,735,782   | 302,614                         | 267,186     | 24,794,480                   | 24,002,968   |
| Deferred Outflows of Resources   | 414,319                        | 240,478      |                                 |             | 414,319                      | 240,478      |
| Total Deferred Outflows          | 414,319                        | 240,478      |                                 |             | 414,319                      | 240,478      |
| Noncurrent Liabilities           | 16,633,654                     | 17,461,514   |                                 |             | 16,633,654                   | 17,461,514   |
| Other Liabilities                | 1,528,716                      | 1,124,837    | 28,694                          | 16,743      | 1,557,410                    | 1,141,580    |
| Total Liabilities                | 18,162,370                     | 18,586,351   | 28,694                          | 16,743      | 18,191,064                   | 18,603,094   |
| Deferred Inflows of Resources    | 369,419                        |              |                                 |             | 369,419                      |              |
| Total Deferred Inflows           | 369,419                        |              |                                 |             | 369,419                      |              |
| Net Position:                    |                                |              |                                 |             |                              |              |
| Net Investment in Capital Assets | 5,526,137                      | 3,134,243    | 186,767                         | 174,398     | 5,712,904                    | 3,308,641    |
| Restricted                       | 6,704,426                      | 7,309,946    |                                 |             | 6,704,426                    | 7,309,946    |
| Unrestricted                     | (5,856,167)                    | (5,054,280)  | 87,153                          | 76,045      | (5,769,014)                  | (4,978,235)  |
| Total Net Assets                 | 6,374,396                      | 5,389,909    | 273,920                         | 250,443     | 6,648,316                    | 5,640,352    |

\*-Reflects restatement to implement GASB Statement No. 68.

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

**Table 2**  
**Changes in Net Position**

|                                         | <u>Governmental Activities</u> |             | <u>Business-Type Activities</u> |             | <u>Total School District</u> |             |
|-----------------------------------------|--------------------------------|-------------|---------------------------------|-------------|------------------------------|-------------|
|                                         | <u>2015</u>                    | <u>2014</u> | <u>2015</u>                     | <u>2014</u> | <u>2015</u>                  | <u>2014</u> |
| <u>Revenues:</u>                        |                                |             |                                 |             |                              |             |
| Charges for Services                    |                                |             | 1,002,014                       | 930,719     | 1,002,014                    | 930,719     |
| Operating Grants and Contributions      | 3,698,343                      | 3,246,406   | 1,740                           | 1,075       | 3,700,083                    | 3,247,481   |
| <br>General Revenues:                   |                                |             |                                 |             |                              |             |
| Property Taxes                          | 21,431,171                     | 20,865,667  |                                 |             | 21,431,171                   | 20,865,667  |
| Tuition                                 | 4,926,236                      | 4,358,957   |                                 |             | 4,926,236                    | 4,358,957   |
| Other General Revenues                  | 71,725                         | 115,032     |                                 |             | 71,725                       | 115,032     |
| Total Revenues                          | 30,127,475                     | 28,586,062  | 1,003,754                       | 931,794     | 31,131,229                   | 29,517,856  |
| <br>Program Expenses Including          |                                |             |                                 |             |                              |             |
| <u>Indirect Expenses:</u>               |                                |             |                                 |             |                              |             |
| Instruction:                            |                                |             |                                 |             |                              |             |
| Regular                                 | 9,601,302                      | 9,390,887   |                                 |             | 9,601,302                    | 9,390,887   |
| Special Education                       | 1,057,063                      | 991,092     |                                 |             | 1,057,063                    | 991,092     |
| Other Instruction                       | 1,175,972                      | 1,160,116   |                                 |             | 1,175,972                    | 1,160,116   |
| Support Services:                       |                                |             |                                 |             |                              |             |
| Tuition                                 | 2,489,420                      | 2,414,524   |                                 |             | 2,489,420                    | 2,414,524   |
| Student & Instruction Related Services  | 2,757,690                      | 2,716,086   |                                 |             | 2,757,690                    | 2,716,086   |
| School Administrative Services          | 667,095                        | 672,485     |                                 |             | 667,095                      | 672,485     |
| General and Business Admin. Services    | 1,049,124                      | 1,019,031   |                                 |             | 1,049,124                    | 1,019,031   |
| Plant Operations and Maintenance        | 2,797,195                      | 2,394,229   |                                 |             | 2,797,195                    | 2,394,229   |
| Pupil Transportation                    | 888,741                        | 1,045,295   |                                 |             | 888,741                      | 1,045,295   |
| Unallocated Benefits                    | 5,633,725                      | 5,426,342   |                                 |             | 5,633,725                    | 5,426,342   |
| Interest on Long-Term Debt              | 375,499                        | 379,202     |                                 |             | 375,499                      | 379,202     |
| Unallocated Depreciation & Amortization | 426,067                        | 496,054     |                                 |             | 426,067                      | 496,054     |
| Business-Type Activities:               |                                |             |                                 |             |                              |             |
| Food Service                            |                                |             | 770,499                         | 737,950     | 770,499                      | 737,950     |
| Shared Services                         |                                |             | 209,778                         | 187,209     | 209,778                      | 187,209     |
| Region I Transportation                 |                                |             |                                 |             |                              |             |
| Region I Administration                 |                                |             |                                 |             |                              |             |
| Total Expenses                          | 28,918,893                     | 28,105,343  | 980,277                         | 925,159     | 29,899,170                   | 29,030,502  |
| Increase (Decrease) in Net Position     | 1,208,582                      | 480,719     | 23,477                          | 6,635       | 1,232,059                    | 487,354     |

During FY 2015 the net position of the District's governmental activities increased by \$1,208,582. This increase is primarily attributable to the excess of debt retirement over depreciation.

During 2014-15, the district produced \$1.96 million in favorable budget variances from the under expenditure of appropriations. Additional favorable variances from excess revenues and other financing sources were reported in the amount of \$0.73 million. The favorable variances were offset by the use of budgeted fund balance in the amount of \$3.16 million, producing a net negative budgetary total variance of \$473,000. Exhibit C-1 provides a breakdown of the budget line items included in the District's approved 2014-2015 budget and the variances in actual revenues and expenditures. Revenue realization for the 2014-2015 school year was positive for governmental activities when compared to the 2013-2014 school year. As shown in Table 3, the Tax needed to support the District's budget increased by 2.71% for the 2014-2015 school year. The largest non-tax revenue of the District during the year continues to be tuition payments, which amounted to \$4.92 million or 13.01% more than the preceding year. A favorable variance of \$196,332 from tuition received from individuals represented the single largest favorable revenue budget variance from local sources. Additionally, the district realized \$247,367 more on a budgetary basis than anticipated for Extraordinary Aid.

During FY 2015 the net position of the district's business-type activities increased by \$23,477, reflecting a modest profit 2.9% on food service revenues for the year. Profits from the food service operations are reinvested in cafeteria equipment to improve and diversify menu offerings.

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

| <u>Revenues by Source:</u>                | <u>2014-2015</u> | <u>2013-2014</u> | <u>% Change</u> |
|-------------------------------------------|------------------|------------------|-----------------|
| Local Tax Levy                            | 21,431,171       | 20,865,667       | 2.71%           |
| Tuition Charges                           | 4,926,237        | 4,358,957        | 13.01%          |
| Other Local Sources                       | 71,725           | 104,722          | -31.51%         |
| Total Local Sources                       | 26,429,133       | 25,329,346       | 4.34%           |
| State Sources                             | 3,621,658        | 3,060,467        | 18.33%          |
| Federal Sources                           | 236,418          | 196,250          | 20.47%          |
| Total Revenues                            | 30,287,209       | 28,586,063       | 5.95%           |
| <u>Expenditures by Function</u>           |                  |                  |                 |
| Current:                                  |                  |                  |                 |
| Regular Instruction                       | 9,586,257        | 9,382,622        | 2.17%           |
| Special Education Instruction             | 1,057,063        | 991,092          | 6.65%           |
| Other Instruction                         | 1,175,972        | 1,160,116        | 1.37%           |
| Support Services and Undistributed Costs: |                  |                  |                 |
| Tuition                                   | 2,489,421        | 2,414,524        | 3.10%           |
| Student & Instruction Related Services    | 2,745,174        | 2,678,759        | 2.48%           |
| School Administrative Services            | 658,339          | 645,418          | 2.00%           |
| Other Administrative Services             | 1,141,287        | 1,027,941        | 11.02%          |
| Plant Operations and Maintenance          | 2,779,491        | 2,380,725        | 16.75%          |
| Pupil Transportation                      | 907,415          | 1,045,294        | -13.19%         |
| Unallocated Benefits                      | 5,740,590        | 5,426,342        | 5.79%           |
| Debt Service:                             |                  |                  |                 |
| Principal                                 | 960,000          | 815,000          | 17.79%          |
| Interest and Other Charges                | 383,596          | 330,847          | 15.94%          |
| Capital Outlay                            | 2,471,557        | 664,551          | 271.91%         |
| Total Expenditures                        | 32,096,162       | 28,963,231       | 10.82%          |

The Cost of Governmental Funds Activities (see Table 3) this year was \$32.09 million or a 10.82% increase from the preceding year. The primary drivers for this increase were capital outlays, which increased by \$1.8 million (56.67% of the total), increased costs for plant operations and maintenance (\$398,766), and increased employee benefit costs (\$314,248). The increase in capital outlay costs can be primarily attributed to the costs incurred for a Board approved project to replace the roof on the High School. This project was financed by school bonds issued in 2013. The reported increase in unallocated employee benefits is attributable to an increase in the contribution made by the State of New Jersey into the Teachers' Pension and Annuity Fund on-behalf of the District as required by the state constitution. That increase is also reflected in the year-to-year increase in state aid revenues. Increased costs were funded by increases in property tax and tuition revenues, as state aid for education did not increase for the 2014-15 school year. As shown on the Statement of Activities (financial statement A-2) our taxpayers ultimately financed \$21.43 million of those activities through property taxes, which reflect only a 2.71% increase over the prior year. As shown above, \$3.61 million of the revenues, which support governmental activities, were received from the State of New Jersey. Of that amount \$2.37 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.

### **The District's Funds**

The District's Balance Sheet for Governmental Funds (statement B-1) reports a combined fund balance of \$6.93 million. This represents a decrease of \$1.3 million from the previous year. The general fund portion of this balance includes a decrease of \$586,398 which consists primarily of the amount by which favorable budgetary variances (\$2,687,658) fell short of fund balances budgeted (\$3,160,937) in 2014-15. Timing differences in revenue recognition make up the remainder of the reported decrease. The capital projects fund reported a decrease in fund balance of \$0.7 million. This decrease represents the spend-down of the proceeds of the \$2,760,000 Bonds issued during the prior year to finance the roof replacement project. In the FY 2015-2016 budget \$1,146,471 of fund balance has been included as an offset to local taxes. An additional \$942,186 is set-aside for FY 2016-17 as an offset to the local tax levy on a GAAP basis.

### **General Fund Budgetary Highlights**

The 2014-2015 revenues of the General fund amounted to \$28.64 million or a 5.10% increase from the prior year. Increases were reported in every category of revenue except state aid.

The 2014-2015 expenditures of the General fund amounted to \$28.15 million, an increase of \$1.07 million, or 3.95%, from the prior year. Increased costs for plant operations and maintenance (\$398,766), and increased employee benefit costs (\$314,248) were the largest cost drivers for the increase. Excluding In-Kind costs, which are not budgeted, the District underspent its available appropriation by \$1.9 million in 2014-2015.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

The District engaged an inventory valuation firm to identify and value its fixed assets as of June 30, 2015 and for the current school year. At the end of 2015, the district had \$16,479,904 invested in capital assets as shown on Table 4, Capital Assets Net of Depreciation at June 30, 2015. During 2014-2015, the District capitalized the costs of land, improvements, building improvements, equipment and architectural fees totaling \$2,445,737 in its governmental activities, and \$44,540 of cafeteria equipment acquisitions in its business-type activities. Depreciation expense for 2014-2015 totaled \$591,014, which included \$558,843 for governmental activities and \$32,171 for business-type activities. During the 2014-2015 school year, the \$960,000 of capital related debt retired exceeded governmental activities depreciation expenses by \$401,157, further improving the net increase in the District's financial position at year-end.

## Capital Assets

**Table 4**

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

|                          | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                  | <u>Total School District</u> |                     |
|--------------------------|--------------------------------|---------------------|---------------------------------|------------------|------------------------------|---------------------|
|                          | <u>2015</u>                    | <u>2014</u>         | <u>2015</u>                     | <u>2014</u>      | <u>2015</u>                  | <u>2014</u>         |
| Land                     | 850,560                        | 720,322             |                                 |                  | 850,560                      | 720,322             |
| Land Improvements        | 661,919                        | 510,975             |                                 |                  | 661,919                      | 510,975             |
| Buildings & Improvements | 21,749,191                     | 20,094,929          |                                 |                  | 21,749,191                   | 20,094,929          |
| Construction in Progress | 569,875                        | 115,670             |                                 |                  | 569,875                      | 115,670             |
| Machinery & Equipment    | <u>3,061,773</u>               | <u>3,005,685</u>    | <u>445,691</u>                  | <u>401,151</u>   | <u>3,507,464</u>             | <u>3,406,836</u>    |
| Subtotal                 | 26,893,318                     | 24,447,581          | 445,691                         | 401,151          | 27,339,009                   | 24,848,732          |
| Accumulated Depreciation | <u>(10,600,181)</u>            | <u>(10,041,338)</u> | <u>(258,924)</u>                | <u>(226,753)</u> | <u>(10,859,105)</u>          | <u>(10,268,091)</u> |
| Totals                   | <u>16,293,137</u>              | <u>14,406,243</u>   | <u>186,767</u>                  | <u>174,398</u>   | <u>16,479,904</u>            | <u>14,580,641</u>   |

## Debt

The district's outstanding debt is shown in Table 5, Outstanding Debt at June 30, 2015. During 2014-15, the District sold \$500,000 of capital lease obligations to finance the costs of a land acquisition and improvement project. The lease obligations bear interest at a rate of 2.99% and mature in annual installments through 2018. The district's debt rating, received from Standard & Poor most recently in conjunction with its 2013 bond issuance remained AAA. This rating is the underlying rating of the District and does not rely upon any credit enhancement by the New Jersey School Bond Reserve fund. Bonds which are rated AAA are judged to be of the best quality. They carry the smallest degree of investment risk. Interest payments are protected by a large or an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

The district remains well within the state allowable limit of \$133 million for debt issuance, which is limited to 3% of the average equalized value of taxable property within the district.

## Debt

**Table 5**

### Outstanding Debt at Year-End

|                           | <u>Governmental Activities</u> |                   |
|---------------------------|--------------------------------|-------------------|
|                           | <u>2015</u>                    | <u>2014</u>       |
| Serial Bonds Payable      | 10,312,000                     | 11,272,000        |
| Capital Lease Obligations | <u>455,000</u>                 |                   |
|                           | <u>10,767,000</u>              | <u>11,272,000</u> |

In addition to the debt authorizations to finance capital projects, the District also reports the value of earned but unused compensated absences (\$503,224), and the unamortized balance of premiums received on bond sales (\$273,955) as Noncurrent Liabilities. For 2014-15, the District's proportionate share of the PERS net pension liability was also required to be reported based upon GASB Statement No. 68 (\$5,089,475).

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

The FY 15-16 operating budget was framed as the current national and statewide economic downturn remains relatively static. The Northern Highlands Regional High School Board of Education and district administration framed a budget, which reflected consideration of these factors as well as district educational and financial goals. This budget reflects a operating budget local levy increase of only 2.00%

In 2010 the district established a Maintenance Reserve account in addition to the previously established Capital Reserve account in order to address both maintenance and capital projects that the district has listed in its Long Range Facility Plan. These reserves will either completely eliminate or significantly reduce any potential local levy, which might otherwise be necessary for the long-term related capital or non-recurrent maintenance needs of the district. Since 2010, the district has supplemented both the Capital Reserve account and Maintenance Reserve, and has appropriated, \$2,134,400 for capital and maintenance projects, including \$1,200,900 during 2014-15, without the need to issue debt instruments or increase property taxes to provide funding. The Board also set aside additional funds in the amount of \$600,000 into its maintenance reserve at June 30, 2015 for future projects. The district has \$ 1.995 million in reserves as of June 30, 2015. 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 any questions about this report or wish to request additional financial information, contact James Davis, Business Administrator/Board Secretary, at Northern Highlands Regional High School Board of Education, 298 Hillside Avenue, Allendale, New Jersey 07401.

## **BASIC FINANCIAL STATEMENTS**

# **DISTRICT-WIDE FINANCIAL STATEMENTS**

## **SECTION – A**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

|                                                   | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                  |
|---------------------------------------------------|----------------------------|-----------------------------|------------------------|
| <u>ASSETS</u>                                     |                            |                             |                        |
| Cash and Cash Equivalents                         | \$ 8,006,463.42            | \$ 112,258.11               | \$ 8,118,721.53        |
| Receivables, Net                                  | 188,765.91                 | 93.08                       | 188,858.99             |
| Receivables from Other Funds                      | 3,500.00                   |                             | 3,500.00               |
| Inventory                                         |                            | 3,495.18                    | 3,495.18               |
| Capital Assets, (Note 3):                         | <u>16,293,136.84</u>       | <u>186,767.35</u>           | <u>16,479,904.19</u>   |
| Total Assets                                      | <u>24,491,866.17</u>       | <u>302,613.72</u>           | <u>24,794,479.89</u>   |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u>             |                            |                             |                        |
| Change in Pension Assumptions                     | 160,040.00                 |                             | 160,040.00             |
| Pension Payment Subsequent to Measurement Date    | 238,896.00                 |                             | 238,896.00             |
| Deferred Amount on Refinancing                    | <u>15,383.18</u>           |                             | <u>15,383.18</u>       |
| Total Deferred Outflows of Resources              | <u>414,319.18</u>          | <u>-</u>                    | <u>414,319.18</u>      |
| <u>LIABILITIES</u>                                |                            |                             |                        |
| Accounts Payable                                  | 1,503,901.35               | 6,994.65                    | 1,510,896.00           |
| Accrued Interest Payable                          | 24,324.87                  |                             | 24,324.87              |
| Unearned Revenue                                  | 490.00                     | 21,698.94                   | 22,188.94              |
| Noncurrent Liabilities (Note 4):                  |                            |                             | -                      |
| Due Within One Year                               | 1,283,750.00               |                             | 1,283,750.00           |
| Due Beyond One Year                               | 10,260,429.13              |                             | 10,260,429.13          |
| Net Pension Liability                             | <u>5,089,475.00</u>        |                             | <u>5,089,475.00</u>    |
| Total liabilities                                 | <u>18,162,370.35</u>       | <u>28,693.59</u>            | <u>18,191,063.94</u>   |
| <u>DEFERRED INFLOWS OF RESOURCES</u>              |                            |                             |                        |
| Difference in Pension Earnings                    | 303,305.00                 |                             | 303,305.00             |
| Change in Pension Proportion                      | <u>66,114.00</u>           |                             | <u>66,114.00</u>       |
| Total Deferred Inflows of Resources               | <u>369,419.00</u>          | <u>-</u>                    | <u>369,419.00</u>      |
| <u>NET POSITION</u>                               |                            |                             |                        |
| Investment in capital assets, net of related debt | 5,526,136.84               | 186,767.35                  | 5,712,904.19           |
| Restricted for:                                   |                            |                             | -                      |
| Debt Service                                      | 7,625.98                   |                             | 7,625.98               |
| Capital Projects                                  | 1,794,521.55               |                             | 1,794,521.55           |
| Other Purposes                                    | 4,902,278.63               |                             | 4,902,278.63           |
| Unrestricted (Deficit)                            | <u>(5,856,167.00)</u>      | <u>87,152.78</u>            | <u>(5,769,014.22)</u>  |
| Total Net Position                                | <u>\$ 6,374,396.00</u>     | <u>\$ 273,920.13</u>        | <u>\$ 6,648,316.13</u> |

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

| Functions/Programs                               | EXPENSES        | PROGRAM REVENUES        |                                          |                                        | NET (EXPENSE) REVENUE AND<br>CHANGE IN NET ASSETS |                             |                   |
|--------------------------------------------------|-----------------|-------------------------|------------------------------------------|----------------------------------------|---------------------------------------------------|-----------------------------|-------------------|
|                                                  |                 | CHARGES FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS | CAPITAL<br>GRANTS AND<br>CONTRIBUTIONS | GOVERNMENTAL<br>ACTIVITIES                        | BUSINESS-TYPE<br>ACTIVITIES | TOTAL             |
| Governmental Activities:                         |                 |                         |                                          |                                        |                                                   |                             |                   |
| Instruction:                                     |                 |                         |                                          |                                        |                                                   |                             |                   |
| Regular                                          | \$9,601,301.80  |                         | 14,078.00                                |                                        | (\$9,587,223.80)                                  |                             | (\$9,587,223.80)  |
| Special Education                                | 1,057,063.00    | -                       | 662,875.00                               | -                                      | (394,188.00)                                      | -                           | (394,188.00)      |
| Other Instruction                                | 1,175,971.74    | -                       |                                          | -                                      | (1,175,971.74)                                    | -                           | (1,175,971.74)    |
| Support Services:                                |                 |                         |                                          |                                        |                                                   |                             |                   |
| Tuition                                          | 2,489,420.51    | -                       |                                          | -                                      | (2,489,420.51)                                    | -                           | (2,489,420.51)    |
| Student & Instruction Related Services           | 2,757,689.68    | -                       |                                          | -                                      | (2,757,689.68)                                    | -                           | (2,757,689.68)    |
| School Administrative Services                   | 667,095.27      | -                       | -                                        | -                                      | (667,095.27)                                      | -                           | (667,095.27)      |
| General and Business Administrative Services     | 1,049,123.59    | -                       | -                                        | -                                      | (1,049,123.59)                                    | -                           | (1,049,123.59)    |
| Plant Operations and Maintenance                 | 2,797,194.65    | -                       |                                          | 174,455.00                             | (2,622,739.65)                                    | -                           | (2,622,739.65)    |
| Pupil Transportation                             | 888,741.42      |                         | 9,626.00                                 | -                                      | (879,115.42)                                      | -                           | (879,115.42)      |
| Unallocated Benefits                             | 5,633,724.60    | -                       | 2,242,408.67                             |                                        | (3,391,315.93)                                    | -                           | (3,391,315.93)    |
| Interest on Long-Term Debt                       | 375,499.52      |                         | 56,957.00                                |                                        | (318,542.52)                                      | -                           | (318,542.52)      |
| Unallocated Depreciation and Amortization        | 426,067.38      |                         |                                          |                                        | (426,067.38)                                      |                             | (426,067.38)      |
| Total Governmental Activities                    | 28,918,893.16   | -                       | 2,985,944.67                             | 174,455.00                             | (25,758,493.49)                                   | -                           | (25,758,493.49)   |
| Business-Type Activities:                        |                 |                         |                                          |                                        |                                                   |                             |                   |
| Food Service                                     | 770,499.06      | 792,235.55              |                                          | -                                      |                                                   | 21,736.49                   | 21,736.49         |
| Shared Services                                  | 209,777.94      | 209,777.94              |                                          |                                        |                                                   | -                           | -                 |
| Total Business-Type Activities                   | 980,277.00      | 1,002,013.49            | -                                        | -                                      | -                                                 | 21,736.49                   | 21,736.49         |
| Total Primary Government                         | \$29,899,170.16 | \$1,002,013.49          | \$2,985,944.67                           | 174,455.00                             | (\$25,758,493.49)                                 | \$21,736.49                 | (\$25,736,757.00) |
| General Revenues:                                |                 |                         |                                          |                                        |                                                   |                             |                   |
| Taxes:                                           |                 |                         |                                          |                                        |                                                   |                             |                   |
| Property Taxes, Levied for General Purposes, Net |                 |                         |                                          |                                        | \$20,144,534.00                                   |                             | \$20,144,534.00   |
| Taxes Levied for Debt Service                    |                 |                         |                                          |                                        | 1,286,637.00                                      | -                           | 1,286,637.00      |
| Federal and State Aid not Restricted             |                 |                         |                                          |                                        | 539,683.00                                        | -                           | 539,683.00        |
| Tuition                                          |                 |                         |                                          |                                        | 4,926,236.98                                      | -                           | 4,926,236.98      |
| Investment Earnings                              |                 |                         |                                          |                                        |                                                   | 1.16                        | 1.16              |
| Miscellaneous Income                             |                 |                         |                                          |                                        | 71,724.82                                         |                             | 71,724.82         |
| Total General Revenues                           |                 |                         |                                          |                                        | 26,968,815.80                                     | 1.16                        | 26,968,816.96     |
| Transfers                                        |                 |                         |                                          |                                        | (1,740.00)                                        | 1,740.00                    | -                 |
| Change in Net Position                           |                 |                         |                                          |                                        | 1,208,582.31                                      | 23,477.65                   | 1,232,059.96      |
| Net Position—Beginning                           |                 |                         |                                          |                                        | 10,439,368.69                                     | 250,442.48                  | 10,689,811.17     |
| Prior Period Adjustment - GASB 68 Implementation |                 |                         |                                          |                                        | (5,273,555.00)                                    |                             | (5,273,555.00)    |
| Net Position—Ending                              |                 |                         |                                          |                                        | \$6,374,396.00                                    | \$273,920.13                | \$6,648,316.13    |

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

**FUND FINANCIAL STATEMENTS**

**SECTION – B**

## **GOVERNMENTAL FUNDS**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

|                                                                              | GENERAL<br>FUND        | SPECIAL<br>REVENUE<br>FUND | CAPITAL<br>PROJECTS<br>FUND | DEBT<br>SERVICE<br>FUND | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|------------------------------------------------------------------------------|------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <u>ASSETS</u>                                                                |                        |                            |                             |                         |                                |
| Cash and Cash Equivalents (Deficit)                                          | \$ 5,929,154.80        | \$                         | 2,077,290.85                | \$ 17.77                | \$ 8,006,463.42                |
| Interfund Receivable                                                         | 3,517.09               |                            |                             | 7,625.30                | 11,142.39                      |
| Receivables from Other Governments                                           | 9,626.00               |                            | 174,455.00                  |                         | 184,081.00                     |
| Other Accounts receivable                                                    | <u>4,684.91</u>        |                            |                             |                         | <u>4,684.91</u>                |
| Total Assets                                                                 | <u>5,946,982.80</u>    | <u>-</u>                   | <u>2,251,745.85</u>         | <u>7,643.07</u>         | <u>8,206,371.72</u>            |
| <u>LIABILITIES AND FUND BALANCES</u>                                         |                        |                            |                             |                         |                                |
| Liabilities:                                                                 |                        |                            |                             |                         |                                |
| Accounts Payable                                                             | 815,406.35             |                            | 449,599.00                  |                         | 1,265,005.35                   |
| Interfund Payable                                                            |                        |                            | 7,625.30                    | 17.09                   | 7,642.39                       |
| Unearned Revenue                                                             | <u>490.00</u>          |                            |                             |                         | <u>490.00</u>                  |
| Total Liabilities                                                            | <u>815,896.35</u>      | <u>-</u>                   | <u>457,224.30</u>           | <u>17.09</u>            | <u>1,273,137.74</u>            |
| Fund Balances:                                                               |                        |                            |                             |                         |                                |
| Restricted for:                                                              |                        |                            |                             |                         |                                |
| Excess Surplus - Current Year                                                | 942,186.03             |                            |                             |                         | 942,186.03                     |
| Excess Surplus - Prior Year - Designated for<br>Subsequent Year Expenditures | 1,146,471.00           |                            |                             |                         | 1,146,471.00                   |
| Emergency Reserve                                                            | 250,000.00             |                            |                             |                         | 250,000.00                     |
| Maintenance Reserve                                                          | 1,641,940.00           |                            |                             |                         | 1,641,940.00                   |
| Capital Reserve                                                              | 103,521.31             |                            |                             |                         | 103,521.31                     |
| Capital Projects                                                             |                        |                            | 1,794,521.55                |                         | 1,794,521.55                   |
| Committed to:                                                                |                        |                            |                             |                         |                                |
| Year End Encumbrances                                                        | 818,160.29             |                            |                             |                         | 818,160.29                     |
| Assigned to:                                                                 |                        |                            |                             |                         |                                |
| Debt Service                                                                 |                        |                            |                             | 7,625.98                | 7,625.98                       |
| Unassigned:                                                                  |                        |                            |                             |                         |                                |
| General Fund                                                                 | <u>228,807.82</u>      |                            |                             |                         | <u>228,807.82</u>              |
| Total Fund Balances                                                          | <u>5,131,086.45</u>    | <u>-</u>                   | <u>1,794,521.55</u>         | <u>7,625.98</u>         | <u>6,933,233.98</u>            |
| Total Liabilities and Fund Balances                                          | \$ <u>5,946,982.80</u> | \$ <u>-</u>                | \$ <u>2,251,745.85</u>      | \$ <u>7,643.07</u>      | \$ <u>8,206,371.72</u>         |

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

|                                                                        |                 |
|------------------------------------------------------------------------|-----------------|
| Total Fund Balances reported on Governmental Funds Balance Sheet (B-2) | \$ 6,933,233.98 |
|------------------------------------------------------------------------|-----------------|

|                                                                                                                                                                                                                            |               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 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 \$26,893,318 and the accumulated depreciation is \$10,600,181. | 16,293,136.84 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|

|                                                                                                                                                           |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | (11,270,224.00) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|

|                                                                                                                                                                             |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Short-term Liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds. | (24,324.87) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

|                                                                                                                                                                                                                                                                                                           |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| The premium received on the sale of bonds is recorded in the governmental funds as an addition to Fund Balance, but are carried on the statement of net position and amortized over the life of the bonds. The carrying value of bond premiums is \$668,861 and the accumulated amortization is \$394,906 | (273,955.13) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|

The Net Pension Liability, and associated Deferred Inflows and Outflows of Resources of the District relating to its participation in the PERS system are not recognized in the funds using the current financial resources measurement focus, but are recognized in the statement of net position using the economic resources measurement focus. The decrease in net position is \$5,059,958. The carrying amounts of the individual components are as follows:

|                                                |                |
|------------------------------------------------|----------------|
| Deferred Outflows of Resources:                |                |
| Change in Pension Assumptions                  | 160,040.00     |
| Pension Payment Subsequent to Measurement Date | 238,896.00     |
| Accounts Payable for Pension Expense           | (238,896.00)   |
| Net Pension Liability                          | (5,089,475.00) |
| Deferred Inflows of Resources:                 |                |
| Difference in Pension Earnings                 | (303,305.00)   |
| Change in Pension Proportion                   | (66,114.00)    |

|                                                                                                                                                                                                                                                                                                                                                                                 |           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| The difference between the face amount of Refunded Bonds and the escrow deposit required to legally defease the Bonds is recorded as a decrease to fund balance in the governmental funds, but is carried on the statement of net position and amortized over the life of the Bonds. The Deferred Amount from Refunding is \$529,282 and accumulated amortization is \$513,899. | 15,383.18 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                         |                        |
|-----------------------------------------|------------------------|
| Net position of governmental activities | \$ <u>6,374,396.00</u> |
|-----------------------------------------|------------------------|

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                                      | GENERAL<br>FUND      | SPECIAL<br>REVENUE<br>FUND | CAPITAL<br>PROJECTS<br>FUND | DEBT<br>SERVICE<br>FUND | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|------------------------------------------------------|----------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <u>REVENUES</u>                                      |                      |                            |                             |                         |                                |
| Local Tax Levy                                       | \$ 20,144,534.00     | \$ -                       | \$ -                        | \$ 1,286,637.00         | \$ 21,431,171.00               |
| Tuition                                              | 4,926,236.98         |                            |                             |                         | 4,926,236.98                   |
| Other Local Sources                                  | 67,730.38            |                            | 3,994.44                    |                         | 71,724.82                      |
| State Sources                                        | 3,390,245.67         |                            | 174,455.00                  | 56,957.00               | 3,621,657.67                   |
| Federal Sources                                      | -                    | 236,418.00                 |                             |                         | 236,418.00                     |
| Total Revenues                                       | <u>28,528,747.03</u> | <u>236,418.00</u>          | <u>178,449.44</u>           | <u>1,343,594.00</u>     | <u>30,287,208.47</u>           |
| <u>EXPENDITURES</u>                                  |                      |                            |                             |                         |                                |
| Current:                                             |                      |                            |                             |                         |                                |
| Regular Instruction                                  | 9,572,178.80         | 14,078.00                  |                             |                         | 9,586,256.80                   |
| Special Education Instruction                        | 834,723.00           | 222,340.00                 |                             |                         | 1,057,063.00                   |
| Other Instruction                                    | 1,175,971.74         |                            |                             |                         | 1,175,971.74                   |
| Support Services and Undistributed Costs:            |                      |                            |                             |                         | -                              |
| Tuition                                              | 2,489,420.51         |                            |                             |                         | 2,489,420.51                   |
| Student & Instruction Related Services               | 2,745,173.68         | -                          |                             |                         | 2,745,173.68                   |
| School Administrative Services                       | 658,339.27           |                            |                             |                         | 658,339.27                     |
| Other Administrative Services                        | 1,141,287.34         |                            |                             |                         | 1,141,287.34                   |
| Plant Operations and Maintenance                     | 2,779,490.65         |                            |                             |                         | 2,779,490.65                   |
| Pupil Transportation                                 | 907,415.42           |                            |                             |                         | 907,415.42                     |
| Unallocated Benefits                                 | 5,740,589.77         | -                          |                             |                         | 5,740,589.77                   |
| Debt Service:                                        |                      |                            |                             |                         | -                              |
| Principal                                            |                      |                            |                             | 960,000.00              | 960,000.00                     |
| Interest                                             |                      |                            |                             | 383,595.76              | 383,595.76                     |
| Capital Outlay                                       | <u>111,233.21</u>    |                            | <u>2,360,323.59</u>         |                         | <u>2,471,556.80</u>            |
| Total Expenditures                                   | <u>28,155,823.39</u> | <u>236,418.00</u>          | <u>2,360,323.59</u>         | <u>1,343,595.76</u>     | <u>32,096,160.74</u>           |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>372,923.64</u>    | <u>-</u>                   | <u>(2,181,874.15)</u>       | <u>(1.76)</u>           | <u>(1,808,952.27)</u>          |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

|                                        | GENERAL<br>FUND        | SPECIAL<br>REVENUE<br>FUND | CAPITAL<br>PROJECTS<br>FUND | DEBT<br>SERVICE<br>FUND | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|----------------------------------------|------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <u>OTHER FINANCING SOURCES (USES)</u>  |                        |                            |                             |                         |                                |
| Proceeds from Lease/Purchase Financing |                        | -                          | 500,000.00                  |                         | 500,000.00                     |
| Transfers in                           |                        |                            | 957,582.50                  | 3,994.44                | 961,576.94                     |
| Transfers out                          | (959,322.49)           |                            | (3,994.44)                  |                         | (963,316.93)                   |
| Total Other Financing Sources and Uses | (959,322.49)           | -                          | 1,453,588.06                | 3,994.44                | 498,260.01                     |
| Net Change in Fund Balances            | (586,398.85)           | -                          | (728,286.09)                | 3,992.68                | (1,310,692.26)                 |
| Fund Balance—Beginning                 | 5,717,485.30           | -                          | 2,522,807.64                | 3,633.30                | 8,243,926.24                   |
| Fund Balance—Ending                    | \$ <u>5,131,086.45</u> | \$ <u>-</u>                | \$ <u>1,794,521.55</u>      | \$ <u>7,625.98</u>      | \$ <u>6,933,233.98</u>         |

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

Total net change in fund balances - governmental funds (from B-2) \$ (1,310,692.26)

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

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

|                  |                     |           |
|------------------|---------------------|-----------|
| Interest Paid    | 390,398.51          |           |
| Interest Accrued | <u>(375,499.52)</u> | 14,898.99 |

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

|                      |                     |              |
|----------------------|---------------------|--------------|
| Depreciation expense | (558,843.00)        |              |
| Capital Outlays      | <u>2,445,727.96</u> | 1,886,884.96 |

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

61,390.00

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

1,005,000.00

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

|                            |              |
|----------------------------|--------------|
| Proceeds of long-term debt | (500,000.00) |
|----------------------------|--------------|

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

|                               |           |
|-------------------------------|-----------|
| Amortization of Bond Premiums | 77,389.82 |
|-------------------------------|-----------|

Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense exceeds the expenditure reported in the funds is a deduction.

(25,299.00)

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

|                                                |                 |
|------------------------------------------------|-----------------|
| Amortization of Deferred Amount from Refunding | <u>(990.20)</u> |
|------------------------------------------------|-----------------|

|                                                   |                               |
|---------------------------------------------------|-------------------------------|
| Change in net position of governmental activities | \$ <u><u>1,208,582.31</u></u> |
|---------------------------------------------------|-------------------------------|

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

## **PROPRIETARY FUNDS**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

|                                                   | BUSINESS-TYPE ACTIVITIES |                    |                             |
|---------------------------------------------------|--------------------------|--------------------|-----------------------------|
|                                                   | MAJOR<br>FUND            | NON-MAJOR<br>FUND  |                             |
|                                                   | FOOD<br>SERVICE          | SHARED<br>SERVICES | TOTAL<br>ENTERPRISE<br>FUND |
| <u>ASSETS</u>                                     |                          |                    |                             |
| Current assets:                                   |                          |                    |                             |
| Cash and Cash Equivalents                         | \$ 102,008.63            | \$ 10,249.48       | 112,258.11                  |
| Accounts Receivable (Net)                         | 93.08                    |                    | 93.08                       |
| Inventories                                       | 3,495.18                 |                    | 3,495.18                    |
| Total Current Assets                              | 105,596.89               | 10,249.48          | 115,846.37                  |
| Noncurrent Assets:                                |                          |                    |                             |
| Furniture, Machinery & Equipment                  | 445,690.85               |                    | 445,690.85                  |
| Less Accumulated Depreciation                     | (258,923.50)             |                    | (258,923.50)                |
| Total Noncurrent Assets                           | 186,767.35               | -                  | 186,767.35                  |
| Total Assets                                      | 292,364.24               | 10,249.48          | 302,613.72                  |
| <u>LIABILITIES</u>                                |                          |                    |                             |
| Current Liabilities:                              |                          |                    |                             |
| Accounts Payable                                  | 6,994.65                 | -                  | 6,994.65                    |
| Unearned Revenue                                  | 16,055.13                | 5,643.81           | 21,698.94                   |
| Total Current Liabilities                         | 23,049.78                | 5,643.81           | 28,693.59                   |
| <u>NET POSITION</u>                               |                          |                    |                             |
| Invested in Capital Assets Net of<br>Related Debt | 186,767.35               |                    | -<br>186,767.35             |
| Unrestricted (Deficit)                            | 82,547.11                | 4,605.67           | 87,152.78                   |
| Total Net Position                                | \$ 269,314.46            | \$ 4,605.67        | 273,920.13                  |

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                         | BUSINESS-TYPE ACTIVITIES |                 |                 |
|-----------------------------------------|--------------------------|-----------------|-----------------|
|                                         | MAJOR                    | NON-MAJOR       | TOTAL           |
|                                         | FUND                     | FUND            |                 |
|                                         | FOOD SERVICE             | SHARED SERVICES | ENTERPRISE FUND |
| Operating Revenues:                     |                          |                 |                 |
| Charges for Services:                   |                          |                 |                 |
| Daily Sales - Non-reimbursable Programs | \$ 791,177.05            | \$              | \$ 791,177.05   |
| Charges and Fees                        | 1,058.50                 | 209,777.94      | 210,836.44      |
| Total Operating Revenues                | 792,235.55               | 209,777.94      | 1,002,013.49    |
| Operating Expenses:                     |                          |                 |                 |
| Cost of Sales                           | 380,361.86               |                 | 380,361.86      |
| Salaries                                | 210,892.75               | 175,935.75      | 386,828.50      |
| Employee Benefits                       | 69,746.66                | 22,527.45       | 92,274.11       |
| Insurance                               | 22,727.63                |                 | 22,727.63       |
| Administrative Expenses                 | 28,596.54                |                 | 28,596.54       |
| Purchased Services                      | 4,007.64                 |                 | 4,007.64        |
| Contracted Services                     | 4,246.17                 | 4,875.00        | 9,121.17        |
| Repairs & Maintenance                   | 13,538.00                |                 | 13,538.00       |
| Travel                                  |                          | 2,630.07        | 2,630.07        |
| Miscellaneous                           | 2,078.57                 |                 | 2,078.57        |
| General Supplies                        | 2,132.64                 | 3,809.67        | 5,942.31        |
| Depreciation                            | 32,170.60                |                 | 32,170.60       |
| Total Operating Expenses                | 770,499.06               | 209,777.94      | 980,277.00      |
| Operating Income (Loss)                 | 21,736.49                | -               | 21,736.49       |
| Nonoperating Revenues (Expenses):       |                          |                 |                 |
| Interest and Investment Revenue         | 1.16                     |                 | 1.16            |
| Total Nonoperating Revenues (Expenses)  | 1.16                     | -               | 1.16            |
| Income (Loss) Before                    | 21,737.65                | -               | 21,737.65       |
| Operating Transfers In                  | 1,740.00                 | -               | 1,740.00        |
| Change in Net Position                  | 23,477.65                | -               | 23,476.49       |
| Total Net Position—Beginning            | 245,836.81               | 4,605.67        | 250,442.48      |
| Total Net Position—Ending               | \$ 269,314.46            | \$ 4,605.67     | \$ 273,920.13   |

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                                                                                                     | BUSINESS-TYPE ACTIVITIES |                    |                             |
|---------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------|-----------------------------|
|                                                                                                                     | MAJOR<br>FUND            | NON-MAJOR<br>FUND  | TOTAL<br>ENTERPRISE<br>FUND |
|                                                                                                                     | FOOD<br>SERVICE          | SHARED<br>SERVICES |                             |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                                  |                          |                    |                             |
| Receipts from Customers                                                                                             | \$ 797,948.90            | \$ 211,946.10      | 1,009,895.00                |
| Payments to Employees                                                                                               |                          | (175,935.75)       | (175,935.75)                |
| Payments for Employee Benefits                                                                                      |                          | (22,527.45)        | (22,527.45)                 |
| Payments to Food Service Mgmt. Co.                                                                                  | (707,133.04)             |                    | (707,133.04)                |
| Payments for Services                                                                                               | (20,896.57)              | (7,505.07)         | (28,401.64)                 |
| Payments to Suppliers                                                                                               | (4,927.60)               | (3,838.89)         | (8,766.49)                  |
|                                                                                                                     |                          | -                  |                             |
| Net Cash Provided by (Used for) Operating Activities                                                                | 64,991.69                | 2,138.94           | 67,130.63                   |
| <b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>                                                       |                          |                    |                             |
| Interest Income                                                                                                     | 1.16                     |                    | 1.16                        |
| Operating Transfers In                                                                                              | 1,740.00                 | -                  | 1,740.00                    |
|                                                                                                                     |                          | -                  |                             |
| Net Cash Provided by (Used for)<br>Non-capital Financing Activities                                                 | 1,741.16                 | -                  | 1,741.16                    |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</u></b>                                          |                          |                    |                             |
| Purchases of capital assets                                                                                         | (44,540.25)              |                    | (44,540.25)                 |
|                                                                                                                     |                          |                    |                             |
| Net cash provided by (used for) capital and<br>related financing activities                                         | (44,540.25)              | -                  | (44,540.25)                 |
|                                                                                                                     |                          |                    |                             |
| Net Increase (Decrease) in Cash and Cash Equivalents                                                                | 22,192.60                | 2,138.94           | 24,331.54                   |
| Balances—Beginning of Year                                                                                          | 79,816.03                | 8,110.54           | 87,926.57                   |
| Balances—End of Year                                                                                                | 102,008.63               | 10,249.48          | 112,258.11                  |
| <b>Reconciliation of Operating Income (Loss) to<br/>Net Cash Provided (Used) by Operating Activities:</b>           |                          |                    |                             |
| Operating Income (Loss)                                                                                             | 21,736.49                | -                  | 21,736.49                   |
| <b>Adjustments to Reconcile Operating Income (Loss)<br/>to Net Cash Provided by (Used for) Operating Activities</b> |                          |                    |                             |
| Depreciation and Net Amortization                                                                                   | 32,170.60                |                    | 32,170.60                   |
| (Increase) Decrease in Accounts Receivable                                                                          | 715.29                   |                    | 715.29                      |
| (Increase) Decrease in Inventory                                                                                    | 557.72                   |                    | 557.72                      |
| Increase (Decrease) in Unearned Revenue                                                                             | 4,998.06                 | 2,168.16           | 7,166.22                    |
| Increase (Decrease) in Accounts Payable                                                                             | 4,813.53                 | (29.22)            | 4,784.31                    |
|                                                                                                                     |                          |                    |                             |
| Total Adjustments                                                                                                   | 43,255.20                | 2,138.94           | 45,394.14                   |
| Net Cash Provided by (Used for) Operating Activities                                                                | \$ 64,991.69             | \$ 2,138.94        | \$ 67,130.63                |

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

## **FIDUCIARY FUNDS**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015

|                                     | <u>Agency<br/>Funds</u> | <u>Expendable<br/>Trust Funds<br/>Employee Benefit<br/>Trust Fund</u> | <u>TOTALS</u>        |
|-------------------------------------|-------------------------|-----------------------------------------------------------------------|----------------------|
| <u>ASSETS</u>                       |                         |                                                                       |                      |
| Cash and Cash Equivalents           | \$ 520,343.69           | \$ 89,099.20                                                          | \$ 609,442.89        |
| Total Assets                        | \$ <u>520,343.69</u>    | \$ <u>89,099.20</u>                                                   | \$ <u>609,442.89</u> |
| <u>LIABILITIES</u>                  |                         |                                                                       |                      |
| Liabilities:                        |                         |                                                                       |                      |
| Interfund Accounts Payable          | \$ 3,500.00             | \$                                                                    | \$ 3,500.00          |
| Accounts Payable                    |                         | 8,431.00                                                              | 8,431.00             |
| Payroll Deductions and Withholdings | 105,244.88              |                                                                       | 105,244.88           |
| Due to Student Groups               | <u>411,598.81</u>       |                                                                       | <u>411,598.81</u>    |
| Total Liabilities                   | \$ <u>520,343.69</u>    | <u>8,431.00</u>                                                       | <u>528,774.69</u>    |
| <u>NET POSITION</u>                 |                         |                                                                       |                      |
| Reserved for:                       |                         |                                                                       |                      |
| Unemployment Compensation Insurance |                         | <u>80,668.20</u>                                                      | <u>80,668.20</u>     |
| Total Net Position                  |                         | \$ <u>80,668.20</u>                                                   | \$ <u>80,668.20</u>  |

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                     | Expendable<br>Trust Funds      |              |
|-------------------------------------|--------------------------------|--------------|
|                                     | Employee Benefit<br>Trust Fund | Totals       |
| <u>ADDITIONS:</u>                   |                                |              |
| Deductions from Employees' Salaries | \$ 19,492.74                   | \$ 19,492.74 |
| Board Contributions                 | 4,344.32                       | 4,344.32     |
| Total Additions                     | 23,837.06                      | 23,837.06    |
| <u>DEDUCTIONS:</u>                  |                                |              |
| Unemployment Benefits               | 42,220.91                      | 42,220.91    |
| Total Deductions                    | 42,220.91                      | 42,220.91    |
| Change in Net Position              | (18,383.85)                    | (18,383.85)  |
| Net Position - Beginning            | 99,052.05                      | 99,052.05    |
| Net Position - Ending               | \$ 80,668.20                   | \$ 80,668.20 |

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**A. Description of Government-Wide Financial Statements**

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

The more significant of the Board'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 1,369.7 students in grades 9-12 for the 2014-2015 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.

**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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of Presentation – Fund Financial Statements**

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

The District reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

The District also operates a Shared Services enterprise fund.

The District also reports the following fiduciary fund types:

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

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

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

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.

Further, interfund activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. In the preparation of the government-wide financial statements, transfers between funds included as governmental activities are eliminated so that only net amounts of resources transferred from or to the governmental activities are reported. A similar treatment is afforded transfers of resources between enterprise funds for the preparation of business-type activity financial statements.

#### **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.

## NOTES TO FINANCIAL STATEMENTS

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

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

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. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and capital lease obligations incurred to acquire general capital assets are reported as "other financing sources".

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

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

#### **F. Budgets/Budgetary Control:**

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

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

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

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. The Board of Education did not make any supplemental budgetary appropriations during the fiscal year that required additional approvals from oversight agencies.

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 last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules – General and Special Revenue Funds to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

## NOTES TO FINANCIAL STATEMENTS

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

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

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

|                                                                                                                                                                                                                             | <u>General Fund</u>    | <u>Special Revenue Fund</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------|
| Sources/inflows of resources                                                                                                                                                                                                |                        |                             |
| Actual amounts (budgetary) "revenues" from the budgetary comparison schedules                                                                                                                                               | \$28,641,867.03        | \$236,418.00                |
| Difference- budget to GAAP:                                                                                                                                                                                                 |                        |                             |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and revenues (Net)                                                                                                   | 0.00                   | 0.00                        |
| Certain State Aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33). | (560,737.00)           | 0.00                        |
| State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.                                                                                                         | <u>447,617.00</u>      | <u>0.00</u>                 |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balance – governmental funds.                                                                                                     | <u>\$28,528,747.03</u> | <u>\$236,418.00</u>         |

|                                                                                                                                                                                                                      | <u>General Fund</u>    | <u>Special Revenue Fund</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------|
| Uses/Outflows of resources                                                                                                                                                                                           |                        |                             |
| Actual amounts (budgetary basis) "total outflows" From the budgetary comparison schedule                                                                                                                             | \$28,155,823.39        | \$236,418.00                |
| Difference- budget to GAAP:                                                                                                                                                                                          |                        |                             |
| Encumbrances for supplies and equipment ordered but not yet are reported in the year the encumbrance is placed for budgetary purposes, but in the year the goods are received for financial reporting purposes (Net) | <u>0.00</u>            | <u>0.00</u>                 |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.                                                                                        | <u>\$28,155,823.39</u> | <u>\$236,418.00</u>         |

#### **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.

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

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Under the amended law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**H. Tuition Revenue**

Tuition revenues for the fiscal year 2014-2015 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, 2014 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### **K. Capital Assets:**

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

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

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

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

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:

|                    |            |
|--------------------|------------|
| Food Service Fund: |            |
| Equipment          | 5-20 Years |

#### **L. Compensated Absences:**

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### **L. Compensated Absences Cont'd.):**

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.

#### **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 position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting three items in this category; The Deferred Amount on Refunding, and Pension related items including the Change in Pension Assumptions and the amounts of pension payments made by the District subsequent to the pension measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds. Deferred Outflows for Changes in Pension Assumptions future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability. Deferred outflows for Subsequent pension payments reflects payments made by the District to the pension system subsequent to the date of the most recent actuarial valuation, which was June 30, 2014.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting two pension related items in this category, the Difference in Pension Earnings and the Change in Pension Proportion. The former represents the District's proportionate share of plan earnings in excess of assumed amounts, while the latter represents the favorable impact of a decline in the District's proportionate share of system wide net pension liability.

#### **O. Unearned Revenue/Advances from Grantors:**

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

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

**P. Net Position Flow Assumption (District-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.

**Q. 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.

**R. Fund Balance Policies:**

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

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

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

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

**S. District-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 Fixed 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 Fixed assets as a component of net position for the governmental activities and business-type activities.

**T. Proprietary Fund Operating and Nonoperating Revenues and Expenses**

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

**U. Reconciliation of District-Wide and Fund Financial Statements**

I. Differences between governmental fund balance sheet and District-wide statement of net position:

|                                                          |                    |
|----------------------------------------------------------|--------------------|
| Total Governmental Fund Balance (B-1)                    | \$6,933,234        |
| Adjustments to District-Wide Net Position:               |                    |
| Capital Assets (see Note 3)                              | 16,293,137         |
| Long-Term Liabilities (see Note 4)                       | (11,544,179)       |
| Net Pension Liability                                    | (5,089,475)        |
| Other Items not recognized in Fund Financial Statements: |                    |
| Deferred Inflows of Financial Resources                  | (369,419)          |
| Deferred Outflows of Financial Resources                 | 414,319            |
| Accrued Current Period Pension Liability                 | (238,896)          |
| Accrued Interest on Long-Term Debt                       | (24,325)           |
| Net Position of Governmental Activities (A-1)            | <u>\$6,374,396</u> |

## NOTES TO FINANCIAL STATEMENTS

### U. Reconciliation of District-Wide and Fund Financial Statements (Cont'd)

II. Differences between governmental fund statement of revenues, expenditures and changes in fund balances and District-wide statement of activities:

|                                                              |                    |
|--------------------------------------------------------------|--------------------|
| Total Net Change Governmental Fund Balance (B-2)             | (\$1,310,692)      |
| Adjustments to District-Wide Net Position:                   |                    |
| Depreciation on Capital Assets (see Note 3)                  | (558,843)          |
| Capital Outlays                                              | 2,445,728          |
| Repayment of Long-Term Liabilities (see Note 4)              | 1,005,000          |
| Financing Proceeds (Increases Liabilities for District-Wide) | (500,000)          |
| Net Increase in Pension Expense                              | (25,399)           |
| Decrease in Value of Compensated Absences                    | 61,390             |
| Interest on Long-term Debt (Accrual Basis for District-Wide) | 14,899             |
| Amortization of Premiums Received on Bond Sales              | 77,390             |
| Amortization of Deferred Amounts from Refunding              | (990)              |
| Net Position of Governmental Activities (A-2)                | <u>\$1,208,582</u> |

### V. 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.

### NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

| Depository Account                  | Bank Balance          |
|-------------------------------------|-----------------------|
| Insured - FDIC                      | \$ 500,000.00         |
| Insured – NJGUDPA (N.J.S.A.17:94.1) | <u>8,620,133.16</u>   |
| Total Deposits                      | <u>\$9,120,133.16</u> |

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the board's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. Based upon NJGUDPA, as of June 30, 2015, \$0.00 of the Board's bank balance of \$9,120,133.16 was exposed to custodial risk. (See Note 1-G. relating to statutory mitigation of custodial risk in the event of a bank failure).

## NOTE 3. FIXED ASSETS

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

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 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              | 26,893,317.84               |
| Less: accumulated depreciation            | <u>(10,600,181.00)</u>      |
| Government Activities Capital Assets, Net | <u><u>16,293,136.84</u></u> |

Capital asset activity for the year ended June 30, 2015 was as follows:

|                                                                             | Beginning<br>Balance    | Additions              | Deletions   | Ending<br>Balance       |
|-----------------------------------------------------------------------------|-------------------------|------------------------|-------------|-------------------------|
| Governmental Activities:                                                    |                         |                        |             |                         |
| Capital Assets That Are Not Being Depreciated:                              |                         |                        |             |                         |
| Land                                                                        | \$ 720,322.00           | \$ 130,238.00          | \$ -        | \$ 850,560.00           |
| Construction in Progress                                                    | <u>115,670.36</u>       | <u>454,204.95</u>      | <u>-</u>    | <u>569,875.31</u>       |
| Total Capital Assets Not Being Depreciated                                  | <u>835,992.36</u>       | <u>584,442.95</u>      | <u>-</u>    | <u>1,420,435.31</u>     |
| Land Improvements                                                           | 510,975.00              | 150,943.71             |             | 661,918.71              |
| Building and Building Improvements                                          | 20,094,929.00           | 1,654,261.93           |             | 21,749,190.93           |
| Machinery, Equipment, Furniture & Vehicles                                  | <u>3,005,684.68</u>     | <u>56,088.21</u>       | <u>-</u>    | <u>3,061,772.89</u>     |
| Totals at Historical Cost                                                   | <u>23,611,588.68</u>    | <u>1,861,293.85</u>    | <u>-</u>    | <u>25,472,882.53</u>    |
| Less Accumulated Depreciation For:                                          |                         |                        |             |                         |
| Land Improvements                                                           | (453,930.00)            | (11,919.00)            | -           | (465,849.00)            |
| Building and Building Improvements                                          | (6,802,627.00)          | (490,548.00)           | -           | (7,293,175.00)          |
| Machinery, Equipment, Furniture & Vehicles                                  | <u>(2,784,781.00)</u>   | <u>(56,376.00)</u>     | <u>-</u>    | <u>(2,841,157.00)</u>   |
| Total Accumulated Depreciation                                              | <u>(10,041,338.00)</u>  | <u>(558,843.00)</u>    | <u>-</u>    | <u>(10,600,181.00)</u>  |
| Total Capital Assets Being Depreciated<br>(Net of Accumulated Depreciation) | <u>13,570,250.68</u>    | <u>1,302,450.85</u>    | <u>-</u>    | <u>14,872,701.53</u>    |
| Government Activities Capital Assets, Net                                   | <u>\$ 14,406,243.04</u> | <u>\$ 1,886,893.80</u> | <u>\$ -</u> | <u>\$ 16,293,136.84</u> |
| Business-type Activities                                                    |                         |                        |             |                         |
| Equipment                                                                   | 401,150.60              | 44,540.25              |             | 445,690.85              |
| Less Accumulated Depreciation for:                                          |                         |                        |             |                         |
| Equipment                                                                   | <u>(226,752.90)</u>     | <u>(32,170.60)</u>     | <u>-</u>    | <u>(258,923.50)</u>     |
| Business-type Activities Capital Assets, Net                                | <u>\$ 174,397.70</u>    | <u>\$ 12,369.65</u>    | <u>\$ -</u> | <u>\$ 186,767.35</u>    |

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

|                                   |                      |
|-----------------------------------|----------------------|
| Instruction                       | \$ 14,968.00         |
| Student & Instr. Related services | 14,948.00            |
| School Administrative Services    | 8,756.00             |
| Plant Operations & Maintenance    | 17,704.00            |
| Unallocated                       | <u>502,467.00</u>    |
| Total depreciation expense        | <u>\$ 558,843.00</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 4: LONG-TERM LIABILITIES

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
LONG TERM DEBT DISCLOSURE  
DISCLOSURE OF INFORMATION ABOUT 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, 2015 was as follows:

|                                         | <u>Beginning<br/>Balance</u> | <u>Additions</u>       | <u>Reductions</u>      | <u>Ending<br/>Balance</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|-----------------------------------------|------------------------------|------------------------|------------------------|---------------------------|--------------------------------------------|
| Governmental Activities:                |                              |                        |                        |                           |                                            |
| Bonds Payable:                          |                              |                        |                        |                           |                                            |
| General Obligation Debt                 | \$ 11,272,000.00             | \$ _____               | \$ 960,000.00          | \$ 10,312,000.00          | \$ 1,170,000.00                            |
| Total Bonds Payable                     | <u>11,272,000.00</u>         | <u>_____</u>           | <u>960,000.00</u>      | <u>10,312,000.00</u>      | <u>1,170,000.00</u>                        |
| Other Liabilities:                      |                              |                        |                        |                           |                                            |
| Obligations Under Capital Lease         |                              | 500,000.00             | 45,000.00              | 455,000.00                | 113,750.00                                 |
| Compensated Absences Payable            | <u>564,614.00</u>            | <u>_____</u>           | <u>61,390.00</u>       | <u>503,224.00</u>         | <u>_____</u>                               |
| Total Other Liabilities                 | <u>564,614.00</u>            | <u>500,000.00</u>      | <u>106,390.00</u>      | <u>958,224.00</u>         | <u>113,750.00</u>                          |
| Sobtotal Bonds and Other<br>Liabilities | 11,836,614.00                | 500,000.00             | 1,066,390.00           | 11,270,224.00             | 1,283,750.00                               |
| Bond Premiums/(Discount)                | 351,344.95                   |                        | 77,389.82              | 273,955.13                |                                            |
| Net Pension Liability (PERS)            | <u>_____</u>                 | <u>5,089,475.00</u>    | <u>_____</u>           | <u>5,089,475.00</u>       | <u>_____</u>                               |
| Total Liabilities                       | <u>\$ 12,187,958.95</u>      | <u>\$ 5,589,475.00</u> | <u>\$ 1,143,779.82</u> | <u>\$ 16,633,654.13</u>   | <u>\$ 1,283,750.00</u>                     |

\* The net increase in the liability for compensated absences was charged to governmental functions as follows:

|                                    |                       |
|------------------------------------|-----------------------|
| Instruction                        | \$ 77.00              |
| Student & Instr. Related services  | (2,432.00)            |
| General Administrative services    | (40,361.00)           |
| Pupil Transportation               | <u>(18,674.00)</u>    |
| Total compensated absences expense | <u>\$ (61,390.00)</u> |

## NOTES TO FINANCIAL STATEMENTS

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

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

As of June 30, 2015, the District had \$0.00 on deposit with the New Jersey Cash Management Fund.

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

Principal and interest due on bonds outstanding as at June 30, 2015 is as follows:

| <u>Year ending</u><br><u>June 30,</u> | <u>Principal</u>        | <u>Interest</u>       | <u>Total</u>            |
|---------------------------------------|-------------------------|-----------------------|-------------------------|
| 2016                                  | 1,170,000.00            | 339,391.25            | 1,509,391.25            |
| 2017                                  | 1,215,000.00            | 307,353.75            | 1,522,353.75            |
| 2018                                  | 1,275,000.00            | 264,903.75            | 1,539,903.75            |
| 2019                                  | 1,327,000.00            | 222,128.75            | 1,549,128.75            |
| 2020                                  | 1,375,000.00            | 173,875.00            | 1,548,875.00            |
| 2021                                  | 1,420,000.00            | 131,500.00            | 1,551,500.00            |
| 2022                                  | 1,480,000.00            | 77,975.00             | 1,557,975.00            |
| 2023                                  | 340,000.00              | 24,912.50             | 364,912.50              |
| 2024                                  | 350,000.00              | 16,050.00             | 366,050.00              |
| 2025                                  | 360,000.00              | 5,400.00              | 365,400.00              |
|                                       | <u>\$ 10,312,000.00</u> | <u>\$1,563,490.00</u> | <u>\$ 11,875,490.00</u> |

**B. Bonds Authorized But Not Issued** -- As of June 30, 2015, the District had \$995.00 of authorized but not issued bonds.

**C. Other Authorized Debt** – At June 30, 2014, the District had authorized the execution of a Lease-Purchase Agreement in the amount of \$500,000. This agreement closed on August 20, 2014. The proceeds from this financing are to be used to acquire and make improvements to specified real property.

## NOTES TO FINANCIAL STATEMENTS

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

#### **C. Other Authorized Debt (Cont'd)**

Principal and interest due on capital lease obligations outstanding as at June 30, 2015 is as follows:

| <u>Year ending</u><br><u>June 30,</u> | <u>Principal</u>     | <u>Interest</u>    | <u>Total</u>         |
|---------------------------------------|----------------------|--------------------|----------------------|
| 2016                                  | 113,750.00           | 13,604.50          | 127,354.50           |
| 2017                                  | 113,750.00           | 10,203.38          | 123,953.38           |
| 2018                                  | 113,750.00           | 6,802.25           | 120,552.25           |
| 2019                                  | <u>113,750.00</u>    | <u>3,401.13</u>    | <u>117,151.13</u>    |
|                                       | <u>\$ 455,000.00</u> | <u>\$34,011.26</u> | <u>\$ 489,011.26</u> |

**D. Advance Refunding of 2003 School Bonds** – On March 24, 2011, the District issued \$9,580,000.00 Refunding School Bonds, Series 2011 (the “Bonds”) to advance refund \$9,617,000 of its callable 2003 School Bonds. Interest Rates on the Refunding Bonds ranged from 2.0% to 4.25%, while Yields, which reflect premiums or discounts, ranged from 0.6% to 3.23%. The Net Interest Cost (NIC) on the Bonds was 2.765%. The net proceeds of the sale of \$10,146,282.44, which includes premiums of \$688,680.70 and deducts \$102,578.26 of underwriting fees and other costs associated with the issuance of the Bonds, were used to purchase U.S. Government Securities, which were deposited to an irrevocable Trust with an escrow agent. The escrow provided for all future debt service payments through June 15, 2012, and the trustee called the outstanding refunded bonds for redemption on that date.

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

### **NOTE 5. PENSION PLANS**

**Description of Plans** – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan’s designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS) and the Teachers Pension and Annuity Fund (TPAF), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

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

**Description of Plans (Cont'd)**

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension 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 PERS Plan are as follows:

*Plan Membership and Contributing Employers-* Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2014:

|                                                                     |                |
|---------------------------------------------------------------------|----------------|
| Inactive plan members or beneficiaries currently receiving benefits | 160,716        |
| Inactive plan members entitled to but not yet receiving benefits    | 730            |
| Active plan members                                                 | <u>266,526</u> |
| Total                                                               | <u>427,972</u> |

Contributing Employers – 1,707.

*Significant Legislation* – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing 3/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended June 30, 2015 the Board's total payroll for all employees was \$16,051,938. Total PERS covered payroll was \$1,972,993. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

**NOTE 5. PENSION PLANS (CONT'D)****Description of Plans (Cont'd)**

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A. 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The School Board's contributions to the Plan for the years ended June 30, 2014 and 2015 were \$207,907 and \$224,096, respectively. School Board Contributions are due and payable in the fiscal period subsequent to plan year for which the contributions requirements were calculated.

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

The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u>                                                                          |
|-------------|--------------------------------------------------------------------------------------------|
| 1           | Members who were enrolled prior to July 1, 2007.                                           |
| 2           | Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008 |
| 3           | Members who were eligible on or after November 2, 2008 and prior to May 22, 2010           |
| 4           | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011    |
| 5           | Members who were eligible to enroll on or after June 28, 2011                              |

A service retirement benefit of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – At June 30, 2015, the School Board reported a liability of \$5,089,475 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on a projection of the Boards long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the Boards proportion was 0.027593%, which was an increase of 0.0000410% from its proportion measure as of June 30, 2013.

## NOTES TO FINANCIAL STATEMENTS

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

#### Description of Plans (Cont'd)

For the year ended June 30, 2015, the Board recognized pension expenses of \$233,206. At June 30, 2015 the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                            | <u>Deferred Outflows<br/>Of Resources</u> | <u>Deferred Inflows<br/>Of Resources</u> |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Changes in assumptions                                                                                     | \$160,040                                 | \$                                       |
| Net difference between projected and actual earnings on Plan investments                                   |                                           | 303,305                                  |
| Changes in proportion and differences between Board contributions and proportionate share of contributions |                                           | 66,114                                   |
| Board contributions subsequent to the measurement date                                                     | <u>238,896</u>                            |                                          |
| Total                                                                                                      | \$398,936                                 | \$369,419                                |

The \$238,896 of deferred outflows of resources resulting from the Boards contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year ending<br>June 30, |               |
|-------------------------|---------------|
| 2016                    | \$49,032.87   |
| 2017                    | \$49,032.87   |
| 2018                    | \$49,032.87   |
| 2019                    | \$49,032.87   |
| 2020                    | \$49,032.87   |
| Thereafter              | (\$35,785.35) |

*Actuarial Assumptions-* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                              |                         |
|------------------------------|-------------------------|
| Inflation                    | 3.01%                   |
| Salary Increases (2012-2021) | 2.15-4.40% Based on age |
| Thereafter                   | 3.15-5.40% Based on age |
| Investment rate of return    | 7.90%                   |

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

**NOTE 5. PENSION PLANS (CONT'D)****Description of Plans (Cont'd)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

| <u>Asset Class</u>          |        |
|-----------------------------|--------|
| Cash                        | 0.08%  |
| Core Bonds                  | 2.49%  |
| Intermediate-Term Bonds     | 2.26%  |
| Mortgages                   | 2.17%  |
| High Yield Bonds            | 4.82%  |
| Inflation-Indexed Bonds     | 3.51%  |
| Broad US Equities           | 8.22%  |
| Developed Foreign Equities  | 8.12%  |
| Emerging Market Equities    | 9.91%  |
| Private Equity              | 13.02% |
| Hedge Funds/Absolute Return | 4.92%  |
| Real Estate (Property)      | 5.80%  |
| Commodities                 | 5.35%  |

*Discount Rate* – The discount rate used to measure the pension liabilities of PERS was 5.39%

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

|      | <u>At 1% Decrease</u> | <u>At current discount rate</u> | <u>At 1% increase</u> |
|------|-----------------------|---------------------------------|-----------------------|
| PERS | \$47,326,289,075      | \$38,849,838,953                | \$31,735,758,503      |

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2014 was \$28,999,581,773. Information regarding the portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group was not available.

## NOTES TO FINANCIAL STATEMENTS

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

#### **B. TEACHERS PENSION AND ANNUITY FUND**

The Teachers Pension and Annuity Fund is a cost-sharing, multiple employer defined benefit pension plan with a special funding situation as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the TPAF Plan are as follows:

*Plan Membership and Contributing Employers-* Substantially all teachers or members of the professional staff of Local Education Agencies that are certified by the State Board of Examiners, and Employees of the Department of Education who have titles that are unclassified, professional and certified are enrolled in the TPAF. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2014:

|                                                                     |                |
|---------------------------------------------------------------------|----------------|
| Inactive plan members or beneficiaries currently receiving benefits | 94,822         |
| Inactive plan members entitled to but not yet receiving benefits    | 276            |
| Active plan members                                                 | <u>152,812</u> |
| Total                                                               | <u>247,910</u> |

In addition to the State, who is the sole payer of regular employer contributions to the fund, TPAF's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay towards their incurred liability. The current number of ERIP Contributing Employers is 26.

*Significant Legislation* – For State of New Jersey contributions to TPAF, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing 3/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of TPAF.

For the year ended June 30, 2015 the Board's total payroll for all employees was \$16,051,938. Total TPAF covered payroll was \$10,940,100. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State of New Jersey contribution amount is based on an actuarially determined amount which includes the employer portion of normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory insurance is based on actual claims paid for fiscal years 2014 & 2013, the State's contribution was less than the actuarial determined amount.

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

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

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

| <u>Tier</u> | <u>Definition</u>                                                                          |
|-------------|--------------------------------------------------------------------------------------------|
| 1           | Members who were enrolled prior to July 1, 2007.                                           |
| 2           | Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008 |
| 3           | Members who were eligible on or after November 2, 2008 and prior to May 22, 2010           |
| 4           | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011    |
| 5           | Members who were eligible to enroll on or after June 28, 2011                              |

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

| <u>Year<br/>Funding</u> | <u>Annual<br/>Pension<br/>Cost (APC)</u> | <u>Percentage<br/>of APC<br/>Contributed</u> | <u>Net Local<br/>Pension<br/>Obligation</u> |
|-------------------------|------------------------------------------|----------------------------------------------|---------------------------------------------|
| 6/30/15                 | \$ 554,381.00                            | Unknown %                                    | \$ 0                                        |
| 6/30/14                 | 460,193.00                               | Unknown %                                    | 0                                           |
| 6/30/13                 | 715,239.00                               | Unknown %                                    | 0                                           |

At June 30, 2014, the TPAF reported a net pension liability of \$53,446,745,367 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's the net pension liability for the Non-State Employer Member Group that is attributable to the District was \$58,140,363, or 0.108%. State non-employer contributions allocated to the District were \$462,093 and \$716,911 for 2014 and 2013.

## NOTES TO FINANCIAL STATEMENTS

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

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

*Actuarial Assumptions-* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                              |                            |
|------------------------------|----------------------------|
| Inflation                    | 2.50%                      |
| Salary Increases (2012-2021) | Varies based on experience |
| Thereafter                   | Varies based on experience |
| Investment rate of return    | 7.90%                      |

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

| <u>Asset Class</u>          |       |
|-----------------------------|-------|
| Cash                        | 0.05% |
| Core Bonds                  | 1.38% |
| Intermediate-Term Bonds     | 2.60% |
| Mortgages                   | 2.84% |
| High Yield Bonds            | 4.15% |
| Inflation-Indexed Bonds     | 1.30% |
| Broad US Equities           | 5.88% |
| Developed Foreign Equities  | 6.05% |
| Emerging Market Equities    | 8.90% |
| Private Equity              | 9.15% |
| Hedge Funds/Absolute Return | 3.85% |
| Real Estate (Property)      | 4.43% |
| Commodities                 | 3.60% |

*Discount Rate* – The discount rate used to measure the pension liabilities of TPAF was 4.68%

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of TPAF calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

|      | <u>At 1% Decrease</u> | <u>At current discount rate</u> | <u>At 1% increase</u> |
|------|-----------------------|---------------------------------|-----------------------|
| TPAF | \$64,722,984,539      | \$53,813,067,539                | \$44,738,870,539      |

*Plan Fiduciary Net Position* – The plan fiduciary net position for TPAF at June 30, 2014 was \$27,282,252,461.

**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. At June 30, 2014, the membership in the DCRP, based on the information within the Division's database, was 28,270.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees 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, 2015 the Board's total payroll for all employees was \$16,051,938. Total DCRP covered payroll was \$193,585. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2015 were \$5,807 and \$10,647, respectively.

**NOTE 6. POST-RETIREMENT BENEFITS**

The State of New Jersey sponsors and administers the post-employment health benefits program for school districts. Coverage is provided at no cost to members of the TPAF who retire after accumulating 25 years of credited service or on a disability retirement. The State is also responsible for the costs attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Pursuant to P.L 2007, c.103, separate funds outside the pension plans were established for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

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

## NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2014, there were approximately 103,432 retirees receiving State paid post retirement health benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post retirement medical benefits was changed from a pre-funding basis to a pay-as-you-go basis in Fiscal Year 1994.

The State is also responsible for the costs attributable to Chapter 126, P.L. 1992, which provides health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service at no cost to the member. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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

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

| <b><u>Year<br/>Funding</u></b> | <b><u>Annual Post<br/>Retirement<br/>Medical<br/>Cost (APC)</u></b> | <b><u>Percentage<br/>of APC<br/>Contributed</u></b> | <b><u>Net<br/>Pension<br/>Obligation</u></b> |
|--------------------------------|---------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------|
| 6/30/15                        | \$ 943,398                                                          | 100 %                                               | \$ 0                                         |
| 6/30/14                        | 754,543                                                             | 100                                                 | 0                                            |
| 6/30/13                        | 808,756                                                             | 100                                                 | 0                                            |

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

### **NOTE 7. RISK MANAGEMENT**

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

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

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

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

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

| <u>Fiscal Year</u> | <u>Board<br/>Contrib.</u> | <u>Employee<br/>Contrib.</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|--------------------|---------------------------|------------------------------|------------------------------|---------------------------|
| 2012-2013          | \$ 23,951                 | \$ 33,215                    | \$ 69,831                    | \$ 86,594                 |
| 2013-2014          | 15,972                    | 19,617                       | 42,904                       | 99,052                    |
| 2014-2015          | 4,344                     | 19,495                       | 42,221                       | 80,668                    |

**NOTE 8. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2015:

| <u>Fund</u>           | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|-----------------------|---------------------------------|------------------------------|
| General Fund          | \$ 3,517.09                     | \$                           |
| Capital Projects Fund |                                 | 7,625.30                     |
| Debt Service Fund     | 7,625.30                        | 17.09                        |
| Payroll Agency Fund   |                                 | 3,500.00                     |
| Total                 | \$ <u>11,142.39</u>             | \$ <u>11,142.39</u>          |

**NOTE 9. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$5,691,823.45 General Fund balance at June 30, 2015 (Budgetary Basis), \$818,160.29 is legally committed for amounts encumbered at June 30, 2015, for which the contracted goods or services had not been delivered or rendered. These amounts will carry forward to the budget of the 2015-2016 school year. \$1,146,471.00 is reserved for excess surplus that has been appropriated and included as an anticipated revenue in the 2015-156budget; \$942,186.03 is reserved for excess surplus that must be appropriated as an item of revenue in the 2016-17 budget. Additional legal reserves of \$103,521.31, \$1,641,940.00 and \$250,000.00 have been established by the Board of Education for Capital, Maintenance, and Emergency Reserves, respectively. Unreserved General Fund Balance was \$7789,544.82, which is unassigned. The total General Fund balance on a budgetary basis must be reduced by \$560,737.00 of state aid that was realized as revenue on the budgetary basis but is not permitted to arrive at the amounts reported as components of fund balance in the governmental fund financial statements, which are reported in accordance with generally accepted accounting principles.

**Capital Projects Fund** – At June 30, 2015, the Capital Projects Fund reported a fund balance of \$1,794,521.55. Additional funding from SDA State Aid (\$340,600) is anticipated to finance unexpended project balances of \$2,135,121.55 at year-end.

**Debt Service Fund** - Of the \$7,625.98 fund balance at June 30, 2015, the entire amount is undesignated and available for expenditures in a subsequent District Budget.

**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, 2015, calculated on a budgetary basis pursuant to statute, is \$2,088,657.03, and is comprised of \$1,146,471 that was appropriated as part of the 2015-16 school budget, and \$942,186.03, which represents the minimum amount of fund balance that must be appropriated as part of the 2016-17 school budget.

**NOTE 11. CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted projects in its approved LRFP. During the 2014-15 school year, the Board of Education approved transfers from the Capital Reserve Account to the Capital Projects Fund in the amount of \$760,900.00, and \$53,317.51 of unexpended project balances funded with capital reserve funds was returned to the capital reserve. At June 30, 2015, the balance in the Capital Reserve Account was \$103,521.31.

**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, 2015 is as follows:

Emergency Reserve: A balance of \$250,000 existed at June 30, 2015 and June 30, 2014.

Maintenance Reserve: A balance of \$1,481,940 existed at June 30, 2014. Of this total, \$440,000 was appropriated by Board resolution during the school year to fund eligible projects. The Board also approved transfers of \$600,000 to the Maintenance reserve, resulting in a year-end balance of \$1,641,940.

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 13. DEFICIT FUND BALANCES**

The District did not have any deficit fund balances at June 30, 2015 that would have been reported in the fund statements (modified accrual basis). P.L. 2003 c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, ie., if one government recognizes an asset, the other government recognizes a liability. Since the District is not recording the last state aid payment on the GAAP financial statements until the year the State records the payable, it is possible that a positive fund balance could be reported on a mandated budgetary basis while a deficit is reported on a GAAP basis based upon nonrecognition of revenue on the GAAP basis for the final state aid payment.

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

### **NOTE 14. RESTATEMENT OF GOVERNMENTAL ACTIVITIES NET POSITION**

The District implemented the provisions of GASB Statement No. 68 effective July 1, 2014. The adoption of this standard required recognition in the Governmental Activities Net Position and Activities of the District's proportionate share of the net pension liability of the Public Employees Retirement System (PERS), and an associated deferred outflow of financial resources for payments made subsequent to the June 30, 2013 measurement date. Prior to the implementation of GASB Statement No. 68, no amounts were required to be reported in the District's financial statements for its share of the PERS net pension liability or for the specific deferred inflows and deferred outflows of financial resources attributable to the District resulting from Plan operations. PERS pension expenditures/expenses were reported in the year paid, which lags the period in which PERS employer contributions are recorded by one fiscal year. The new standard improves the information provided in government financial reports about pension-related costs, obligations and the resources available to satisfy those obligations. A prior period adjustment to effect a restatement of the June 30, 2014 Governmental Activities Net Position was required as follows:

|                                                          |                       |
|----------------------------------------------------------|-----------------------|
| Governmental Activities Net Position as Reported 6-30-14 | \$10,439,368.69       |
| June 30, 2013 Proportionate Share of PERS                |                       |
| Net Pension Liability                                    | (\$5,273,555.00)      |
| Accrued Pension Accounts Payable                         | (224,096.00)          |
| Less: Deferred Outflow of Resources for                  |                       |
| Payment Subsequent to Measurement Date                   | <u>224,096.00</u>     |
| Net Decrease in Governmental Activities Net Position     | <u>(5,273,555.00)</u> |
| Governmental Activities Net Position 6-30-14 Restated    | <u>\$5,165,813.69</u> |

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 15. PENDING LITIGATION AND CONTINGENT LIABILITIES**

PENDING LITIGATION - At June 30, 2015, there was no litigation pending for which an unfavorable outcome with a material adverse impact on the net position of the District was anticipated.

### **NOTE 16. SUBSEQUENT EVENTS**

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

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**

# **BUDGETARY COMPARISON SCHEDULES**

## **SECTION – C**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                        | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance<br/>Final to Actual</u> |
|----------------------------------------|----------------------------|-----------------------------|-------------------------|----------------------|-------------------------------------|
| REVENUES:                              |                            |                             |                         |                      |                                     |
| Local Sources:                         |                            |                             |                         |                      |                                     |
| Local Tax Levy                         | \$ 20,144,534.00           | \$                          | \$ 20,144,534.00        | \$ 20,144,534.00     | \$ -                                |
| Tuition-Individuals                    | 114,444.00                 |                             | 114,444.00              | 310,776.00           | 196,332.00                          |
| Tuition-LEAs                           | 4,429,945.00               |                             | 4,429,945.00            | 4,615,460.98         | 185,515.98                          |
| Unrestricted Miscellaneous Revenue     | <u>32,031.00</u>           |                             | <u>32,031.00</u>        | <u>67,730.38</u>     | <u>35,699.38</u>                    |
| Total - Local Sources                  | <u>24,720,954.00</u>       | <u>-</u>                    | <u>24,720,954.00</u>    | <u>25,138,501.36</u> | <u>417,547.36</u>                   |
| State Sources:                         |                            |                             |                         |                      |                                     |
| Extraordinary Aid                      | 288,475.00                 |                             | 288,475.00              | 535,842.00           | 247,367.00                          |
| Categorical Special Ed. Aid            | 394,722.00                 |                             | 394,722.00              | 394,722.00           | -                                   |
| Categorical Security Aid               | 77,630.00                  |                             | 77,630.00               | 77,630.00            | -                                   |
| Categorical Transportation Aid         | 90,004.00                  |                             | 90,004.00               | 90,004.00            | -                                   |
| Other State Aid - NP Transportation    |                            |                             | -                       | 9,626.00             | 9,626.00                            |
| Other State Aid - PARCC Readiness Aid  | 10,480.00                  |                             | 10,480.00               | 10,480.00            | -                                   |
| Other State Aid - Per Pupil Growth Aid | 10,480.00                  |                             | 10,480.00               | 10,480.00            | -                                   |
| On-behalf TPAF Pension                 |                            |                             | -                       |                      | -                                   |
| Contrib. (non-budgeted)                |                            |                             | -                       | 594,266.00           | 594,266.00                          |
| On-behalf TPAF OPEB                    |                            |                             | -                       |                      | -                                   |
| Contrib. (non-budgeted)                |                            |                             | -                       | 943,398.00           | 943,398.00                          |
| On-behalf TPAF Employer FICA           |                            |                             | -                       |                      | -                                   |
| Contrib. (non-budgeted)                |                            |                             | -                       | 836,917.67           | 836,917.67                          |
| Total - State Sources                  | <u>871,791.00</u>          | <u>-</u>                    | <u>871,791.00</u>       | <u>3,503,365.67</u>  | <u>2,631,574.67</u>                 |
| Total Revenues                         | <u>25,592,745.00</u>       | <u>-</u>                    | <u>25,592,745.00</u>    | <u>28,641,867.03</u> | <u>3,049,122.03</u>                 |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                       | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance<br/>Final to Actual</u> |
|---------------------------------------|----------------------------|-----------------------------|-------------------------|----------------------|-------------------------------------|
| EXPENDITURES:                         |                            |                             |                         |                      |                                     |
| Current Expense:                      |                            |                             |                         |                      |                                     |
| Regular Programs - Instruction:       |                            |                             |                         |                      |                                     |
| Salaries of Teachers:                 |                            |                             |                         |                      |                                     |
| Grades 9-12                           | \$ 8,708,812.00            | \$ 20,000.00                | \$ 8,728,812.00         | \$ 8,704,850.55      | \$ 23,961.45                        |
| Regular Programs - Home Instr.:       |                            |                             |                         |                      |                                     |
| Salaries of Teachers                  | 45,000.00                  |                             | 45,000.00               | 40,681.80            | 4,318.20                            |
| Regular Programs - Undistrib. Instr.: |                            |                             |                         |                      |                                     |
| Purchased Prof./Educational Services  | 24,475.00                  | 1,275.00                    | 25,750.00               | 17,766.52            | 7,983.48                            |
| Purchased Technical Services          | 40,720.00                  | 199,408.06                  | 240,128.06              | 189,892.59           | 50,235.47                           |
| Other Purchased Services              | 75,400.00                  | 1,250.00                    | 76,650.00               | 67,577.67            | 9,072.33                            |
| General Supplies                      | 653,993.00                 | 102,335.34                  | 756,328.34              | 497,205.45           | 259,122.89                          |
| Textbooks                             | 57,213.00                  | (10,215.00)                 | 46,998.00               | 43,970.93            | 3,027.07                            |
| Other Objects                         | 10,375.00                  | 827.00                      | 11,202.00               | 10,233.29            | 968.71                              |
| Total Regular Programs                | <u>9,615,988.00</u>        | <u>314,880.40</u>           | <u>9,930,868.40</u>     | <u>9,572,178.80</u>  | <u>358,689.60</u>                   |
| Resource Room/Resource Center:        |                            |                             |                         |                      |                                     |
| Salaries of Teachers                  | <u>829,918.00</u>          | <u>5,000.00</u>             | <u>834,918.00</u>       | <u>834,723.00</u>    | <u>195.00</u>                       |
| Total Resource Room/Resource Center   | <u>829,918.00</u>          | <u>5,000.00</u>             | <u>834,918.00</u>       | <u>834,723.00</u>    | <u>195.00</u>                       |
| Total Special Education               | <u>829,918.00</u>          | <u>5,000.00</u>             | <u>834,918.00</u>       | <u>834,723.00</u>    | <u>195.00</u>                       |
| Basic Skills/Remedial:                |                            |                             |                         |                      |                                     |
| Salaries of Teachers                  | <u>33,102.00</u>           | <u>(5,000.00)</u>           | <u>28,102.00</u>        | <u>26,775.00</u>     | <u>1,327.00</u>                     |
| Total Basic Skills/Remedial           | <u>33,102.00</u>           | <u>(5,000.00)</u>           | <u>28,102.00</u>        | <u>26,775.00</u>     | <u>1,327.00</u>                     |
| Bilingual Education:                  |                            |                             |                         |                      |                                     |
| Salaries of Teachers                  | \$ <u>          </u>       | \$ <u>          </u>        | \$ <u>          -</u>   | \$ <u>          </u> | \$ <u>          -</u>               |
| Total Bilingual Education             | <u>-</u>                   | <u>-</u>                    | <u>-</u>                | <u>-</u>             | <u>-</u>                            |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                                   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance<br/>Final to Actual</u> |
|---------------------------------------------------|----------------------------|-----------------------------|-------------------------|----------------------|-------------------------------------|
| EXPENDITURES:                                     |                            |                             |                         |                      |                                     |
| School - Sponsored Co/Extracurricular Activities: |                            |                             |                         |                      |                                     |
| Salaries                                          | \$ 379,533.00              | \$                          | \$ 379,533.00           | \$ 363,605.25        | \$ 15,927.75                        |
| Purchased Services                                | 31,850.00                  | 2,650.00                    | 34,500.00               | 25,742.51            | 8,757.49                            |
| Supplies and Materials                            | 35,130.00                  | 771.00                      | 35,901.00               | 32,662.14            | 3,238.86                            |
| Other Objects                                     | 15,259.00                  | 2,150.00                    | 17,409.00               | 10,731.80            | 6,677.20                            |
| Transfer to Cover Deficit (Agency Funds)          | 550.00                     | (550.00)                    | -                       | -                    | -                                   |
| Total School - Sponsored Cocurricular Activities  | <u>462,322.00</u>          | <u>5,021.00</u>             | <u>467,343.00</u>       | <u>432,741.70</u>    | <u>34,601.30</u>                    |
| School - Sponsored Athletics - Instruction:       |                            |                             |                         |                      |                                     |
| Salaries                                          | 576,643.00                 | (2,000.00)                  | 574,643.00              | 556,285.00           | 18,358.00                           |
| Purchased Services                                | 49,500.00                  |                             | 49,500.00               | 40,259.54            | 9,240.46                            |
| Supplies and Materials                            | 63,000.00                  |                             | 63,000.00               | 58,709.74            | 4,290.26                            |
| Other Objects                                     | 28,000.00                  | 1,996.08                    | 29,996.08               | 19,200.76            | 10,795.32                           |
| Transfer to Cover Deficit (Agency Funds)          | 46,000.00                  | -                           | 46,000.00               | 42,000.00            | 4,000.00                            |
| Total School - Sponsored Athletics                | <u>763,143.00</u>          | <u>(3.92)</u>               | <u>763,139.08</u>       | <u>716,455.04</u>    | <u>46,684.04</u>                    |
| Total Instruction                                 | <u>11,704,473.00</u>       | <u>319,897.48</u>           | <u>12,024,370.48</u>    | <u>11,582,873.54</u> | <u>441,496.94</u>                   |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                        | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual        | Variance<br>Final to Actual |
|----------------------------------------|--------------------|---------------------|-----------------|---------------|-----------------------------|
| EXPENDITURES (CONT'D.):                |                    |                     |                 |               |                             |
| Current Expense (Cont'd.):             |                    |                     |                 |               |                             |
| Undistributed Expenditures:            |                    |                     |                 |               |                             |
| Instruction:                           |                    |                     |                 |               |                             |
| Tuition to Other LEAs Within the       |                    |                     |                 |               |                             |
| State - Special                        | \$ 267,025.00      | \$ (37,500.00)      | \$ 229,525.00   | \$ 201,390.36 | \$ 28,134.64                |
| Tuition to County Vocational School    |                    |                     | -               |               | -                           |
| Dist. - Regular                        | 202,900.00         |                     | 202,900.00      | 153,998.00    | 48,902.00                   |
| Tuition to County Vocational School    |                    |                     | -               |               | -                           |
| Dist. - Special                        | 36,000.00          | (36,000.00)         | -               |               | -                           |
| Tuition to CSSD & Regional Day Schools | 441,509.00         | (166,200.00)        | 275,309.00      | 275,225.00    | 84.00                       |
| Tuition to Private Schools for the     |                    |                     | -               |               | -                           |
| Disabled - Within State                | 899,654.00         | (220,000.00)        | 679,654.00      | 679,647.64    | 6.36                        |
| Tuition to Private Schools for the     |                    |                     | -               |               | -                           |
| Disabled, Outside the State            | 799,583.00         | 397,225.00          | 1,196,808.00    | 1,179,159.51  | 17,648.49                   |
| Total Undistrib. Expend. - Instruc.    | 2,646,671.00       | (62,475.00)         | 2,584,196.00    | 2,489,420.51  | 94,775.49                   |
| Attendance and Social Work Services:   |                    |                     |                 |               |                             |
| Salaries                               | 68,708.00          |                     | 68,708.00       | 68,707.92     | 0.08                        |
| Total Attendance and Social Work Serv. | 68,708.00          | -                   | 68,708.00       | 68,707.92     | 0.08                        |
| Health Services:                       |                    |                     |                 |               |                             |
| Salaries                               | 110,590.00         | (18,455.00)         | 92,135.00       | 80,105.00     | 12,030.00                   |
| Purchased Profess. and Tech. Serv.     | 11,000.00          |                     | 11,000.00       | 10,999.92     | 0.08                        |
| Other Purchased Services               | 2,000.00           | 1,355.00            | 3,355.00        | 3,355.00      | -                           |
| Supplies and Materials                 | 4,092.00           | (20.00)             | 4,072.00        | 3,550.65      | 521.35                      |
| Other Objects                          | 150.00             | 20.00               | 170.00          | 164.00        | 6.00                        |
| Total Health Services                  | 127,832.00         | (17,100.00)         | 110,732.00      | 98,174.57     | 12,557.43                   |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                                           | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|-----------------------------------------------------------|--------------------|---------------------|-----------------|--------------|-----------------------------|
| EXPENDITURES (CONT'D.):                                   |                    |                     |                 |              |                             |
| Current Expense (Cont'd.):                                |                    |                     |                 |              |                             |
| Undistributed Expenditures (Cont'd.):                     |                    |                     |                 |              |                             |
| Speech, OT, PT & Related Services                         |                    |                     |                 |              |                             |
| Salaries                                                  | \$ 82,930.00       | \$                  | \$ 82,930.00    | \$ 76,710.25 | \$ 6,219.75                 |
| Purchased Profess./Educa. Services                        | 65,000.00          | (4,475.00)          | 60,525.00       | 53,198.75    | 7,326.25                    |
| Other Objects                                             | 225.00             | (225.00)            | -               |              |                             |
| Total Speech, OT, PT & Related<br>Services                | 148,155.00         | (4,700.00)          | 143,455.00      | 129,909.00   | 13,546.00                   |
| Other Support Services-Student - Extra Serices            |                    |                     |                 |              |                             |
| Salaries                                                  | 120,666.00         | 2,300.00            | 122,966.00      | 118,882.11   | 4,083.89                    |
| Purchased Profess./Educa. Services                        | 205,000.00         | 19,890.00           | 224,890.00      | 199,960.00   | 24,930.00                   |
| Supplies and Materials                                    | 6,000.00           | 110.00              | 6,110.00        | 6,075.99     | 34.01                       |
| Total Other Support Services-<br>Student - Extra Services | 331,666.00         | 22,300.00           | 353,966.00      | 324,918.10   | 29,047.90                   |
| Guidance:                                                 |                    |                     |                 |              |                             |
| Salaries of Other Professional Staff                      | 637,320.00         | 45,610.24           | 682,930.24      | 648,815.26   | 34,114.98                   |
| Other Purchased Prof. & Tech. Services                    | 1,000.00           | 185.00              | 1,185.00        | 740.00       | 445.00                      |
| Other Purchased Services                                  | 10,400.00          | (5,002.08)          | 5,397.92        | 3,832.25     | 1,565.67                    |
| Supplies and Materials                                    | 1,909.00           | 3,245.00            | 5,154.00        | 4,774.33     | 379.67                      |
| Other Objects                                             | 3,200.00           | 3,082.08            | 6,282.08        | 6,275.08     | 7.00                        |
| Total - Guidance                                          | 653,829.00         | 47,120.24           | 700,949.24      | 664,436.92   | 36,512.32                   |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                         | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual        | Variance<br>Final to Actual |
|-----------------------------------------|--------------------|---------------------|-----------------|---------------|-----------------------------|
| EXPENDITURES (CONT'D.):                 |                    |                     |                 |               |                             |
| Current Expense (Cont'd.):              |                    |                     |                 |               |                             |
| Undistributed Expenditures (Cont'd.):   |                    |                     |                 |               |                             |
| Child Study Teams:                      |                    |                     |                 |               |                             |
| Salaries of Other Profess. Staff        | \$ 541,920.00      | 6,288.75            | \$ 548,208.75   | \$ 544,599.10 | \$ 3,609.65                 |
| Salaries of Secret. & Clerical Assts.   | 169,912.00         |                     | 169,912.00      | 169,260.37    | 651.63                      |
| Purchased Profess./Educa. Services      | 200.00             |                     | 200.00          | 199.50        | 0.50                        |
| Supplies and Materials                  | 5,039.00           | 1,108.65            | 6,147.65        | 5,459.69      | 687.96                      |
| Other Objects                           | 2,910.00           |                     | 2,910.00        | 2,755.00      | 155.00                      |
| Total - Child Study Teams               | 719,981.00         | 7,397.40            | 727,378.40      | 722,273.66    | 5,104.74                    |
| Improv. of Instruction Services:        |                    |                     |                 |               |                             |
| Salaries of Professional Staff          | 58,316.00          | 329.25              | 58,645.25       | 58,645.17     | \$ 0.08                     |
| Curriculum Devel.-Prof. Ed. Services    |                    | 5,225.00            | 5,225.00        | 4,750.00      | 475.00                      |
| General Supplies                        |                    | 1,500.00            | 1,500.00        | 800.00        | 700.00                      |
| Other Objects                           | 885.00             | (747.50)            | 137.50          | -             | 137.50                      |
| Total Improv. of Instruction Services   | 59,201.00          | 6,306.75            | 65,507.75       | 64,195.17     | 1,312.58                    |
| Educational Media Serv./School Library: |                    |                     |                 |               |                             |
| Salaries                                | 576,565.00         | (83,680.24)         | 492,884.76      | 492,884.76    | -                           |
| Purch. Profess. and Tech. Serv.         | 5,000.00           | 94,870.00           | 99,870.00       | 99,865.00     | 5.00                        |
| Supplies and Materials                  | 49,230.00          | 400.00              | 49,630.00       | 45,785.57     | 3,844.43                    |
| Other Objects                           | 330.00             | -                   | 330.00          | 300.00        | 30.00                       |
| Total Educa. Media Serv./School Library | 631,125.00         | 11,589.76           | 642,714.76      | 638,835.33    | 3,879.43                    |
| Instructional Staff Training Services:  |                    |                     |                 |               |                             |
| Purch. Profess. Educ. Serv.             | 30,000.00          | 4,339.75            | 34,339.75       | 22,952.88     | 11,386.87                   |
| Other Purchased Services                | 8,538.00           | 4,300.00            | 12,838.00       | 10,770.13     | 2,067.87                    |
| Supplies and Materials                  | 1,750.00           | -                   | 1,750.00        | -             | 1,750.00                    |
| Total Instr. Staff Training Serv.       | 40,288.00          | 8,639.75            | 48,927.75       | 33,723.01     | 15,204.74                   |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                            | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual        | Variance<br>Final to Actual |
|--------------------------------------------|--------------------|---------------------|-----------------|---------------|-----------------------------|
| EXPENDITURES (CONT'D.):                    |                    |                     |                 |               |                             |
| Current Expense (Cont'd.):                 |                    |                     |                 |               |                             |
| Undistributed Expenditures (Cont'd.):      |                    |                     |                 |               |                             |
| Support Serv. General Administration:      |                    |                     |                 |               |                             |
| Salaries                                   | \$ 234,985.00      | \$ (52,528.00)      | \$ 182,457.00   | \$ 178,431.37 | \$ 4,025.63                 |
| Legal Services                             | 90,000.00          | 6,000.00            | 96,000.00       | 94,283.24     | 1,716.76                    |
| Audit Fees                                 | 20,000.00          | (385.00)            | 19,615.00       | 19,615.00     | -                           |
| Other Purch. Professional Services         | 45,000.00          | 35,765.00           | 80,765.00       | 68,165.40     | 12,599.60                   |
| Communications/Telephone                   | 99,300.00          | 4,000.00            | 103,300.00      | 94,509.98     | 8,790.02                    |
| BOE Other Purchased Services               | 4,500.00           | (2,170.00)          | 2,330.00        | 2,181.06      | 148.94                      |
| Misc. Purchased Services                   | 18,700.00          | 8,840.00            | 27,540.00       | 26,003.64     | 1,536.36                    |
| General Supplies                           | 5,000.00           | -                   | 5,000.00        | 2,965.19      | 2,034.81                    |
| Misc. Expenditures                         | 6,500.00           | 75,290.00           | 81,790.00       | 80,500.00     | 1,290.00                    |
| BOE Membership Dues and Fees               | 17,500.00          | 13,200.00           | 30,700.00       | 26,758.18     | 3,941.82                    |
| Total Support Serv. General Administration | 541,485.00         | 88,012.00           | 629,497.00      | 593,413.06    | 36,083.94                   |
| Support Serv. School Administration:       |                    |                     |                 |               |                             |
| Salaries of Principals/Asst. Principals    | 298,596.00         | 5,938.00            | 304,534.00      | 304,533.84    | 0.16                        |
| Salaries of Other Professional Staff       | 174,700.00         | 3,350.00            | 178,050.00      | 177,927.92    | 122.08                      |
| Salaries of Secty. and Clerical Assts.     | 174,503.00         |                     | 174,503.00      | 167,915.46    | 6,587.54                    |
| Purch. Professional & Technical Serv.      | 500.00             |                     | 500.00          | -             | 500.00                      |
| Other Purchased Services                   | 4,000.00           | 400.00              | 4,400.00        | 4,209.05      | 190.95                      |
| Supplies and Materials                     | 500.00             |                     | 500.00          | 221.00        | 279.00                      |
| Other Objects                              | 6,370.00           | (770.00)            | 5,600.00        | 3,532.00      | 2,068.00                    |
| Total Support Serv. School Admin.          | 659,169.00         | 8,918.00            | 668,087.00      | 658,339.27    | 9,747.73                    |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                             | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Final to Actual</u> |
|---------------------------------------------|----------------------------|-----------------------------|-------------------------|---------------------|-------------------------------------|
| EXPENDITURES (CONT'D.):                     |                            |                             |                         |                     |                                     |
| Current Expense (Cont'd.):                  |                            |                             |                         |                     |                                     |
| Central Services:                           |                            |                             |                         |                     |                                     |
| Salaries                                    | \$ 420,907.00              | \$ 5,000.00                 | \$ 425,907.00           | \$ 425,862.76       | \$ 44.24                            |
| Purch. Professional Services                | 8,500.00                   | 55,915.00                   | 64,415.00               | 52,685.00           | 11,730.00                           |
| Purch. Technical Services                   | 11,500.00                  | (5,065.00)                  | 6,435.00                | 6,435.00            | -                                   |
| Misc. Purchased Services                    | 925.00                     |                             | 925.00                  | 690.82              | 234.18                              |
| Sale/Lease-back Payments                    | 40,475.00                  | 11,328.00                   | 51,803.00               | 51,802.25           | 0.75                                |
| Supplies and Materials                      | 6,000.00                   | 5,670.50                    | 11,670.50               | 8,995.45            | 2,675.05                            |
| Miscellaneous Expenditures                  | 1,240.00                   | 163.00                      | 1,403.00                | 1,403.00            | -                                   |
| Total Central Services                      | <u>489,547.00</u>          | <u>73,011.50</u>            | <u>562,558.50</u>       | <u>547,874.28</u>   | <u>14,684.22</u>                    |
| Required Maint. For School Facilities:      |                            |                             |                         |                     |                                     |
| Salaries                                    | 308,658.00                 |                             | 308,658.00              | 302,752.27          | 5,905.73                            |
| Cleaning, Repair & Maint. Services          | 180,355.00                 | 1,005,926.00                | 1,186,281.00            | 665,828.04          | 520,452.96                          |
| General Supplies                            | 67,485.00                  | 2,026.51                    | 69,511.51               | 49,886.90           | 19,624.61                           |
| Total Required Maint. For School Facilities | <u>556,498.00</u>          | <u>1,007,952.51</u>         | <u>1,564,450.51</u>     | <u>1,018,467.21</u> | <u>545,983.30</u>                   |
| Custodial Services:                         |                            |                             |                         |                     |                                     |
| Salaries                                    | 680,400.00                 | (14,505.00)                 | 665,895.00              | 655,854.90          | 10,040.10                           |
| Purch. Professional & Technical Serv.       | 3,400.00                   | 13,200.00                   | 16,600.00               | 4,400.84            | 12,199.16                           |
| Cleaning, Repair & Maint. Services          | 105,300.00                 | (848.00)                    | 104,452.00              | 87,884.19           | 16,567.81                           |
| Other Purchased Property Services           | 100,000.00                 |                             | 100,000.00              | 90,305.84           | 9,694.16                            |
| Insurance                                   | 142,000.00                 | (1,988.00)                  | 140,012.00              | 140,012.00          | -                                   |
| General Supplies                            | 76,000.00                  | 3,916.00                    | 79,916.00               | 77,740.55           | 2,175.45                            |
| Energy (Natural Gas)                        | 231,000.00                 |                             | 231,000.00              | 184,232.86          | 46,767.14                           |
| Energy (Electricity)                        | 466,000.00                 | (35,225.00)                 | 430,775.00              | 348,022.73          | 82,752.27                           |
| Other Objects                               | 6,000.00                   | 2,000.00                    | 8,000.00                | 4,941.91            | 3,058.09                            |
| Total Custodial services                    | <u>1,810,100.00</u>        | <u>(33,450.00)</u>          | <u>1,776,650.00</u>     | <u>1,593,395.82</u> | <u>183,254.18</u>                   |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                                                         | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Final to Actual</u> |
|-------------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|---------------------|-------------------------------------|
| EXPENDITURES (CONT'D.):                                                 |                            |                             |                         |                     |                                     |
| Current Expense (Cont'd.):                                              |                            |                             |                         |                     |                                     |
| Undistributed Expenditures (Cont'd.):                                   |                            |                             |                         |                     |                                     |
| Care & Upkeep of Grounds:                                               |                            |                             |                         |                     |                                     |
| Salaries                                                                | \$ 42,835.00               | \$ 500.00                   | \$ 43,335.00            | \$ 42,252.81        | \$ 1,082.19                         |
| Cleaning, Repair & Maint. Services                                      | 95,000.00                  | 4,680.00                    | 99,680.00               | 96,340.72           | 3,339.28                            |
| General Supplies                                                        | 35,000.00                  |                             | 35,000.00               | 26,825.89           | 8,174.11                            |
| Total Care & Upkeep of Grounds                                          | <u>172,835.00</u>          | <u>5,180.00</u>             | <u>178,015.00</u>       | <u>165,419.42</u>   | <u>12,595.58</u>                    |
| Security:                                                               |                            |                             |                         |                     |                                     |
| Purch. Professional & Technical Serv.                                   | 4,200.00                   |                             | 4,200.00                | 1,930.00            | 2,270.00                            |
| Other Objects                                                           | 500.00                     |                             | 500.00                  | 278.20              | 221.80                              |
| Total Security                                                          | <u>4,700.00</u>            | <u>-</u>                    | <u>4,700.00</u>         | <u>2,208.20</u>     | <u>2,491.80</u>                     |
| Total Operation & Maint. Of Plant Services                              | <u>2,544,133.00</u>        | <u>979,682.51</u>           | <u>3,523,815.51</u>     | <u>2,779,490.65</u> | <u>744,324.86</u>                   |
| Student Transportation Services:                                        |                            |                             |                         |                     |                                     |
| Salaries for Pupil Transportation<br>(Other Than Between Home & School) | \$ 150,849.00              | \$ 7,694.00                 | \$ 158,543.00           | \$ 156,158.70       | \$ 2,384.30                         |
| Purch. Professional & Technical Serv.                                   |                            |                             |                         |                     |                                     |
| Cleaning, Repair & Maint. Services                                      | 38,000.00                  |                             | 38,000.00               | 32,562.22           | 5,437.78                            |
| Contracted Services - Aid in Lieu<br>of Payments - Non-Pub Sch.         | 38,012.00                  | (8,835.00)                  | 29,177.00               | 27,659.32           | 1,517.68                            |
| Contracted Services (Other Than Between<br>Home & School) - Vendors     | 50,000.00                  | 500.00                      | 50,500.00               | 32,471.46           | 18,028.54                           |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                                              | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Final to Actual</u> |
|--------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|---------------------|-------------------------------------|
| EXPENDITURES (CONT'D.):                                      |                            |                             |                         |                     |                                     |
| Undistributed Expenditures (Cont'd.):                        |                            |                             |                         |                     |                                     |
| Student Transportation Services (Cont'd.):                   |                            |                             |                         |                     |                                     |
| Contracted Services (Regular<br>Students) - ESCs & CTSAs     | 392,121.00                 |                             | 392,121.00              | 375,486.90          | 16,634.10                           |
| Contracted Services (Special Ed.<br>Students) - ESCs & CTSAs | 430,646.00                 | (1,947.00)                  | 428,699.00              | 274,325.70          | 154,373.30                          |
| General supplies                                             | 2,500.00                   |                             | 2,500.00                |                     | 2,500.00                            |
| Transportation supplies                                      | 14,000.00                  |                             | 14,000.00               | 7,948.12            | 6,051.88                            |
| Other Objects                                                | 1,600.00                   |                             | 1,600.00                | 803.00              | 797.00                              |
| Total Student Transportation Services                        | <u>1,117,728.00</u>        | <u>(2,588.00)</u>           | <u>1,115,140.00</u>     | <u>907,415.42</u>   | <u>207,724.58</u>                   |
| Unallocated Employee Benefits:                               |                            |                             |                         |                     |                                     |
| Social Security Contributions                                | \$ 295,000.00              | \$                          | \$ 295,000.00           | \$ 286,821.54       | \$ 8,178.46                         |
| Other Retirement Contributions-PERS                          | 270,000.00                 |                             | 270,000.00              | 233,676.28          | 36,323.72                           |
| Unemployment Compensation                                    | 75,000.00                  |                             | 75,000.00               | 12,844.31           | 62,155.69                           |
| Workmen's Compensation                                       | 210,000.00                 | (54,700.00)                 | 155,300.00              | 149,012.00          | 6,288.00                            |
| Health Benefits                                              | 2,798,064.00               | (190,204.00)                | 2,607,860.00            | 2,572,714.84        | 35,145.16                           |
| Tuition Reimbursements                                       | 77,507.00                  | 1,000.00                    | 78,507.00               | 74,438.93           | 4,068.07                            |
| Other Employee Benefits                                      | 38,000.00                  | 875.00                      | 38,875.00               | 36,500.20           | 2,374.80                            |
| Total Unallocated Employee Benefits:                         | <u>3,763,571.00</u>        | <u>(243,029.00)</u>         | <u>3,520,542.00</u>     | <u>3,366,008.10</u> | <u>154,533.90</u>                   |
| On-behalf TPAF Pension<br>Contrib. (non-budgeted)            |                            |                             |                         | 594,266.00          | (594,266.00)                        |
| On-behalf TPAF OPEB<br>Contrib. (non-budgeted)               |                            |                             |                         | 943,398.00          | (943,398.00)                        |
| On-behalf TPAF Employer<br>FICA Contrib. (non-budgeted)      |                            |                             |                         | 836,917.67          | (836,917.67)                        |
| Total On-behalf Contributions                                | <u>-</u>                   | <u>-</u>                    | <u>-</u>                | <u>2,374,581.67</u> | <u>(2,374,581.67)</u>               |
| Total Personal Services - Employee Benefits                  | <u>3,763,571.00</u>        | <u>(243,029.00)</u>         | <u>3,520,542.00</u>     | <u>5,740,589.77</u> | <u>(1,625,781.77)</u>               |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                                              | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>           | <u>Variance<br/>Final to Actual</u> |
|--------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|-------------------------|-------------------------------------|
| Total Undistributed Expenditures                             | \$ 14,543,089.00           | \$ 923,085.91               | \$ 15,466,174.91        | \$ 16,461,716.64        | \$ (995,541.73)                     |
| Total Expenditures - Current Expense                         | <u>26,247,562.00</u>       | <u>1,242,983.39</u>         | <u>27,490,545.39</u>    | <u>28,044,590.18</u>    | <u>(554,044.79)</u>                 |
| <b>CAPITAL OUTLAY:</b>                                       |                            |                             |                         |                         |                                     |
| Equipment:                                                   |                            |                             |                         |                         |                                     |
| Regular Programs - Instruction:                              |                            |                             |                         |                         |                                     |
| Grades 9-12                                                  | 43,705.00                  | 12,252.22                   | 55,957.22               | 5,104.05                | 50,853.17                           |
| Undistributed Expenditures:                                  |                            |                             |                         |                         |                                     |
| Custodial Services                                           | -                          | 26,494.00                   | 26,494.00               | 26,493.41               | 0.59                                |
| Care & Upkeep of Grounds                                     | -                          | 13,265.00                   | 13,265.00               | -                       | 13,265.00                           |
| Required Maintenance                                         | 35,650.00                  | 33,051.00                   | 68,701.00               | 24,490.75               | 44,210.25                           |
| Security                                                     | <u>25,000.00</u>           | <u>(25,000.00)</u>          | <u>-</u>                | <u>-</u>                | <u>-</u>                            |
| Total Equipment                                              | <u>104,355.00</u>          | <u>60,062.22</u>            | <u>164,417.22</u>       | <u>56,088.21</u>        | <u>108,329.01</u>                   |
| Facilities Acquis. & Constr. Services:                       |                            |                             |                         |                         |                                     |
| Architect/Engineer Fees                                      | 5,000.00                   | (4,375.00)                  | 625.00                  |                         | 625.00                              |
| Assessment for Debt Service-SDA Funding                      | 25,820.00                  |                             | 25,820.00               | 25,820.00               | -                                   |
| Construction Services                                        | <u>54,000.00</u>           | <u>4,375.00</u>             | <u>58,375.00</u>        | <u>29,325.00</u>        | <u>29,050.00</u>                    |
| Total Facil. Acquis. & Constr. Services                      | <u>84,820.00</u>           | <u>-</u>                    | <u>84,820.00</u>        | <u>55,145.00</u>        | <u>29,675.00</u>                    |
| Total Capital Outlay                                         | <u>189,175.00</u>          | <u>60,062.22</u>            | <u>249,237.22</u>       | <u>111,233.21</u>       | <u>138,004.01</u>                   |
| Total Expenditures                                           | \$ <u>26,436,737.00</u>    | \$ <u>1,303,045.61</u>      | \$ <u>27,739,782.61</u> | \$ <u>28,155,823.39</u> | \$ <u>(416,040.78)</u>              |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(843,992.00)</u>        | <u>(1,303,045.61)</u>       | <u>(2,147,037.61)</u>   | <u>486,043.64</u>       | <u>2,633,081.25</u>                 |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                                                                                                      | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>          | <u>Variance<br/>Final to Actual</u> |
|----------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------------|-------------------------------------|
| Other Financing Sources (Uses)                                                                                       |                            |                             |                         |                        |                                     |
| Operating Transfers In/(out)                                                                                         |                            |                             |                         |                        |                                     |
| Transfer to Cover Deficit-Enterprise Fund                                                                            |                            | (3,000.00)                  | (3,000.00)              | 1,740.00               | 1,260.00                            |
| Capital Outlay-Trans. to Cap. Projects Fund                                                                          | (250,000.00)               |                             | (250,000.00)            | 250,000.00             | -                                   |
| Capital Reserve-Trans. to Cap. Projects Fund                                                                         | <u>(250,000.00)</u>        | <u>(510,900.00)</u>         | <u>(760,900.00)</u>     | <u>707,582.49</u>      | <u>53,317.51</u>                    |
| Total Other Financing Sources (Uses)                                                                                 | <u>(500,000.00)</u>        | <u>(513,900.00)</u>         | <u>(1,013,900.00)</u>   | <u>959,322.49</u>      | <u>54,577.51</u>                    |
| Excess (Deficiency) of Revenues and<br>Other Financing Sources Over (Under)<br>Expenditures and Other Financing Uses | (1,343,992.00)             | (1,816,945.61)              | (3,160,937.61)          | (473,278.85)           | 2,687,658.76                        |
| Fund Balances, July 1                                                                                                | <u>6,165,102.30</u>        |                             | <u>6,165,102.30</u>     | <u>6,165,102.30</u>    |                                     |
| Fund Balances, June 30                                                                                               | <u>\$ 4,821,110.30</u>     | <u>\$ (1,816,945.61)</u>    | <u>\$ 3,004,164.69</u>  | <u>\$ 5,691,823.45</u> | <u>\$ 2,687,658.76</u>              |
| Recapitulation of Fund Balance:                                                                                      |                            |                             |                         |                        |                                     |
| Restricted Fund Balance:                                                                                             |                            |                             |                         |                        |                                     |
| Reserved Excess Surplus-Designated for Subsequent Year Expenditures                                                  |                            |                             |                         | \$ 1,146,471.00        |                                     |
| Reserve for Excess Surplus                                                                                           |                            |                             |                         | 942,186.03             |                                     |
| Emergency Reserve                                                                                                    |                            |                             |                         | 250,000.00             |                                     |
| Maintenance Reserve                                                                                                  |                            |                             |                         | 1,641,940.00           |                                     |
| Capital Reserve                                                                                                      |                            |                             |                         | 103,521.31             |                                     |
| Committed Fund Balance:                                                                                              |                            |                             |                         |                        |                                     |
| Year-End Encumbrances                                                                                                |                            |                             |                         | 818,160.29             |                                     |
| Unassigned Fund Balance                                                                                              |                            |                             |                         | <u>789,544.82</u>      |                                     |
|                                                                                                                      |                            |                             |                         | 5,691,823.45           |                                     |
| Reconciliation to Governmental Funds Statements (GAAP):                                                              |                            |                             |                         |                        |                                     |
| Remaining State Aid Payments not recognized on GAAP basis                                                            |                            |                             |                         | <u>(560,737.00)</u>    |                                     |
| Fund Balance per Governmental Funds (GAAP)                                                                           |                            |                             |                         | <u>\$ 5,131,086.45</u> |                                     |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2015

|                                                 | <u>ORIGINAL<br/>BUDGET</u> | <u>BUDGET<br/>TRANSFERS</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>VARIANCE<br/>FINAL TO ACTUAL</u> |
|-------------------------------------------------|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| REVENUES:                                       |                            |                             |                         |                   |                                     |
| Federal Sources                                 |                            |                             |                         |                   |                                     |
| Title II, Part A                                | \$ 11,000.00               | \$ 3,078.00                 | \$ 14,078.00            | \$ 14,078.00      | \$ -                                |
| IDEA Part B                                     | <u>150,000.00</u>          | <u>72,340.00</u>            | <u>222,340.00</u>       | <u>222,340.00</u> | <u>-</u>                            |
| Total Federal Revenues                          | <u>161,000.00</u>          | <u>75,418.00</u>            | <u>236,418.00</u>       | <u>236,418.00</u> | <u>-</u>                            |
| Total Revenues                                  | <u>161,000.00</u>          | <u>75,418.00</u>            | <u>236,418.00</u>       | <u>236,418.00</u> | <u>-</u>                            |
| EXPENDITURES:                                   |                            |                             |                         |                   |                                     |
| Instruction                                     |                            |                             |                         |                   |                                     |
| Salaries of Teachers                            | 11,000.00                  | 3,078.00                    | 14,078.00               | 14,078.00         | -                                   |
| Other Purchased Services (400-500 series)       | <u>150,000.00</u>          | <u>72,340.00</u>            | <u>222,340.00</u>       | <u>222,340.00</u> | <u>-</u>                            |
| Total Instruction                               | <u>161,000.00</u>          | <u>75,418.00</u>            | <u>236,418.00</u>       | <u>236,418.00</u> | <u>-</u>                            |
| Total Expenditures                              | <u>161,000.00</u>          | <u>75,418.00</u>            | <u>236,418.00</u>       | <u>236,418.00</u> | <u>-</u>                            |
| Total Outflows                                  | <u>161,000.00</u>          | <u>75,418.00</u>            | <u>236,418.00</u>       | <u>236,418.00</u> | <u>-</u>                            |
| Excess (Deficiency) of Revenues Over (Under)    |                            |                             |                         |                   |                                     |
| Expenditures and Other Financing Sources (Uses) | <u>\$ -</u>                | <u>\$ -</u>                 | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ -</u>                         |

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE YEAR ENDED JUNE 30, 2015

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

|                                                                                                                                                                                                                            |          | General<br>Fund      |          | Special<br>Revenue<br>Fund  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------|----------|-----------------------------|
| Sources/inflows of resources                                                                                                                                                                                               |          |                      |          |                             |
| Actual amounts (budgetary basis) "revenue"                                                                                                                                                                                 |          |                      |          |                             |
| from the budgetary comparison schedule                                                                                                                                                                                     | (C-1) \$ | 28,641,867.03        | (C-2) \$ | 236,418.00                  |
| Difference - budget to GAAP:                                                                                                                                                                                               |          |                      |          |                             |
| Grant accounting budgetary basis differs from GAAP in that<br>encumbrances are recognized as expenditures, and the related<br>revenue is recognized (Net)                                                                  |          |                      |          | -                           |
| State aid payment recognized for budgetary purposes,<br>not recognized for GAAP statements (Net)                                                                                                                           |          | <u>(113,120.00)</u>  |          | <u>                    </u> |
| Total revenues as reported on the statement of revenues, expenditures<br>and change in fund balances - governmental funds                                                                                                  | (B-2)    | <u>28,528,747.03</u> | (B-2)    | <u>236,418.00</u>           |
| Uses/outflows of resources                                                                                                                                                                                                 |          |                      |          |                             |
| Actual amounts (budgetary basis) "total outflows" from the<br>budgetary comparison schedule                                                                                                                                | (C-1)    | 28,155,823.39        | (C-2)    | 236,418.00                  |
| Difference - budget to GAAP:                                                                                                                                                                                               |          |                      |          |                             |
| Encumbrances for supplies and equipment ordered but<br>not received are reported in the year the order is placed for<br>budgetary purposes, but in the year the supplies are received<br>for financial reporting purposes. |          | <u>-</u>             |          | <u>-</u>                    |
| Total expenditures as reported on the statement of revenues,<br>expenditures, and changes in fund balances - governmental funds                                                                                            | (B-2) \$ | <u>28,155,823.39</u> | (B-2) \$ | <u>236,418.00</u>           |

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART III**

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

**SECTION – L**

**(Section numbering as per N.J. Department of Education  
2014-2015 Audit Program)**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

|                                                                                                                   | <u>2013</u> | <u>2014</u> |
|-------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| District's Proportion of the<br>Net Pension Liability                                                             | 0.000275929 | 0.000271834 |
| District's Proportionate Share of the<br>Net Pension Liability                                                    | \$5,273,555 | \$5,089,475 |
| District's Covered-Employee<br>Payroll                                                                            | \$1,933,533 | \$1,972,993 |
| District's Proportionate Share of the<br>Net Pension Liability as a percentage<br>of the Covered-Employee Payroll | 272.74%     | 257.96%     |
| Plan Fiduciary Net Position as a<br>percentage of the Total Pension<br>Liability                                  | 48.72%      | 52.08%      |

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

|                                                                    | <u>2014</u>         | <u>2015</u>         |
|--------------------------------------------------------------------|---------------------|---------------------|
| Contractually Required Contribution                                | \$ 207,907          | \$ 224,096          |
| Contribution in Relation to<br>Contractually Required Contribution | <u>\$ (207,907)</u> | <u>\$ (224,096)</u> |
| Contribution deficiency (excess)                                   | \$ -                | \$ -                |
| District's Proportionate Share of the<br>Payroll                   | \$ 1,903,910        | \$ 1,880,000        |
| Contributions as a percentage of<br>Covered Employee Payroll       | 10.92%              | 11.92%              |

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY  
TEACHERS PENSION AND ANNUITY FUND ( Non-State Employer Group)

Last 10 Fiscal Years\*

|                                                                                                                                                                                     | <u>2013</u>  | <u>2014</u>  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Proportion of the Non-State Employer Group<br>Net Pension Liability attributable to the District                                                                                    | 0.001106917  | 0.001087819  |
| Share of the Liability of the State of New Jersey<br>for the Net Pension Liability of the Non-State<br>Employer Group                                                               | \$55,942,720 | \$58,140,363 |
| District's Covered-Employee<br>Payroll                                                                                                                                              | \$10,332,929 | \$11,201,093 |
| Share of the Liability of the State of New Jersey<br>for the Net Pension Liability of the Non-State<br>Employer Group as a percentage of the<br>District's Covered-Employee Payroll | 541.40%      | 519.06%      |
| Plan Fiduciary Net Position as a<br>percentage of the Total Pension<br>Liability (See Note Below)                                                                                   | 33.76%       | 33.64%       |

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

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

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

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**JUNE 30, 2015**

**NOTE 1. CHANGES IN ASSUMPTIONS**

Net pension liabilities for the years ended June 30, 2013 and 2014 were based on RP-2000 mortality tables utilizing actuarial experience studies covering the following periods:

TPAF: July 1, 2009 to June 30, 2012

PERS: July 1, 2008 to June 30, 2011

## **OTHER SUPPLEMENTARY INFORMATION**

## **SCHOOL LEVEL SCHEDULES**

### **SECTION – D**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                        | I.D.E.A.<br>PART B<br>BASIC<br><u>2014-2015</u> | TITLE II<br>PART A<br><u>2014-2015</u> | <u>TOTALS</u><br><u>2014-2015</u> |
|----------------------------------------|-------------------------------------------------|----------------------------------------|-----------------------------------|
| <u>REVENUES</u>                        |                                                 |                                        |                                   |
| Federal Sources                        | \$ <u>222,340.00</u>                            | \$ <u>14,078.00</u>                    | <u>236,418.00</u>                 |
| Total Revenues                         | <u>222,340.00</u>                               | <u>14,078.00</u>                       | <u>236,418.00</u>                 |
| <u>EXPENDITURES</u>                    |                                                 |                                        |                                   |
| Instruction:                           |                                                 |                                        |                                   |
| Salaries of Teachers                   |                                                 | 14,078.00                              | 14,078.00                         |
| Other Purch. Services (400-500 series) | <u>222,340.00</u>                               | <u>                    </u>            | <u>222,340.00</u>                 |
| Total Instruction                      | <u>222,340.00</u>                               | <u>14,078.00</u>                       | <u>236,418.00</u>                 |
| Total Expenditures                     | \$ <u><u>222,340.00</u></u>                     | \$ <u><u>14,078.00</u></u>             | \$ <u><u>236,418.00</u></u>       |

**SPECIAL REVENUE FUND**

**SECTION – E**

**CAPITAL PROJECTS FUND**

**SECTION – F**

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
YEAR ENDED JUNE 30, 2015

Exhibit - F-1

| <u>ISSUE/PROJECT TITLE</u>                                     | <u>APPROVAL<br/>DATE</u> | <u>REVISED<br/>APPROPRIATION</u> | <u>EXPENDITURES</u>  |                        | <u>UNEXPENDED<br/>BALANCE</u> |
|----------------------------------------------------------------|--------------------------|----------------------------------|----------------------|------------------------|-------------------------------|
|                                                                |                          |                                  | <u>PRIOR YEAR</u>    | <u>CURRENT YEAR</u>    |                               |
| Roof Replacement at Northern Highlands<br>Regional High School | 9/24/13                  | \$ 2,760,000.00                  | \$ 80,274.36         | \$ 1,545,968.45        | \$ 1,133,757.19               |
| Valve Replacement & Water Softener<br>Installation             | 3/6/14                   | 180,133.93                       | 18,796.00            | 161,337.93             | -                             |
| Drainage Improvements                                          | 3/6/14                   | 150,943.50                       | 12,200.00            | 138,743.50             | -                             |
| Security System Upgrades                                       | 3/6/14                   | 105,060.07                       | 4,400.00             | 61,335.50              | 39,324.57                     |
| Acquisition and Improvement of<br>Real Property                | 4/7/14                   | 566,760.21                       | 436,522.00           | 130,238.21             | -                             |
| Science Wing Upgrades                                          | 1/6/14                   | 851,500.00                       | -                    | 322,700.00             | 528,800.00                    |
| Auditorium Upgrades                                            |                          | <u>433,239.79</u>                | <u>-</u>             | <u>-</u>               | <u>433,239.79</u>             |
|                                                                |                          | <u>\$ 5,047,637.50</u>           | <u>\$ 552,192.36</u> | <u>\$ 2,360,323.59</u> | <u>\$ 2,135,121.55</u>        |

Reconciliation of Unexpended Balance to Capital Projects Fund Balance:

|                                                    |                        |
|----------------------------------------------------|------------------------|
| Unexpended Balance of Project Authorizations       | \$ 2,135,121.55        |
| Less:                                              |                        |
| State Aid Unearned:                                |                        |
| Science Wing Upgrades Project 3700-050-14-1008-G04 | <u>(340,600.00)</u>    |
| Capital Projects Fund Balance                      | <u>\$ 1,794,521.55</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, 2015

## Revenues and Other Financing Sources

## Revenues:

|                          |             |
|--------------------------|-------------|
| Interest Income          | \$ 3,994.44 |
| State Sources-SDA Grants | 174,455.00  |

## Other Financing Sources:

|                                   |                   |
|-----------------------------------|-------------------|
| Proceeds-Lease-Purchase Financing | 500,000.00        |
| Transfer from Capital Outlay      | 250,000.00        |
| Transfer from Capital Reserve     | <u>760,900.00</u> |

|                                          |                     |
|------------------------------------------|---------------------|
| Total Revenues & Other Financing Sources | <u>1,689,349.44</u> |
|------------------------------------------|---------------------|

## Expenditures and Other Financing Uses:

## Expenditures:

|                                               |              |
|-----------------------------------------------|--------------|
| Purchased Professional and Technical Services | 161,434.65   |
| Land and Improvements                         | 86,694.51    |
| Construction Services                         | 2,112,194.43 |

## Other financing Uses:

|                               |                 |
|-------------------------------|-----------------|
| Transfer to Capital Reserve   | 53,317.50       |
| Transfer to Debt Service Fund | <u>3,994.44</u> |

|                    |                     |
|--------------------|---------------------|
| Total Expenditures | <u>2,417,635.53</u> |
|--------------------|---------------------|

## Excess (Deficiency) of Revenues and Financing Sources

|                                              |                     |
|----------------------------------------------|---------------------|
| Over/(Under) Expenditures and Financing Uses | <u>(728,286.09)</u> |
|----------------------------------------------|---------------------|

|                          |                     |
|--------------------------|---------------------|
| Fund balance - beginning | <u>2,522,807.64</u> |
|--------------------------|---------------------|

|                       |                               |
|-----------------------|-------------------------------|
| Fund balance - ending | <u><u>\$ 1,794,521.55</u></u> |
|-----------------------|-------------------------------|

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 ROOF REPLACEMENT AT NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

|                                                           | <u>Prior Periods</u>        | <u>Current Year</u>          | <u>Totals</u>          | <u>Revised<br/>Authorized<br/>Cost</u> |
|-----------------------------------------------------------|-----------------------------|------------------------------|------------------------|----------------------------------------|
| Revenues and Other Financing Sources                      |                             |                              |                        |                                        |
| Bond Proceeds                                             | <u>2,760,000.00</u>         | <u>                    </u>  | <u>2,760,000.00</u>    | <u>\$ 2,760,000.00</u>                 |
| Total Revenues & Other Financing Sources                  | <u>2,760,000.00</u>         | <u>                    -</u> | <u>2,760,000.00</u>    | <u>2,760,000.00</u>                    |
| Expenditures and Other Financing Uses                     |                             |                              |                        |                                        |
| Purchased Professional and Technical Services             | 80,274.36                   | 44,495.95                    | 124,770.31             | 230,968.00                             |
| Construction Services                                     | <u>                    </u> | <u>1,501,472.50</u>          | <u>1,501,472.50</u>    | <u>2,529,032.00</u>                    |
| Total expenditures                                        | <u>80,274.36</u>            | <u>1,545,968.45</u>          | <u>1,626,242.81</u>    | <u>2,760,000.00</u>                    |
| Excess (deficiency) of revenues over (under) expenditures | \$ <u>2,679,725.64</u>      | \$ <u>(1,545,968.45)</u>     | \$ <u>1,133,757.19</u> | \$ <u>                    -</u>        |

Additional project information:

|                            |             |
|----------------------------|-------------|
| Project Number             | N/A         |
| Grant Date                 |             |
| Bond Authorization Date    | 09/24/13    |
| Bonds Authorized           | \$2,760,000 |
| Bonds Issued               | \$2,760,000 |
| Original Authorized Cost   | \$2,760,000 |
| Additional Authorized Cost | N/A         |
| Revised Authorized Cost    | \$2,760,000 |

|                                   |           |
|-----------------------------------|-----------|
| Percentage Increase over Original |           |
| Authorized Cost                   | N/A       |
| Percentage completion             | 59%       |
| Original target completion date   | Aug. 2015 |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
VALVE REPLACEMENT AND WATER SOFTENER INSTALLATION  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

|                                                           | <u>Prior Periods</u> | <u>Current Year</u>    | <u>Totals</u>     | <u>Revised<br/>Authorized<br/>Cost</u> |
|-----------------------------------------------------------|----------------------|------------------------|-------------------|----------------------------------------|
| Revenues and Other Financing Sources:                     |                      |                        |                   |                                        |
| State Sources - SDA Grant                                 | \$                   | \$ 72,053.57           | \$ 72,053.57      | \$ 72,053.57                           |
| Transfer from Capital Reserve                             | <u>140,700.00</u>    | <u>(32,619.64)</u>     | <u>108,080.36</u> | <u>108,080.36</u>                      |
| Total Revenues & Other Financing Sources                  | <u>140,700.00</u>    | <u>39,433.93</u>       | <u>180,133.93</u> | <u>180,133.93</u>                      |
| Expenditures and Other Financing Uses:                    |                      |                        |                   |                                        |
| Purchased Professional and Technical Services             | 7,470.00             | 9,005.00               | 16,475.00         | 16,475.00                              |
| Construction Services                                     | <u>11,326.00</u>     | <u>152,332.93</u>      | <u>163,658.93</u> | <u>163,658.93</u>                      |
| Total expenditures                                        | <u>18,796.00</u>     | <u>161,337.93</u>      | <u>180,133.93</u> | <u>180,133.93</u>                      |
| Excess (deficiency) of revenues over (under) expenditures | \$ <u>121,904.00</u> | \$ <u>(121,904.00)</u> | \$ <u>-</u>       | \$ <u>-</u>                            |
| Additional project information:                           |                      |                        |                   |                                        |
| Project Number                                            | 3700-050-13-6002-G04 |                        |                   |                                        |
| Grant Date                                                | 03/06/14             |                        |                   |                                        |
| Bond Authorization Date                                   | N/A                  |                        |                   |                                        |
| Bonds Authorized                                          | N/A                  |                        |                   |                                        |
| Bonds Issued                                              | N/A                  |                        |                   |                                        |
| Original Authorized Cost                                  | \$234,500            |                        |                   |                                        |
| Reduced Authorized Cost                                   | (54,366)             |                        |                   |                                        |
| Revised Authorized Cost                                   | \$180,134            |                        |                   |                                        |
| Percentage Increase over Original                         |                      |                        |                   |                                        |
| Authorized Cost                                           | N/A                  |                        |                   |                                        |
| Percentage completion                                     | 100%                 |                        |                   |                                        |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 DRAINAGE IMPROVEMENTS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

|                                                           | <u>Prior Periods</u> | <u>Current Year</u>   | <u>Totals</u>     | <u>Revised<br/>Authorized<br/>Cost</u> |
|-----------------------------------------------------------|----------------------|-----------------------|-------------------|----------------------------------------|
| Revenues and Other Financing Sources:                     |                      |                       |                   |                                        |
| State Sources - SCC Grant                                 | \$                   | \$ 60,377.40          | \$ 60,377.40      | \$ 60,377.40                           |
| Transfer from Capital Reserve                             | <u>109,620.00</u>    | <u>(19,053.90)</u>    | <u>90,566.10</u>  | <u>90,566.10</u>                       |
| Total Revenues & Other Financing Sources                  | <u>109,620.00</u>    | <u>41,323.50</u>      | <u>150,943.50</u> | <u>150,943.50</u>                      |
| Expenditures and Other Financing Uses:                    |                      |                       |                   |                                        |
| Purchased Professional and Technical Services             | 12,200.00            | 3,590.00              | 15,790.00         | 15,790.00                              |
| Construction Services                                     | <u>12,200.00</u>     | <u>135,153.50</u>     | <u>135,153.50</u> | <u>135,153.50</u>                      |
| Total expenditures                                        | <u>12,200.00</u>     | <u>138,743.50</u>     | <u>150,943.50</u> | <u>150,943.50</u>                      |
| Excess (deficiency) of revenues over (under) expenditures | \$ <u>97,420.00</u>  | \$ <u>(97,420.00)</u> | \$ <u>-</u>       | \$ <u>-</u>                            |
| Additional project information:                           |                      |                       |                   |                                        |
| Project Number                                            | 3700-050-14-1004-G04 |                       |                   |                                        |
| Grant Date                                                | 03/06/14             |                       |                   |                                        |
| Bond Authorization Date                                   | N/A                  |                       |                   |                                        |
| Bonds Authorized                                          | N/A                  |                       |                   |                                        |
| Bonds Issued                                              | N/A                  |                       |                   |                                        |
| Original Authorized Cost                                  | \$182,700            |                       |                   |                                        |
| Reduced Authorized Cost                                   | (31,757)             |                       |                   |                                        |
| Revised Authorized Cost                                   | \$150,944            |                       |                   |                                        |
| Percentage Increase over Original                         |                      |                       |                   |                                        |
| Authorized Cost                                           | N/A                  |                       |                   |                                        |
| Percentage completion                                     | 100%                 |                       |                   |                                        |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 SECURITY SYSTEM UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

|                                                           | <u>Prior Periods</u> | <u>Current Year</u>   | <u>Totals</u>       | <u>Revised<br/>Authorized<br/>Cost</u> |
|-----------------------------------------------------------|----------------------|-----------------------|---------------------|----------------------------------------|
| Revenues and Other Financing Sources:                     |                      |                       |                     |                                        |
| State Sources - SCC Grant                                 | \$                   | \$ 42,024.03          | \$ 42,024.03        | \$ 42,024.03                           |
| Transfer from Capital Reserve                             | 64,680.00            | (1,643.96)            | 63,036.04           | 63,036.04                              |
| Total Revenues & Other Financing Sources                  | <u>64,680.00</u>     | <u>40,380.07</u>      | <u>105,060.07</u>   | <u>105,060.07</u>                      |
| Expenditures and Other Financing Uses:                    |                      |                       |                     |                                        |
| Purchased Professional and Technical Services             | 4,400.00             | 2,700.00              | 7,100.00            | 7,100.00                               |
| Construction Services                                     |                      | 58,635.50             | 58,635.50           | 97,960.07                              |
| Total expenditures                                        | <u>4,400.00</u>      | <u>61,335.50</u>      | <u>65,735.50</u>    | <u>105,060.07</u>                      |
| Excess (deficiency) of revenues over (under) expenditures | \$ <u>60,280.00</u>  | \$ <u>(20,955.43)</u> | \$ <u>39,324.57</u> | \$ <u>-</u>                            |
| Additional project information:                           |                      |                       |                     |                                        |
| Project Number                                            | 3700-050-14-1006-G04 |                       |                     |                                        |
| Grant Date                                                | 03/06/14             |                       |                     |                                        |
| Bond Authorization Date                                   | N/A                  |                       |                     |                                        |
| Bonds Authorized                                          | N/A                  |                       |                     |                                        |
| Bonds Issued                                              | N/A                  |                       |                     |                                        |
| Original Authorized Cost                                  | \$107,800            |                       |                     |                                        |
| Additional Authorized Cost                                | N/A                  |                       |                     |                                        |
| Revised Authorized Cost                                   | \$107,800            |                       |                     |                                        |
| Percentage Increase over Original                         |                      |                       |                     |                                        |
| Authorized Cost                                           | N/A                  |                       |                     |                                        |
| Percentage completion                                     | 63%                  |                       |                     |                                        |
| Revised target completions date                           | Aug-15               |                       |                     |                                        |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
ACQUISITION AND IMPROVEMENT OF REAL PROPERTY  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

|                                                           | <u>Prior Periods</u> | <u>Current Year</u>  | <u>Totals</u>     | <u>Revised<br/>Authorized<br/>Cost</u> |
|-----------------------------------------------------------|----------------------|----------------------|-------------------|----------------------------------------|
| Revenues and Other Financing Sources                      |                      |                      |                   |                                        |
| Proceeds-Lease/Purchase Agreement                         | \$ -                 | \$ 500,000.00        | \$ 500,000.00     | \$ 500,000.00                          |
| Transfer from Capital Reserve                             | -                    | 66,760.21            | 66,760.21         | 66,760.21                              |
| Total Revenues & Other Financing Sources                  | <u>-</u>             | <u>566,760.21</u>    | <u>566,760.21</u> | <u>566,760.21</u>                      |
| Expenditures and Other Financing Uses                     |                      |                      |                   |                                        |
| Purchased Professional and Technical Services             | 26,575.00            | 43,543.70            | 70,118.70         | 70,118.70                              |
| Land and Improvements                                     | 409,947.00           | 86,694.51            | 496,641.51        | 496,641.51                             |
| Total expenditures                                        | <u>436,522.00</u>    | <u>130,238.21</u>    | <u>566,760.21</u> | <u>566,760.21</u>                      |
| Excess (deficiency) of revenues over (under) expenditures | <u>(436,522.00)</u>  | <u>\$ 436,522.00</u> | <u>\$ -</u>       | <u>\$ -</u>                            |
| Additional project information:                           |                      |                      |                   |                                        |
| Project Number                                            | N/A                  |                      |                   |                                        |
| Grant Date                                                | N/A                  |                      |                   |                                        |
| Bond Authorization Date                                   | N/A                  |                      |                   |                                        |
| Bonds Authorized                                          | N/A                  |                      |                   |                                        |
| Bonds Issued                                              | N/A                  |                      |                   |                                        |
| Original Authorized Cost                                  | \$500,000            |                      |                   |                                        |
| Additional Authorized Cost                                | \$66,760             |                      |                   |                                        |
| Revised Authorized Cost                                   | \$566,760            |                      |                   |                                        |
| Percentage Increase over Original                         |                      |                      |                   |                                        |
| Authorized Cost                                           | 13%                  |                      |                   |                                        |
| Percentage completion                                     | 100%                 |                      |                   |                                        |
| Original target completion date                           | Aug-14               |                      |                   |                                        |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 SCIENCE WING UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

|                                                           | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised<br/>Authorized<br/>Cost</u> |
|-----------------------------------------------------------|----------------------|---------------------|---------------|----------------------------------------|
| Revenues and Other Financing Sources                      |                      |                     |               |                                        |
| State Sources - SCC Grant                                 | \$ -                 | \$ -                | \$ -          | \$ 340,600.00                          |
| Transfer from Capital Reserve                             | -                    | 510,900.00          | 510,900.00    | 510,900.00                             |
| Total Revenues & Other Financing Sources                  | -                    | 510,900.00          | 510,900.00    | 851,500.00                             |
| Expenditures and Other Financing Uses                     |                      |                     |               |                                        |
| Purchased Professional and Technical Services             |                      | 58,100.00           | 58,100.00     | 68,300.00                              |
| Construction Services                                     |                      | 264,600.00          | 264,600.00    | 783,200.00                             |
| Total expenditures                                        | -                    | 322,700.00          | 322,700.00    | 851,500.00                             |
| Excess (deficiency) of revenues over (under) expenditures | \$ -                 | \$ 188,200.00       | \$ 188,200.00 | \$ -                                   |
| Additional project information:                           |                      |                     |               |                                        |
| Project Number                                            | 3700-050-14-1008-G04 |                     |               |                                        |
| Grant Date                                                | 01/06/14             |                     |               |                                        |
| Bond Authorization Date                                   | N/A                  |                     |               |                                        |
| Bonds Authorized                                          | N/A                  |                     |               |                                        |
| Bonds Issued                                              | N/A                  |                     |               |                                        |
| Original Authorized Cost                                  | \$851,500            |                     |               |                                        |
| Additional Authorized Cost                                | N/A                  |                     |               |                                        |
| Revised Authorized Cost                                   | \$851,500            |                     |               |                                        |
| Percentage Increase over Original                         |                      |                     |               |                                        |
| Authorized Cost                                           | N/A                  |                     |               |                                        |
| Percentage completion                                     | 38%                  |                     |               |                                        |
| Original target completion date                           | Aug-15               |                     |               |                                        |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 AUDITORIUM UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

|                                                           | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u>     | <u>Revised<br/>Authorized<br/>Cost</u> |
|-----------------------------------------------------------|----------------------|---------------------|-------------------|----------------------------------------|
| Revenues and Other Financing Sources                      |                      |                     |                   |                                        |
| Proceeds-Lease/Purchase Agreement                         | -                    |                     | -                 |                                        |
| Transfer from Capital Reserve                             | \$ -                 | \$ 183,239.79       | \$ 183,239.79     | \$ 183,239.79                          |
| Transfer from Capital Outlay                              | -                    | 250,000.00          | 250,000.00        | 250,000.00                             |
| Total Revenues & Other Financing Sources                  | <u>-</u>             | <u>433,239.79</u>   | <u>433,239.79</u> | <u>433,239.79</u>                      |
| Expenditures and Other Financing Uses                     |                      |                     |                   |                                        |
| Construction Services                                     |                      |                     | -                 | 433,239.79                             |
| Total expenditures                                        | <u>-</u>             | <u>-</u>            | <u>-</u>          | <u>433,239.79</u>                      |
| Excess (deficiency) of revenues over (under) expenditures | \$ -                 | \$ 433,239.79       | \$ 433,239.79     | \$ -                                   |
| Additional project information:                           |                      |                     |                   |                                        |
| Project Number                                            | N/A                  |                     |                   |                                        |
| Grant Date                                                | N/A                  |                     |                   |                                        |
| Bond Authorization Date                                   | N/A                  |                     |                   |                                        |
| Bonds Authorized                                          | N/A                  |                     |                   |                                        |
| Bonds Issued                                              | N/A                  |                     |                   |                                        |
| Original Authorized Cost                                  | \$433,240            |                     |                   |                                        |
| Additional Authorized Cost                                | \$0                  |                     |                   |                                        |
| Revised Authorized Cost                                   | \$433,240            |                     |                   |                                        |
| Percentage Increase over Original                         |                      |                     |                   |                                        |
| Authorized Cost                                           | N/A                  |                     |                   |                                        |
| Percentage completion                                     | 0%                   |                     |                   |                                        |
| Original target completion date                           | N/A                  |                     |                   |                                        |

## **PROPRIETARY FUNDS**

### **SECTION – G**

## **ENTERPRISE FUND**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

|                                                   | BUSINESS-TYPE ACTIVITIES |                  |                   |
|---------------------------------------------------|--------------------------|------------------|-------------------|
|                                                   | MAJOR                    | NON-MAJOR        | TOTAL             |
|                                                   | FUND                     | FUND             |                   |
|                                                   | FOOD                     | SHARED           | ENTERPRISE        |
|                                                   | SERVICE                  | SERVICES         | FUND              |
| <u>ASSETS</u>                                     |                          |                  |                   |
| Current assets:                                   |                          |                  |                   |
| Cash and Cash Equivalents                         | \$ 102,008.63            | \$ 10,249.48     | 112,258.11        |
| Accounts Receivable (Net)                         | 93.08                    |                  | 93.08             |
| Inventories                                       | 3,495.18                 |                  | 3,495.18          |
|                                                   | <u>105,596.89</u>        | <u>10,249.48</u> | <u>115,846.37</u> |
| Total Current Assets                              |                          |                  |                   |
| Noncurrent Assets:                                |                          |                  |                   |
| Furniture, Machinery & Equipment                  | 445,690.85               |                  | 445,690.85        |
| Less Accumulated Depreciation                     | (258,923.50)             |                  | (258,923.50)      |
|                                                   | <u>186,767.35</u>        | <u>-</u>         | <u>186,767.35</u> |
| Total Noncurrent Assets                           |                          |                  |                   |
| Total Assets                                      | <u>292,364.24</u>        | <u>10,249.48</u> | <u>302,613.72</u> |
| <u>LIABILITIES</u>                                |                          |                  |                   |
| Current Liabilities:                              |                          |                  |                   |
| Accounts Payable                                  | 6,994.65                 | -                | 6,994.65          |
| Unearned Revenue                                  | 16,055.13                | 5,643.81         | 21,698.94         |
|                                                   | <u>23,049.78</u>         | <u>5,643.81</u>  | <u>28,693.59</u>  |
| Total Current Liabilities                         |                          |                  |                   |
| <u>NET POSITION</u>                               |                          |                  |                   |
| Invested in Capital Assets Net of<br>Related Debt | 186,767.35               |                  | 186,767.35        |
| Unrestricted (Deficit)                            | 82,547.11                | 4,605.67         | 87,152.78         |
|                                                   | <u>269,314.46</u>        | <u>4,605.67</u>  | <u>273,920.13</u> |
| Total Net Position                                |                          |                  |                   |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                         | MAJOR<br>FUND        | NON-MAJOR<br>FUND  | TOTAL<br>ENTERPRISE<br>FUND |
|-----------------------------------------|----------------------|--------------------|-----------------------------|
|                                         | FOOD<br>SERVICE      | SHARED<br>SERVICES |                             |
| Operating Revenues:                     |                      |                    |                             |
| Charges for Services:                   |                      |                    |                             |
| Daily Sales - Non-reimbursable Programs | \$ 791,177.05        | \$                 | \$ 791,177.05               |
| Charges and Fees                        | <u>1,058.50</u>      | <u>209,777.94</u>  | <u>210,836.44</u>           |
| Total Operating Revenues                | <u>792,235.55</u>    | <u>209,777.94</u>  | <u>1,002,013.49</u>         |
| Operating Expenses:                     |                      |                    |                             |
| Cost of Sales                           | 380,361.86           |                    | 380,361.86                  |
| Salaries                                | 210,892.75           | 175,935.75         | 386,828.50                  |
| Employee Benefits                       | 69,746.66            | 22,527.45          | 92,274.11                   |
| Insurance                               | 22,727.63            |                    | 22,727.63                   |
| Administrative Expenses                 | 28,596.54            |                    | 28,596.54                   |
| Purchased Services                      | 4,007.64             |                    | 4,007.64                    |
| Contracted Services                     | 4,246.17             | 4,875.00           | 9,121.17                    |
| Repairs & Maintenance                   | 13,538.00            |                    | 13,538.00                   |
| Travel                                  |                      | 2,630.07           | 2,630.07                    |
| Miscellaneous                           | 2,078.57             |                    | 2,078.57                    |
| General Supplies                        | 2,132.64             | 3,809.67           | 5,942.31                    |
| Depreciation                            | <u>32,170.60</u>     |                    | <u>32,170.60</u>            |
| Total Operating Expenses                | <u>770,499.06</u>    | <u>209,777.94</u>  | <u>980,277.00</u>           |
| Operating Income (Loss)                 | <u>21,736.49</u>     | <u>-</u>           | <u>21,736.49</u>            |
| Nonoperating Revenues (Expenses):       |                      |                    |                             |
| Interest and Investment Revenue         | <u>1.16</u>          |                    | <u>1.16</u>                 |
| Total Nonoperating Revenues (Expenses)  | <u>1.16</u>          | <u>-</u>           | <u>1.16</u>                 |
| Income (Loss) Before                    |                      |                    |                             |
| Capital contributions                   | -                    | -                  | -                           |
| Operating Transfers In                  | <u>1,740.00</u>      | <u>-</u>           | <u>1,740.00</u>             |
| Change in Net Position                  | 23,477.65            | -                  | 23,476.49                   |
| Total Net Position—Beginning            | <u>245,836.81</u>    | <u>4,605.67</u>    | <u>250,442.48</u>           |
| Total Net Position—Ending               | <u>\$ 269,314.46</u> | <u>\$ 4,605.67</u> | <u>\$ 273,920.13</u>        |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                                                                                             | BUSINESS-TYPE ACTIVITIES |                    |                             |
|-------------------------------------------------------------------------------------------------------------|--------------------------|--------------------|-----------------------------|
|                                                                                                             | MAJOR<br>FUND            | NON-MAJOR<br>FUND  | TOTAL<br>ENTERPRISE<br>FUND |
|                                                                                                             | FOOD<br>SERVICE          | SHARED<br>SERVICES |                             |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u>                                                                 |                          |                    |                             |
| Receipts from Customers                                                                                     | \$ 797,948.90            | \$ 211,946.10      | 1,009,895.00                |
| Payments to Employees                                                                                       |                          | (175,935.75)       | (175,935.75)                |
| Payments for Employee Benefits                                                                              |                          | (22,527.45)        | (22,527.45)                 |
| Payments to Food Service Mgmt. Co.                                                                          | (707,133.04)             |                    | (707,133.04)                |
| Payments for Services                                                                                       | (20,896.57)              | (7,505.07)         | (28,401.64)                 |
| Payments to Suppliers                                                                                       | (4,927.60)               | (3,838.89)         | (8,766.49)                  |
|                                                                                                             |                          | -                  |                             |
| Net Cash Provided by (Used for) Operating Activities                                                        | <u>64,991.69</u>         | <u>2,138.94</u>    | <u>67,130.63</u>            |
|                                                                                                             |                          | -                  |                             |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>                                                      |                          |                    |                             |
| Interest Income                                                                                             | 1.16                     |                    | 1.16                        |
| Operating Transfers In                                                                                      | <u>1,740.00</u>          | <u>-</u>           | <u>1,740.00</u>             |
|                                                                                                             |                          |                    |                             |
| Net Cash Provided by (Used for)<br>Non-capital Financing Activities                                         | <u>1,741.16</u>          | <u>-</u>           | <u>1,741.16</u>             |
|                                                                                                             |                          |                    |                             |
| <u>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</u>                                         |                          |                    |                             |
| Purchases of capital assets                                                                                 | <u>(44,540.25)</u>       | <u>-</u>           | <u>(44,540.25)</u>          |
|                                                                                                             |                          |                    |                             |
| Net cash provided by (used for) capital and<br>related financing activities                                 | <u>(44,540.25)</u>       | <u>-</u>           | <u>(44,540.25)</u>          |
|                                                                                                             |                          |                    |                             |
| Net Increase (Decrease) in Cash and Cash Equivalents                                                        | 22,192.60                | 2,138.94           | 24,331.54                   |
| Balances—Beginning of Year                                                                                  | <u>79,816.03</u>         | <u>8,110.54</u>    | <u>87,926.57</u>            |
| Balances—End of Year                                                                                        | <u>102,008.63</u>        | <u>10,249.48</u>   | <u>112,258.11</u>           |
|                                                                                                             |                          |                    |                             |
| Reconciliation of Operating Income (Loss) to<br>Net Cash Provided (Used) by Operating Activities:           |                          |                    |                             |
| Operating Income (Loss)                                                                                     | <u>21,736.49</u>         | <u>-</u>           | <u>21,736.49</u>            |
|                                                                                                             |                          |                    |                             |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by (Used for) Operating Activities |                          |                    |                             |
| Depreciation and Net Amortization                                                                           | 32,170.60                | -                  | 32,170.60                   |
| (Increase) Decrease in Accounts Receivable                                                                  | 715.29                   |                    | 715.29                      |
| (Increase) Decrease in Inventory                                                                            | 557.72                   |                    | 557.72                      |
| Increase (Decrease) in Unearned Revenue                                                                     | 4,998.06                 | 2,168.16           | 7,166.22                    |
| Increase (Decrease) in Accounts Payable                                                                     | <u>4,813.53</u>          | <u>(29.22)</u>     | <u>4,784.31</u>             |
|                                                                                                             |                          |                    |                             |
| Total Adjustments                                                                                           | <u>43,255.20</u>         | <u>2,138.94</u>    | <u>45,394.14</u>            |
|                                                                                                             |                          |                    |                             |
| Net Cash Provided by (Used for) Operating Activities                                                        | <u>\$ 64,991.69</u>      | <u>\$ 2,138.94</u> | <u>\$ 67,130.63</u>         |

## **INTERNAL SERVICE FUND**

## **FIDUCIARY FUNDS**

### **SECTION - H**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015

|                                     | <u>Agency Funds</u>         |                             | <u>Expendable<br/>Trust Funds</u>                                 |                             |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------------------------------------------|-----------------------------|
|                                     | <u>Student<br/>Activity</u> | <u>Payroll<br/>Agency</u>   | <u>Unemployment<br/>Compensation<br/>Insurance<br/>Trust Fund</u> | <u>TOTALS</u>               |
| <u>ASSETS</u>                       |                             |                             |                                                                   |                             |
| Cash and Cash Equivalents           | \$ <u>411,598.81</u>        | \$ <u>108,744.88</u>        | \$ <u>89,099.20</u>                                               | \$ <u>609,442.89</u>        |
| Total Assets                        | \$ <u><u>411,598.81</u></u> | \$ <u><u>108,744.88</u></u> | \$ <u><u>89,099.20</u></u>                                        | \$ <u><u>609,442.89</u></u> |
| <u>LIABILITIES</u>                  |                             |                             |                                                                   |                             |
| Liabilities:                        |                             |                             |                                                                   |                             |
| Interfund Accounts Payable          | \$                          | \$ 3,500.00                 | \$                                                                | \$ 3,500.00                 |
| Accounts Payable                    |                             |                             | 8,431.00                                                          | 8,431.00                    |
| Payroll Deductions and Withholdings |                             | 105,244.88                  |                                                                   | 105,244.88                  |
| Due to Student Groups               | <u>411,598.81</u>           | <u>                    </u> | <u>                    </u>                                       | <u>411,598.81</u>           |
| Total Liabilities                   | \$ <u><u>411,598.81</u></u> | \$ <u><u>108,744.88</u></u> | <u>8,431.00</u>                                                   | <u>528,774.69</u>           |
| <u>NET POSITION</u>                 |                             |                             |                                                                   |                             |
| Reserved for:                       |                             |                             |                                                                   |                             |
| Unemployment Compensation Insurance |                             |                             | <u>80,668.20</u>                                                  | <u>80,668.20</u>            |
| Total Net Position                  |                             |                             | \$ <u><u>80,668.20</u></u>                                        | \$ <u><u>80,668.20</u></u>  |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                     | Expendable<br>Trust Fund<br>Unemployment<br>Compensation<br>Insurance Trust Fund | Totals              |
|-------------------------------------|----------------------------------------------------------------------------------|---------------------|
| <u>ADDITIONS:</u>                   |                                                                                  |                     |
| Deductions from Employees' Salaries | \$ 19,492.74                                                                     | \$ 19,492.74        |
| Board Contributions                 | <u>4,344.32</u>                                                                  | <u>4,344.32</u>     |
| Total Additions                     | <u>23,837.06</u>                                                                 | <u>23,837.06</u>    |
| <u>DEDUCTIONS:</u>                  |                                                                                  |                     |
| Unemployment Benefits               | <u>42,220.91</u>                                                                 | <u>42,220.91</u>    |
| Total Deductions                    | <u>42,220.91</u>                                                                 | <u>42,220.91</u>    |
| Change in Net Position              | <u>(18,383.85)</u>                                                               | <u>(18,383.85)</u>  |
| Net Position - Beginning            | <u>99,052.05</u>                                                                 | <u>99,052.05</u>    |
| Net Position - Ending               | <u>\$ 80,668.20</u>                                                              | <u>\$ 80,668.20</u> |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 STUDENT ACTIVITY AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2015

|                              | <u>BALANCE<br/>JUNE 30,<br/>2014</u> | <u>CASH<br/>RECEIPTS</u>    | <u>CASH<br/>DISBURSEMENTS</u> | <u>BALANCE<br/>JUNE 30,<br/>2015</u> |
|------------------------------|--------------------------------------|-----------------------------|-------------------------------|--------------------------------------|
| <u>High School Funds:</u>    |                                      |                             |                               |                                      |
| Activity Fund                | \$ 350,130.20                        | \$ 677,531.86               | \$ 707,429.37                 | \$ 320,232.69                        |
| Athletic Fund                | 48,508.87                            | 181,835.65                  | 150,579.28                    | 79,765.24                            |
| Cultural Arts Fund           | <u>11,600.88</u>                     | <u>                    </u> | <u>                    </u>   | <u>11,600.88</u>                     |
| Total Student Activity Funds | <u>\$ 410,239.95</u>                 | <u>\$ 859,367.51</u>        | <u>\$ 858,008.65</u>          | <u>\$ 411,598.81</u>                 |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 PAYROLL AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

|                                        | BALANCE<br>JUNE 30,<br>2014 | CASH<br>RECEIPTS              | CASH<br>DISBURSEMENTS         | BALANCE<br>JUNE 30,<br>2015 |
|----------------------------------------|-----------------------------|-------------------------------|-------------------------------|-----------------------------|
| <u>ASSETS</u>                          |                             |                               |                               |                             |
| Cash and Cash Equivalents              | \$ <u>109,183.44</u>        | \$ <u>7,460,164.76</u>        | \$ <u>7,460,603.32</u>        | \$ <u>108,744.88</u>        |
| Total Assets                           | \$ <u><u>109,183.44</u></u> | \$ <u><u>7,460,164.76</u></u> | \$ <u><u>7,460,603.32</u></u> | \$ <u><u>108,744.88</u></u> |
| <u>LIABILITIES</u>                     |                             |                               |                               |                             |
| Interfund Accounts Payable             | \$ 3,800.00                 | \$ 3,500.00                   | \$ 3,800.00                   | \$ 3,500.00                 |
| Payroll Deductions<br>and Withholdings | <u>105,383.44</u>           | <u>7,456,664.76</u>           | <u>7,456,803.32</u>           | <u>105,244.88</u>           |
| Total Liabilities                      | \$ <u><u>109,183.44</u></u> | \$ <u><u>7,460,164.76</u></u> | \$ <u><u>7,460,603.32</u></u> | \$ <u><u>108,744.88</u></u> |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
NET PAYROLL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                               | <u>BALANCE</u><br><u>JUNE 30,</u><br><u>2014</u> | <u>CASH</u><br><u>RECEIPTS</u> | <u>CASH</u><br><u>DISBURSEMENTS</u> | <u>BALANCE</u><br><u>JUNE 30,</u><br><u>2015</u> |
|-------------------------------|--------------------------------------------------|--------------------------------|-------------------------------------|--------------------------------------------------|
| <u>ASSETS</u>                 |                                                  |                                |                                     |                                                  |
| Cash and Cash Equivalents     | \$ <u>-</u>                                      | \$ <u>9,165,151.77</u>         | \$ <u>9,165,151.77</u>              | \$ <u>-</u>                                      |
| Total Assets                  | \$ <u>-</u>                                      | \$ <u>9,165,151.77</u>         | \$ <u>9,165,151.77</u>              | \$ <u>-</u>                                      |
| <u>LIABILITIES</u>            |                                                  |                                |                                     |                                                  |
| Accrued Salaries and Benefits | \$ <u>-</u>                                      | \$ <u>9,165,151.77</u>         | \$ <u>9,165,151.77</u>              | \$ <u>-</u>                                      |
| Total Liabilities             | \$ <u>-</u>                                      | \$ <u>9,165,151.77</u>         | \$ <u>9,165,151.77</u>              | \$ <u>-</u>                                      |

## **LONG-TERM DEBT**

### **SECTION - I**

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2015

| ISSUE                               | DATE OF<br>ISSUE | AMOUNT OF<br>ISSUE | ANNUAL MATURITIES |           | INTEREST<br>RATE | BALANCE          | RETIRED      | BALANCE          |
|-------------------------------------|------------------|--------------------|-------------------|-----------|------------------|------------------|--------------|------------------|
|                                     |                  |                    | DATE              | AMOUNT    |                  | JUNE 30,<br>2014 |              | JUNE 30,<br>2015 |
| School Bonds of 2009                | 4/15/2009        | \$ 1,397,000       | 4/15/16           | \$ 85,000 | 3.250%           | \$ 452,000.00    | \$ 75,000.00 | \$ 377,000.00    |
|                                     |                  |                    | 2017              | 90,000    | 3.250%           |                  |              |                  |
|                                     |                  |                    | 2018              | 95,000    | 3.500%           |                  |              |                  |
|                                     |                  |                    | 2019              | 107,000   | 3.625%           |                  |              |                  |
|                                     |                  |                    |                   |           |                  |                  |              |                  |
| Refunding School Bonds, Series 2011 | 3/24/2011        | 9,580,000          | 6/15/16           | 500,000   | 2.250%           | 8,060,000.00     | 885,000.00   | 7,175,000.00     |
|                                     |                  |                    | 6/15/16           | 405,000   | 4.000%           |                  |              |                  |
|                                     |                  |                    | 2017              | 940,000   | 4.000%           |                  |              |                  |
|                                     |                  |                    | 2018              | 400,000   | 3.500%           |                  |              |                  |
|                                     |                  |                    | 2018              | 580,000   | 4.000%           |                  |              |                  |
|                                     |                  |                    | 2019              | 1,020,000 | 4.000%           |                  |              |                  |
|                                     |                  |                    | 2020              | 565,000   | 3.000%           |                  |              |                  |
|                                     |                  |                    | 2020              | 500,000   | 4.000%           |                  |              |                  |
|                                     |                  |                    | 2021              | 1,110,000 | 4.250%           |                  |              |                  |
|                                     |                  |                    | 2022              | 1,155,000 | 4.000%           |                  |              |                  |
|                                     |                  |                    |                   |           |                  |                  |              |                  |
|                                     |                  |                    |                   |           |                  |                  |              |                  |
| School Bonds, Series 2013           | 12/10/2013       | 2,760,000          | 11/15/15          | 180,000   | 1.000%           | 2,760,000.00     |              | 2,760,000.00     |
|                                     |                  |                    | 2016              | 185,000   | 1.000%           |                  |              |                  |
|                                     |                  |                    | 2017              | 200,000   | 1.000%           |                  |              |                  |
|                                     |                  |                    | 2018              | 200,000   | 1.250%           |                  |              |                  |
|                                     |                  |                    | 2019              | 310,000   | 1.500%           |                  |              |                  |
|                                     |                  |                    | 2020              | 310,000   | 2.000%           |                  |              |                  |
|                                     |                  |                    | 2021              | 325,000   | 2.000%           |                  |              |                  |
|                                     |                  |                    | 2022              | 340,000   | 2.125%           |                  |              |                  |
|                                     |                  |                    | 2023              | 350,000   | 3.000%           |                  |              |                  |
|                                     |                  |                    | 2024              | 360,000   | 3.000%           |                  |              |                  |
|                                     |                  |                    |                   |           |                  |                  |              |                  |
|                                     |                  |                    |                   |           |                  |                  |              |                  |
|                                     |                  |                    |                   |           |                  | 11,272,000.00    | 960,000.00   | 10,312,000.00    |

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
JUNE 30, 2015

| <u>PURPOSE</u>                                | <u>DATE OF<br/>LEASE</u> | <u>AMOUNT OF<br/>LEASE</u> | <u>ANNUAL MATURITIES</u> |               | <u>INTEREST<br/>RATE</u> | <u>ISSUED</u>     | <u>RETIRED</u>   | <u>BALANCE<br/>JUNE 30,<br/>2015</u> |
|-----------------------------------------------|--------------------------|----------------------------|--------------------------|---------------|--------------------------|-------------------|------------------|--------------------------------------|
|                                               |                          |                            | <u>DATE</u>              | <u>AMOUNT</u> |                          |                   |                  |                                      |
| Acquisition & Improvement of<br>Real Property | 8/20/2014                | \$ 500,000                 | 8/20/15                  | \$ 113,750    | 2.990%                   | \$                | \$               | \$                                   |
|                                               |                          |                            | 2016                     | 113,750       | 2.990%                   |                   |                  |                                      |
|                                               |                          |                            | 2017                     | 113,750       | 2.990%                   |                   |                  |                                      |
|                                               |                          |                            | 2018                     | 113,750       | 2.990%                   | <u>500,000.00</u> | <u>45,000.00</u> | <u>455,000.00</u>                    |
|                                               |                          |                            |                          |               |                          | <u>500,000.00</u> | <u>45,000.00</u> | <u>455,000.00</u>                    |

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
LONG-TERM DEBT  
FOR THE YEAR ENDED JUNE 30, 2015

|                                                           | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual          | Variance<br>Positive (Negative)<br>Final to Actual |
|-----------------------------------------------------------|--------------------|---------------------|-----------------|-----------------|----------------------------------------------------|
| REVENUES:                                                 |                    |                     |                 |                 |                                                    |
| Local Sources:                                            |                    |                     |                 |                 |                                                    |
| Local Tax Levy                                            | \$ 1,286,637.00    | \$ -                | \$ 1,286,637.00 | \$ 1,286,637.00 | \$ -                                               |
| Total Local Sources:                                      | 1,286,637.00       | -                   | 1,286,637.00    | 1,286,637.00    | -                                                  |
| State Aid - Debt Service                                  | 56,957.00          | -                   | 56,957.00       | 56,957.00       | -                                                  |
| Total - State Sources                                     | 56,957.00          | -                   | 56,957.00       | 56,957.00       | -                                                  |
| Total Revenues                                            | 1,343,594.00       | -                   | 1,343,594.00    | 1,343,594.00    | -                                                  |
| EXPENDITURES:                                             |                    |                     |                 |                 |                                                    |
| Regular Debt Service:                                     |                    |                     |                 |                 |                                                    |
| Redemption of Bond Principal                              | 960,000.00         |                     | 960,000.00      | 960,000.00      | -                                                  |
| Bond Interest                                             | 383,596.00         |                     | 383,596.00      | 383,595.76      | 0.24                                               |
| Total expenditures                                        | 1,343,596.00       | -                   | 1,343,596.00    | 1,343,595.76    | 0.24                                               |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (2.00)          | \$ -                | \$ (2.00)       | (\$1.76)        | \$ 0.24                                            |
| Other Financing Sources                                   |                    |                     |                 |                 |                                                    |
| Transfer from Capital Projects Fund                       |                    |                     | -               | 3,994.44        | 3,994.44                                           |
| Total Other Financing Sources                             | -                  | -                   | -               | 3,994.44        | 3,994.44                                           |
| Net Change in Fund Balance                                | (2.00)             | -                   | (2.00)          | 3,992.68        | 3,994.68                                           |
| Fund Balance - Beginning                                  | 3,633.30           |                     | 3,633.30        | 3,633.30        | -                                                  |
| Fund Balance - Ending                                     | \$ 3,631.30        | \$ -                | \$ 3,631.30     | \$ 7,625.98     | \$ 3,994.68                                        |

## **STATISTICAL SECTION**

### **SECTION – J**

## Financial Trends

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

|                                                        | Fiscal Year Ending June 30, |                     |                      |                     |                      |                      |                      |                      |                      |                     |
|--------------------------------------------------------|-----------------------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
|                                                        | 2015                        | 2014                | 2013                 | 2012                | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                |
| Governmental activities                                |                             |                     |                      |                     |                      |                      |                      |                      |                      |                     |
| Invested in capital assets, net of related debt        | \$ 5,526,137                | \$ 3,134,243        | \$ 4,926,221         | \$ 4,451,324        | \$ 11,197,370        | \$ 10,035,666        | \$ 7,819,564         | \$ 8,157,513         | \$ 6,961,436         | \$ 5,887,790        |
| Restricted                                             | 6,704,426                   | 7,309,947           | 5,134,626            | 4,888,161           | 4,115,506            | 2,997,450            | 4,990,975            | 3,912,913            | 3,761,823            | 3,761,479           |
| Unrestricted                                           | (5,856,167)                 | (5,054,280)         | (20,374)             | (191,440)           | (60,940)             | 431,467              | 75,075               | 132,492              | 108,427              | 121,681             |
| Total governmental activities net position/net assets  | <u>\$ 6,374,396</u>         | <u>\$ 5,389,910</u> | <u>\$ 10,040,473</u> | <u>\$ 9,148,045</u> | <u>\$ 15,251,936</u> | <u>\$ 13,464,583</u> | <u>\$ 12,885,614</u> | <u>\$ 12,202,919</u> | <u>\$ 10,831,687</u> | <u>\$ 9,770,949</u> |
| Business-type activities                               |                             |                     |                      |                     |                      |                      |                      |                      |                      |                     |
| Invested in capital assets, net of related debt        | \$ 186,767                  | \$ 174,398          | \$ 69,499            | \$ 67,778           | \$ 87,306            | \$ 100,892           | \$ 108,896           | \$ 67,683            | \$ 44,030            | \$ 49,916           |
| Unrestricted                                           | 87,153                      | 76,045              | 174,308              | 161,496             | 404,509              | 322,726              | 59,208               | 106,391              | 135,707              | 101,311             |
| Total business-type activities net position/net assets | <u>\$ 273,920</u>           | <u>\$ 250,442</u>   | <u>\$ 243,808</u>    | <u>\$ 229,274</u>   | <u>\$ 491,815</u>    | <u>\$ 423,619</u>    | <u>\$ 168,104</u>    | <u>\$ 174,074</u>    | <u>\$ 179,737</u>    | <u>\$ 151,226</u>   |
| District-wide                                          |                             |                     |                      |                     |                      |                      |                      |                      |                      |                     |
| Invested in capital assets, net of related debt        | \$ 5,712,904                | \$ 3,308,641        | \$ 4,995,720         | \$ 4,519,102        | \$ 11,284,675        | \$ 10,136,559        | \$ 7,928,460         | \$ 8,225,196         | \$ 7,005,467         | \$ 5,937,706        |
| Restricted                                             | 6,704,426                   | 7,309,947           | 5,134,626            | 4,888,161           | 4,115,506            | 2,997,450            | 4,990,975            | 3,912,913            | 3,761,823            | 3,761,479           |
| Unrestricted                                           | (5,769,014)                 | (4,978,235)         | 153,934              | (29,944)            | 343,570              | 754,193              | 134,283              | 238,883              | 244,134              | 222,991             |
| Total district net position/net assets                 | <u>\$ 6,648,316</u>         | <u>\$ 5,640,353</u> | <u>\$ 10,284,280</u> | <u>\$ 9,377,318</u> | <u>\$ 15,743,751</u> | <u>\$ 13,888,202</u> | <u>\$ 13,053,718</u> | <u>\$ 12,376,993</u> | <u>\$ 11,011,424</u> | <u>\$ 9,922,175</u> |

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

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

|                                           | Fiscal Year Ending June 30, |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-------------------------------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                           | 2015                        | 2014                 | 2013                 | 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 |
| <b>Expenses</b>                           |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                   |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Instruction                               |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Regular                                   | \$ 9,601,302                | \$ 9,390,888         | \$ 8,942,244         | \$ 9,028,083         | \$ 8,442,694         | \$ 8,909,518         | \$ 11,391,705        | \$ 11,459,042        | \$ 11,586,113        | \$ 10,508,778        |
| Special Education                         | 1,057,063                   | 991,092              | 984,493              | 892,973              | 1,112,774            | 932,840              | 1,122,448            | 1,047,842            | 965,383              | 869,417              |
| Other Instruction                         | 1,175,972                   | 1,160,116            | 1,044,036            | 1,065,652            | 1,038,084            | 1,059,915            | 1,423,640            | 1,449,490            | 1,320,768            | 1,113,537            |
| Support Services:                         |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Tuition                                   | 2,489,421                   | 2,414,524            | 2,002,365            | 1,943,141            | 1,382,113            | 999,285              | 1,055,507            | 721,218              | 682,759              | 686,787              |
| Student & Instruction Related Services    | 2,757,690                   | 2,716,086            | 2,636,254            | 2,371,102            | 1,890,928            | 1,906,909            | 2,386,770            | 2,268,564            | 2,259,361            | 2,292,717            |
| School Administrative Services            | 667,095                     | 672,485              | 679,883              | 638,860              | 1,010,983            | 974,212              | 1,331,807            | 1,291,174            | 1,218,928            | 1,221,544            |
| General Administration                    | 1,049,124                   | 1,019,032            | 1,086,427            | 987,917              | 904,256              | 837,103              | 1,086,714            | 1,143,676            | 1,081,944            | 1,244,638            |
| Plant Operations and Maintenance          | 2,797,195                   | 2,394,229            | 2,409,114            | 2,171,079            | 2,107,380            | 2,699,922            | 3,161,556            | 2,975,870            | 3,038,130            | 2,752,051            |
| Pupil Transportation                      | 888,741                     | 1,045,294            | 1,010,238            | 1,021,777            | 925,730              | 1,153,218            | 1,167,890            | 939,881              | 856,117              | 824,077              |
| Unallocated Benefits                      | 5,633,725                   | 5,426,342            | 5,615,486            | 5,246,476            | 4,764,368            | 4,769,262            |                      |                      |                      |                      |
| Interest on long-term debt                | 375,500                     | 379,202              | 421,982              | 345,189              | 412,891              | 510,634              | 488,610              | 525,166              | 549,375              | 592,321              |
| Unallocated Depreciation and Amortization | 426,067                     | 496,054              | 368,675              | 443,145              | 411,625              |                      |                      |                      |                      |                      |
| Total governmental activities expenses    | <u>28,918,893</u>           | <u>28,105,343</u>    | <u>27,201,198</u>    | <u>26,155,394</u>    | <u>24,403,827</u>    | <u>24,752,819</u>    | <u>24,616,647</u>    | <u>23,821,923</u>    | <u>23,558,878</u>    | <u>22,105,869</u>    |
| Business-type activities:                 |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Food service                              | 770,499                     | 737,950              | 702,450              | 663,163              | 645,106              | 690,666              | 749,497              | 668,120              | 646,853              | 609,759              |
| Shared Services                           | 209,778                     | 187,209              | 122,979              | 113,014              | 147,196              | 129,661              | 129,667              | 128,225              | 112,861              | 112,285              |
| Region I Transportation                   | -                           | -                    | -                    | 51,067               | 8,641,697            | 9,025,856            |                      |                      |                      |                      |
| Region I Administration                   | -                           | -                    | -                    | 1,024                | 563,526              | 395,441              |                      |                      |                      |                      |
| Region I Summer School                    | -                           | -                    | -                    | -                    | 152,447              | 190,870              |                      |                      |                      |                      |
| Region I C.A.P.S. Program                 | -                           | -                    | -                    | -                    | 257,437              | 240,964              |                      |                      |                      |                      |
| Region I Non-Public IDEA Coordinator      | -                           | -                    | -                    | -                    | 387,684              | 349,827              |                      |                      |                      |                      |
| Total business-type activities expense    | <u>980,277</u>              | <u>925,159</u>       | <u>825,430</u>       | <u>828,268</u>       | <u>10,795,093</u>    | <u>11,023,285</u>    | <u>879,164</u>       | <u>796,345</u>       | <u>759,715</u>       | <u>722,043</u>       |
| Total district expenses                   | <u>\$ 29,899,170</u>        | <u>\$ 29,030,502</u> | <u>\$ 28,026,628</u> | <u>\$ 26,983,663</u> | <u>\$ 35,198,920</u> | <u>\$ 35,776,103</u> | <u>\$ 25,495,811</u> | <u>\$ 24,618,268</u> | <u>\$ 24,318,592</u> | <u>\$ 22,827,912</u> |

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

|                                                         | Fiscal Year Ending June 30, |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|---------------------------------------------------------|-----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                         | 2015                        | 2014                   | 2013                   | 2012                   | 2011                   | 2010                   | 2009                   | 2008                   | 2007                   | 2006                   |
| <b>Program Revenues</b>                                 |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Operating grants and contributions                      | 2,985,945                   | 3,246,406              | 3,382,051              | 2,834,020              | 2,382,206              | 2,317,709              | 3,094,195              | 3,579,854              | 3,597,580              | 3,100,810              |
| Capital grants and contributions                        | 174,455                     |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Total governmental activities program revenues          | <u>3,160,400</u>            | <u>3,246,406</u>       | <u>3,382,051</u>       | <u>2,834,020</u>       | <u>2,382,206</u>       | <u>2,317,709</u>       | <u>3,094,195</u>       | <u>3,579,854</u>       | <u>3,597,580</u>       | <u>3,100,810</u>       |
| Business-type activities:                               |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services                                    |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Food service                                            | 792,236                     | 744,585                | 716,984                | 693,879                | 651,283                | 710,337                | 743,183                | 659,971                | 671,479                | 614,121                |
| Shared Services                                         | 209,778                     | 187,209                | 122,979                | 113,014                | 151,801                | 129,661                | 129,667                | 128,225                | 112,861                | 112,285                |
| Region I Transportation                                 | -                           | -                      | -                      | -                      | 8,687,087              | 8,863,173              |                        |                        |                        |                        |
| Region I Administration                                 | -                           | -                      | -                      | 1,825                  | 575,349                | 544,411                |                        |                        |                        |                        |
| Region I Summer School                                  | -                           | -                      | -                      | -                      | 152,448                | 190,870                |                        |                        |                        |                        |
| Region I C.A.P.S. Program                               | -                           | -                      | -                      | -                      | 257,637                | 240,964                |                        |                        |                        |                        |
| Region I Non-Public IDEA Coordinator                    | -                           | -                      | -                      | -                      | 387,684                | 349,827                |                        |                        |                        |                        |
| Total business type activities program revenues         | <u>1,002,013</u>            | <u>931,794</u>         | <u>839,964</u>         | <u>808,718</u>         | <u>10,863,289</u>      | <u>11,029,243</u>      | <u>872,850</u>         | <u>788,196</u>         | <u>784,340</u>         | <u>726,405</u>         |
| Total district program revenues                         | <u>\$ 4,162,413</u>         | <u>\$ 4,178,200</u>    | <u>\$ 4,222,015</u>    | <u>\$ 3,642,737</u>    | <u>\$ 13,245,495</u>   | <u>\$ 13,346,952</u>   | <u>\$ 3,967,045</u>    | <u>\$ 4,368,050</u>    | <u>\$ 4,381,920</u>    | <u>\$ 3,827,215</u>    |
| <b>Net (Expense)/Revenue</b>                            |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                 | \$ (25,758,493)             | \$ (24,858,937)        | \$ (23,819,147)        | \$ (23,321,375)        | \$ (22,021,621)        | \$ (22,435,110)        | \$ (21,522,452)        | \$ (20,242,070)        | \$ (19,961,297)        | \$ (19,005,059)        |
| Business-type activities                                | 21,736                      | 6,635                  | 14,534                 | (19,550)               | 68,196                 | 5,958                  | (6,314)                | (8,149)                | 24,625                 | 4,362                  |
| Total district-wide net expense                         | <u>\$ (25,736,757)</u>      | <u>\$ (24,852,302)</u> | <u>\$ (23,804,613)</u> | <u>\$ (23,340,925)</u> | <u>\$ (21,953,425)</u> | <u>\$ (22,429,151)</u> | <u>\$ (21,528,767)</u> | <u>\$ (20,250,219)</u> | <u>\$ (19,936,672)</u> | <u>\$ (19,000,697)</u> |
| <b>General Revenues and Other Changes in Net Assets</b> |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Property taxes levied for general purposes, net         | \$ 20,144,534               | \$ 19,749,543          | \$ 19,362,297          | \$ 18,982,644          | \$ 18,610,435          | \$ 17,735,995          | \$ 17,553,841          | \$ 16,942,165          | \$ 16,298,379          | \$ 15,419,993          |
| Taxes levied for debt service                           | 1,286,637                   | 1,116,124              | 1,062,464              | 1,089,309              | 1,251,744              | 1,512,617              | 956,905                | 910,000                | 891,844                | 952,252                |
| Federal and State Aid not Restricted                    | 539,683                     | 10,311                 |                        | 78,234                 |                        |                        | 6,618                  | 228,807                | 220,129                | 133,805                |
| Tuition                                                 | 4,926,237                   | 4,358,957              | 4,200,789              | 3,962,154              | 3,729,413              | 3,532,996              | 3,328,176              | 3,254,642              | 3,288,700              | 3,406,576              |
| Investment Earnings                                     |                             |                        |                        |                        |                        |                        | 16,291                 | 118,628                | 189,528                | 171,614                |
| Miscellaneous income                                    | 71,725                      | 104,722                | 86,025                 | 97,819                 | 217,381                | 232,471                | 343,317                | 159,059                | 133,455                | 162,908                |
| Transfers                                               | (1,740)                     |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Total governmental activities                           | <u>26,967,076</u>           | <u>25,339,656</u>      | <u>24,711,575</u>      | <u>24,210,160</u>      | <u>23,808,974</u>      | <u>23,014,078</u>      | <u>22,205,148</u>      | <u>21,613,301</u>      | <u>21,022,035</u>      | <u>20,247,148</u>      |
| Business-type activities:                               |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Investment Earnings                                     | 1                           |                        |                        |                        |                        |                        | 7,371                  | 2,486                  | 3,886                  | 2,396                  |
| Transfers                                               | 1,740                       |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Total business-type activities                          | <u>1,741</u>                | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>7,371</u>           | <u>2,486</u>           | <u>3,886</u>           | <u>2,396</u>           |
| Total district-wide                                     | <u>\$ 26,968,817</u>        | <u>\$ 25,339,656</u>   | <u>\$ 24,711,575</u>   | <u>\$ 24,210,160</u>   | <u>\$ 23,808,974</u>   | <u>\$ 23,014,078</u>   | <u>\$ 22,212,519</u>   | <u>\$ 21,615,787</u>   | <u>\$ 21,025,921</u>   | <u>\$ 20,249,544</u>   |
| <b>Special Item:</b>                                    |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Residual Equity Transfer to New Lead Agency             |                             |                        |                        | \$ (242,991)           |                        |                        |                        |                        |                        |                        |
| <b>Change in Net Position/Net Assets</b>                |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                 | \$ 1,208,582                | \$ 480,719             | \$ 892,428             | \$ 888,785             | \$ 1,787,353           | \$ 578,969             | \$ 682,696             | \$ 1,371,232           | \$ 1,060,738           | \$ 1,242,089           |
| Business-type activities                                | 23,478                      | 6,635                  | 14,534                 | (262,541)              | 68,196                 | 5,958                  | 1,057                  | (5,663)                | 28,511                 | 6,758                  |
| Total district                                          | <u>\$ 1,232,060</u>         | <u>\$ 487,354</u>      | <u>\$ 906,962</u>      | <u>\$ 626,244</u>      | <u>\$ 1,855,549</u>    | <u>\$ 584,927</u>      | <u>\$ 683,753</u>      | <u>\$ 1,365,568</u>    | <u>\$ 1,089,249</u>    | <u>\$ 1,248,847</u>    |

**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, |                     |                     |                     |                     |                     |                     |                     |                    |                     |
|------------------------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
|                                    | 2015                        | 2014                | 2013                | 2012                | 2011                | 2010                | 2009                | 2008                | 2007               | 2006                |
| General Fund                       |                             |                     |                     |                     |                     |                     |                     |                     |                    |                     |
| Reserved/Restricted/Committed      | \$ 4,902,279                | \$ 5,464,552        | \$ 5,590,531        | \$ 4,843,401        | \$ 4,129,436        | \$ 2,938,709        | \$ 3,236,604        | \$ 3,299,328        | \$2,976,221        | \$ 2,727,772        |
| Unreserved/Assigned/Unassigned     | 228,808                     | 252,934             | 271,636             | 433,271             | 403,891             | 360,690             | 409,060             | 425,033             | 458,039            | 470,299             |
| Total general fund                 | <u>\$ 5,131,086</u>         | <u>\$ 5,717,485</u> | <u>\$ 5,862,167</u> | <u>\$ 5,276,672</u> | <u>\$ 4,533,326</u> | <u>\$ 3,299,399</u> | <u>\$ 3,645,664</u> | <u>\$ 3,724,361</u> | <u>\$3,434,260</u> | <u>\$ 3,198,070</u> |
| All Other Governmental Funds       |                             |                     |                     |                     |                     |                     |                     |                     |                    |                     |
| Reserved                           |                             |                     |                     |                     |                     |                     |                     |                     |                    |                     |
| Unreserved, reported in:           |                             |                     |                     |                     |                     |                     |                     |                     |                    |                     |
| Special revenue fund               | -                           | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                  | -                   |
| Capital projects fund              | 1,794,522                   | 2,522,808           | -                   | 44,758              | 44,758              | 138,741             | 1,770,577           | 636,696             | 815,196            | 1,080,144           |
| Debt service fund                  | 7,626                       | 3,633               | 2                   | 2                   | 77,345              | 15,235              | 1                   | 1                   | 1                  | -                   |
| Total all other governmental funds | <u>\$ 1,802,148</u>         | <u>\$ 2,526,441</u> | <u>\$ 2</u>         | <u>\$ 44,760</u>    | <u>\$ 122,103</u>   | <u>\$ 153,977</u>   | <u>\$ 1,770,578</u> | <u>\$ 636,697</u>   | <u>\$ 815,197</u>  | <u>\$ 1,080,144</u> |
| Total governmental fund balances   | <u>\$ 6,933,234</u>         | <u>\$ 8,243,926</u> | <u>\$ 5,862,169</u> | <u>\$ 5,321,432</u> | <u>\$ 4,655,430</u> | <u>\$ 3,453,375</u> | <u>\$ 5,416,242</u> | <u>\$ 4,361,058</u> | <u>\$4,249,457</u> | <u>\$ 4,278,215</u> |

**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,

|                                                           | 2015              | 2014              | 2013              | 2012              | 2011              | 2010              | 2009              | 2008              | 2007              | 2006              |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenues</b>                                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Tax levy                                                  | \$21,431,171      | \$20,865,667      | \$20,424,761      | \$20,071,953      | \$19,862,179      | \$19,248,612      | \$18,999,356      | \$18,383,814      | \$17,739,598      | \$17,011,004      |
| Tuition Charges                                           | 4,926,237         | 4,358,957         | 4,200,789         | 3,962,154         | 3,729,413         | 3,532,996         | 3,328,176         | 3,254,642         | 3,288,700         | 3,406,576         |
| Interest earnings                                         | -                 | -                 | -                 | -                 | -                 | -                 | 16,291            | 118,628           | 189,528           | 171,614           |
| Miscellaneous                                             | 71,725            | 104,722           | 86,025            | 97,819            | 217,523           | 234,020           | 365,237           | 159,059           | 133,455           | 162,908           |
| State sources                                             | 3,621,658         | 3,060,467         | 3,210,203         | 2,690,614         | 1,979,683         | 2,123,778         | 2,418,373         | 3,094,251         | 3,088,966         | 2,407,455         |
| Federal sources                                           | 236,418           | 196,250           | 197,668           | 221,640           | 402,523           | 192,382           | 186,830           | 182,761           | 179,368           | 188,401           |
| <b>Total revenue</b>                                      | <b>30,287,208</b> | <b>28,586,062</b> | <b>28,119,446</b> | <b>27,044,180</b> | <b>26,191,321</b> | <b>25,331,788</b> | <b>25,314,263</b> | <b>25,193,155</b> | <b>24,619,616</b> | <b>23,347,958</b> |
| <b>Expenditures</b>                                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Instruction:                                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular Instruction                                       | 9,586,257         | 9,382,622         | 8,891,741         | 8,970,496         | 8,389,482         | 8,733,904         | 8,868,651         | 8,226,795         | 8,210,294         | 7,924,725         |
| Special Education Instruction                             | 1,057,063         | 991,092           | 984,493           | 892,973           | 1,112,774         | 932,840           | 897,085           | 778,420           | 710,964           | 673,549           |
| Other Instruction                                         | 1,175,972         | 1,160,116         | 1,044,036         | 1,065,652         | 1,038,084         | 1,059,915         | 1,137,804         | 1,069,417         | 946,381           | 844,963           |
| Undistributed:                                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Tuition                                                   | 2,489,421         | 2,414,524         | 2,002,365         | 1,943,141         | 1,382,113         | 999,285           | 1,055,507         | 721,218           | 682,759           | 686,787           |
| Student & Instruction Related Services                    | 2,745,174         | 2,678,759         | 2,611,152         | 2,352,021         | 1,871,845         | 1,860,111         | 1,854,688         | 1,632,308         | 1,777,718         | 1,764,145         |
| School Administrative Services                            | 658,339           | 645,418           | 632,687           | 610,775           | 982,898           | 970,705           | 1,000,014         | 986,715           | 953,304           | 1,016,088         |
| Other Administrative Services                             | 1,141,287         | 1,027,941         | 1,025,372         | 987,917           | 904,256           | 837,103           | 888,672           | 981,619           | 920,320           | 967,740           |
| Plant Operations and Maintenance                          | 2,779,491         | 2,380,725         | 2,399,739         | 2,144,322         | 2,074,125         | 2,587,875         | 2,679,509         | 2,649,211         | 2,691,201         | 2,469,278         |
| Pupil Transportation                                      | 907,415           | 1,045,294         | 1,010,238         | 968,948           | 872,901           | 926,913           | 877,588           | 886,013           | 798,087           | 782,652           |
| Unallocated Benefits                                      | 5,740,590         | 5,426,342         | 5,642,262         | 5,197,648         | 4,774,958         | 4,622,806         | 4,236,835         | 5,043,149         | 4,938,517         | 3,988,171         |
| Capital Outlay                                            | 2,471,557         | 664,551           | 193,619           | 49,981            | 114,864           | 1,865,816         | 699,286           | 665,040           | 577,610           | 6,526,578         |
| Debt Service:                                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Interest                                                  | 383,596           | 330,848           | 351,004           | 379,304           | 448,402           | 502,383           | 495,515           | 531,649           | 566,219           | 602,011           |
| Principal                                                 | 960,000           | 815,000           | 790,000           | 815,000           | 1,125,000         | 1,395,000         | 950,000           | 910,000           | 875,000           | 989,000           |
| <b>Total Expenditures</b>                                 | <b>32,096,161</b> | <b>28,963,230</b> | <b>27,578,709</b> | <b>26,378,178</b> | <b>25,091,703</b> | <b>27,294,655</b> | <b>25,641,156</b> | <b>25,081,553</b> | <b>24,648,374</b> | <b>29,235,687</b> |
| Excess (Deficiency) of revenues over (under) expenditures | (1,808,952)       | (377,168)         | 540,737           | 666,002           | 1,099,618         | (1,962,867)       | (326,893)         | 111,601           | (28,758)          | (5,887,729)       |

**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,

|                                                            | 2015               | 2014             | 2013           | 2012           | 2011             | 2010                  | 2009                | 2008              | 2007               | 2006                  |
|------------------------------------------------------------|--------------------|------------------|----------------|----------------|------------------|-----------------------|---------------------|-------------------|--------------------|-----------------------|
| <b>Other Financing sources (uses)</b>                      |                    |                  |                |                |                  |                       |                     |                   |                    |                       |
| Bond & Lease/Purchase Proceeds                             | 500,000            | 2,760,000        |                |                |                  |                       | 1,397,000           |                   |                    |                       |
| NJEDA Grant Proceeds                                       |                    |                  |                |                |                  |                       | (14,920)            |                   |                    |                       |
| Proceeds from refunding                                    |                    |                  |                |                | 10,248,861       |                       |                     |                   |                    |                       |
| Payment to Escrow Agent                                    |                    |                  |                |                | (10,146,282)     |                       |                     |                   |                    |                       |
| Transfers in                                               | 961,577            | 318,631          | 49,825         | 3              | 142              | 400,620               | 17,176              | 32,759            | 66,209             | 88,480                |
| Transfers out                                              | (963,317)          | (319,706)        | (44,758)       | (3)            | (142)            | (400,620)             | (17,176)            | (32,759)          | (66,209)           | (88,480)              |
| Total other financing sources (uses)                       | 498,260            | 2,758,925        | 5,067          | -              | 102,578          | -                     | 1,382,080           | -                 | -                  | -                     |
| Net change in fund balances                                | <u>(1,310,692)</u> | <u>2,381,757</u> | <u>545,804</u> | <u>666,002</u> | <u>1,202,196</u> | <u>\$ (1,962,867)</u> | <u>\$ 1,055,187</u> | <u>\$ 111,601</u> | <u>\$ (28,758)</u> | <u>\$ (5,887,729)</u> |
| Debt service as a percentage of<br>noncapital expenditures | 4.54%              | 4.05%            | 4.17%          | 4.54%          | 6.30%            | 7.46%                 | 5.80%               | 5.90%             | 5.99%              | 7.01%                 |

**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<br/>YEAR<br/>ENDED JUNE 30,</u> | <u>TUITION</u>  | <u>INTEREST ON<br/>INVESTMENTS</u> | <u>RENTALS</u> | <u>REFUND</u> | <u>DONATION</u> | <u>MISCELLANEOUS</u> | <u>TOTAL</u>    |
|-------------------------------------------|-----------------|------------------------------------|----------------|---------------|-----------------|----------------------|-----------------|
| 2006                                      | \$ 3,406,576.39 | \$ 83,133.99                       | \$ 52,909.00   | \$            | \$              | 109,999.22           | \$ 3,652,618.60 |
| 2007                                      | 3,288,700.36    | 123,318.91                         | 52,488.85      |               |                 | 80,966.18            | 3,545,474.30    |
| 2008                                      | 3,254,642.36    | 85,868.30                          | 79,935.00      |               |                 | 79,123.94            | 3,499,569.60    |
| 2009                                      | 3,328,176.04    | 7,569.28                           | 65,710.00      |               | 184,391.66      | 108,135.42           | 3,693,982.40    |
| 2010                                      | 3,532,995.71    |                                    | 71,030.00      |               |                 | 160,820.56           | 3,764,846.27    |
| 2011                                      | 3,729,413.46    |                                    | 87,485.00      | 86,006.64     |                 | 25,797.79            | 3,928,702.89    |
| 2012                                      | 3,962,153.77    |                                    | 55,815.00      | 29,463.35     |                 | 12,541.02            | 4,059,973.14    |
| 2013                                      | 4,200,789.16    |                                    | 47,767.50      | 30,151.29     | 800.00          | 7,306.25             | 4,286,814.20    |
| 2014                                      | 4,358,956.78    |                                    | 31,702.00      | 61,061.81     |                 | 11,957.97            | 4,463,678.56    |
| 2015                                      | 4,926,236.98    | 358.43                             | 36,880.00      | 26,883.64     |                 | 3,608.31             | 4,993,967.36    |

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**

| Fiscal<br>Year<br>Ended<br>June 30, | Vacant Land | Residential   | Farm      | Commercial | Industrial  | Apartment | Total Assessed<br>Value | Public<br>Utilities <sup>a</sup> | Net Valuation<br>Taxable | Estimated Actual<br>(County Equalized)<br>Value | Total<br>Direct<br>School Tax<br>Rate <sup>b</sup> |
|-------------------------------------|-------------|---------------|-----------|------------|-------------|-----------|-------------------------|----------------------------------|--------------------------|-------------------------------------------------|----------------------------------------------------|
| 2006                                | 10,027,600  | 1,111,588,700 | 968,100   | 93,383,800 | 63,135,200  | -         | 1,279,103,400           | 2,684,455                        | 1,281,787,855            | 1,593,850,526                                   | 0.604                                              |
| 2007                                | 19,933,000  | 1,120,804,400 | 968,100   | 90,089,700 | 63,135,200  | -         | 1,294,930,400           | 2,589,283                        | 1,297,519,683            | 1,814,606,498                                   | 0.623                                              |
| 2008                                | 21,320,700  | 1,123,463,200 | 1,608,100 | 87,978,700 | 61,598,800  | -         | 1,295,969,500           | 2,778,770                        | 1,298,748,270            | 1,848,980,808                                   | 0.657                                              |
| 2009                                | 23,113,900  | 1,128,523,700 | 1,608,100 | 66,594,200 | 83,003,300  | -         | 1,302,843,200           | 2,778,770                        | 1,305,621,970            | 1,895,839,282                                   | 0.630                                              |
| 2010                                | 22,862,000  | 1,136,586,200 | 1,608,100 | 66,594,200 | 83,003,300  | -         | 1,310,653,800           | 2,304,924                        | 1,312,958,724            | 1,831,322,056                                   | 0.625                                              |
| 2011                                | 21,708,300  | 1,138,141,600 | 968,100   | 67,787,000 | 83,736,300  | -         | 1,312,341,300           | 2,944,924                        | 1,315,286,224            | 1,747,089,290                                   | 0.633                                              |
| 2012                                | 26,672,000  | 1,333,766,900 | 961,400   | 82,518,900 | 90,783,000  | -         | 1,534,702,200           | 4,104,423                        | 1,538,806,623            | 1,632,325,403                                   | 0.539                                              |
| 2013                                | 24,941,500  | 1,335,080,100 | 961,400   | 82,518,900 | 90,783,000  | -         | 1,534,284,900           | 100,000                          | 1,534,384,900            | 1,663,902,939                                   | 0.550                                              |
| 2014                                | 19,866,500  | 1,345,055,500 | 961,400   | 82,518,900 | 90,783,000  | -         | 1,539,185,300           | 93,090                           | 1,539,278,390            | 1,653,530,946                                   | 0.561                                              |
| 2015                                | 8,901,700   | 1,459,382,600 | 989,700   | 93,741,200 | 100,784,000 | -         | 1,663,799,200           | 100,000                          | 1,663,899,200            | 1,680,027,463                                   | 0.516                                              |

**Source: Municipal Tax Assessor**

**UPPER SADDLE RIVER BOROUGH**

| Fiscal<br>Year<br>Ended<br>June 30, | Vacant Land | Residential   | Farm | Commercial  | Industrial | Apartment  | Total Assessed<br>Value | Public<br>Utilities <sup>a</sup> | Net Valuation<br>Taxable | Estimated Actual<br>(County Equalized)<br>Value | Total<br>Direct<br>School Tax<br>Rate <sup>b</sup> |
|-------------------------------------|-------------|---------------|------|-------------|------------|------------|-------------------------|----------------------------------|--------------------------|-------------------------------------------------|----------------------------------------------------|
| 2006                                | 22,899,600  | 1,837,003,300 | -    | 205,007,100 | 6,217,700  | 26,745,400 | 2,097,873,100           | 1,293,223                        | 2,099,166,323            | 2,649,164,162                                   | 0.048                                              |
| 2007                                | 17,674,000  | 1,891,001,200 | -    | 192,842,800 | 6,217,700  | 18,551,000 | 2,126,286,700           | 1,559,008                        | 2,127,845,708            | 2,988,054,255                                   | 0.050                                              |
| 2008                                | 18,827,700  | 1,935,156,800 | -    | 195,207,300 | 6,217,700  | 18,551,000 | 2,173,960,500           | 1,599,169                        | 2,175,559,669            | 3,155,404,809                                   | 0.050                                              |
| 2009                                | 16,559,700  | 1,959,049,800 | -    | 194,907,300 | 6,217,700  | 18,551,000 | 2,195,285,500           | 1,801,944                        | 2,197,087,444            | 3,208,779,034                                   | 0.050                                              |
| 2010                                | 16,017,500  | 1,969,127,300 | -    | 180,407,600 | 6,217,700  | 18,551,000 | 2,190,321,100           | 1,890,346                        | 2,192,211,446            | 3,081,471,003                                   | 0.051                                              |
| 2011                                | 16,079,800  | 1,975,814,000 | -    | 174,353,200 | 6,217,700  | 18,551,000 | 2,191,015,700           | 1,972,027                        | 2,192,987,727            | 2,954,810,904                                   | 0.054                                              |
| 2012                                | 15,715,400  | 1,982,729,000 | -    | 171,623,500 | 6,217,700  | 18,551,000 | 2,194,836,600           | 1,998,282                        | 2,196,834,882            | 2,920,759,989                                   | 0.054                                              |
| 2013                                | 16,726,500  | 1,986,761,100 | -    | 171,223,500 | 6,217,700  | 18,551,000 | 2,199,479,800           | 100,000                          | 2,199,579,800            | 2,821,292,714                                   | 0.056                                              |
| 2014                                | 15,437,400  | 1,996,173,700 | -    | 171,223,500 | 6,217,700  | 18,551,000 | 2,207,603,300           | 100,000                          | 2,207,703,300            | 2,794,042,727                                   | 0.057                                              |
| 2015                                | 15,472,600  | 2,002,788,500 | -    | 171,123,500 | 6,217,700  | 18,551,000 | 2,214,153,300           | 100,000                          | 2,214,253,300            | 2,752,334,742                                   | 0.059                                              |

**Source: Municipal Tax Assessor**

**Note:**

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

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

**b** Tax rates are per \$100

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

**Exhibit J-7**  
**Page 1 of 2**

| Allendale Borough                 |                                      |                           |                                 |                             |                     |       |                                             |
|-----------------------------------|--------------------------------------|---------------------------|---------------------------------|-----------------------------|---------------------|-------|---------------------------------------------|
| Fiscal Year Ended<br>December 31, | Regional School District Direct Rate |                           |                                 | Overlapping Rates           |                     |       | Total Direct and<br>Overlapping Tax<br>Rate |
|                                   | General<br>Obligation                |                           | Total Direct<br>School Tax Rate | Local<br>School<br>District |                     |       |                                             |
|                                   | Basic Rate <sup>a</sup>              | Debt Service <sup>b</sup> |                                 | Municipality <sup>c</sup>   | County <sup>c</sup> |       |                                             |
|                                   |                                      |                           |                                 |                             |                     |       |                                             |
| 2006                              | 0.556                                | 0.048                     | 0.604                           | 0.600                       | 0.926               | 0.230 | 2.360                                       |
| 2007                              | 0.576                                | 0.047                     | 0.623                           | 0.620                       | 0.952               | 0.250 | 2.445                                       |
| 2008                              | 0.610                                | 0.047                     | 0.657                           | 0.656                       | 0.968               | 0.265 | 2.546                                       |
| 2009                              | 0.586                                | 0.044                     | 0.630                           | 0.672                       | 1.036               | 0.280 | 2.618                                       |
| 2010                              | 0.556                                | 0.069                     | 0.625                           | 0.691                       | 1.052               | 0.274 | 2.642                                       |
| 2011                              | 0.576                                | 0.057                     | 0.633                           | 0.691                       | 1.071               | 0.277 | 2.672                                       |
| 2012                              | 0.489                                | 0.050                     | 0.539                           | 0.593                       | 0.946               | 0.233 | 2.311                                       |
| 2013                              | 0.521                                | 0.029                     | 0.550                           | 0.592                       | 0.969               | 0.246 | 2.357                                       |
| 2014                              | 0.531                                | 0.030                     | 0.561                           | 0.592                       | 0.978               | 0.252 | 2.383                                       |
| 2015                              | 0.486                                | 0.030                     | 0.516                           | 0.556                       | 0.925               | 0.248 | 2.245                                       |

**Source: Municipal Tax Collector**

**Upper Saddle River Borough**

| Fiscal Year Ended<br>December 31, | Regional School District Direct Rate<br>Obligation |                           |                                 | Overlapping Rates         |                    |                     | Total Direct and<br>Overlapping Tax<br>Rate |
|-----------------------------------|----------------------------------------------------|---------------------------|---------------------------------|---------------------------|--------------------|---------------------|---------------------------------------------|
|                                   | Basic Rate <sup>a</sup>                            | Debt Service <sup>b</sup> | Total Direct<br>School Tax Rate | Municipality <sup>c</sup> | School<br>District | County <sup>c</sup> |                                             |
|                                   |                                                    |                           |                                 |                           |                    |                     |                                             |
| 2006                              | 0.437                                              | 0.047                     | 0.484                           | 0.316                     | 0.806              | 0.224               | 1.830                                       |
| 2007                              | 0.450                                              | 0.047                     | 0.497                           | 0.331                     | 0.841              | 0.251               | 1.920                                       |
| 2008                              | 0.448                                              | 0.047                     | 0.495                           | 0.344                     | 0.858              | 0.268               | 1.965                                       |
| 2009                              | 0.453                                              | 0.044                     | 0.497                           | 0.351                     | 0.882              | 0.281               | 2.011                                       |
| 2010                              | 0.436                                              | 0.069                     | 0.505                           | 0.362                     | 0.914              | 0.276               | 2.057                                       |
| 2011                              | 0.479                                              | 0.057                     | 0.536                           | 0.370                     | 0.931              | 0.280               | 2.117                                       |
| 2012                              | 0.490                                              | 0.050                     | 0.540                           | 0.367                     | 0.938              | 0.293               | 2.138                                       |
| 2013                              | 0.528                                              | 0.029                     | 0.557                           | 0.364                     | 0.948              | 0.296               | 2.165                                       |
| 2014                              | 0.538                                              | 0.029                     | 0.567                           | 0.375                     | 0.960              | 0.296               | 2.198                                       |
| 2015                              | 0.562                                              | 0.028                     | 0.590                           | 0.374                     | 0.975              | 0.299               | 2.238                                       |

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

**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**

|                        | 2015                         |                    |                                              |
|------------------------|------------------------------|--------------------|----------------------------------------------|
|                        | Taxable<br>Assessed<br>Value | Rank<br>[Optional] | % of Total<br>District Net<br>Assessed Value |
| Allendale Nursing Home |                              |                    |                                              |
| Allendale Plaza        | \$ 22,108,000.00             | 1                  | 1.33%                                        |
| Allendale Nursing Home | 21,195,400.00                | 2                  | 1.27%                                        |
| LPR Allendale          | 15,448,000.00                | 3                  | 0.93%                                        |
| Black Millwork         | 11,567,000.00                | 4                  | 0.70%                                        |
| Pearl Court Investors  | 9,948,000.00                 | 5                  | 0.60%                                        |
| Allendale Associates   | 9,056,000.00                 | 6                  | 0.54%                                        |
| Allendale Associates   | 6,590,000.00                 | 7                  | 0.40%                                        |
| Pearl Court Investors  | 5,987,000.00                 | 8                  | 0.36%                                        |
| Allendale Associates   | 5,890,000.00                 | 9                  | 0.35%                                        |
| Pearl Court Investors  | 4,380,000.00                 | 10                 | 0.26%                                        |
| Total                  | <u>\$ 112,169,400</u>        |                    | <u>6.74%</u>                                 |

**Source:** Municipal Tax Assessor

**Upper Saddle River Borough**

|                                    | 2015                         |                    |                                              |
|------------------------------------|------------------------------|--------------------|----------------------------------------------|
|                                    | Taxable<br>Assessed<br>Value | Rank<br>[Optional] | % of Total<br>District Net<br>Assessed Value |
| Mack-Cali Realty, LP               | \$ 42,367,500                | 1                  | 1.91%                                        |
| Mountainview Realty, LLC           | 16,000,000                   | 2                  | 0.72%                                        |
| Upper Saddle River Developers, LLC | 10,600,600                   | 3                  | 0.48%                                        |
| Whitney Associates                 | 8,353,800                    | 4                  | 0.38%                                        |
| USR Developers, LLC Pinnacle       | 7,950,400                    | 5                  | 0.36%                                        |
| Pentek Mgmt. Corp.                 | 7,500,000                    | 6                  | 0.34%                                        |
| Porven Real Estate, Inc.           | 6,421,500                    | 7                  | 0.29%                                        |
| Upper Saddle River Project LLC     | 6,071,000                    | 8                  | 0.27%                                        |
| Birdie Investments, LLC            | 5,580,300                    | 9                  | 0.25%                                        |
| 2 Park Way Assoc., LLC             | 4,200,000                    | 10                 | 0.19%                                        |
| Total                              | <u>\$ 115,045,100</u>        |                    | <u>5.20%</u>                                 |

**Source:** Municipal Tax Assessor

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

**Exhibit J-9**

**Allendale Borough**

| Fiscal Year Ended<br>December 31, | Taxes Levied for<br>the Fiscal Year | <u>Collected within the Fiscal Year of the Levy<sup>a</sup></u> |                               |
|-----------------------------------|-------------------------------------|-----------------------------------------------------------------|-------------------------------|
|                                   |                                     | <u>Amount</u>                                                   | <u>Percentage of<br/>Levy</u> |
| 2004                              | 26,297,717.00                       | 26,313,860.00                                                   | 100.06%                       |
| 2005                              | N/A                                 | N/A                                                             | N/A                           |
| 2006                              | 30,344,225.00                       | 30,136,502.00                                                   | 99.32%                        |
| 2007                              | 31,908,602.00                       | 31,394,966.00                                                   | 98.39%                        |
| 2008                              | 33,188,123.00                       | 32,996,853.00                                                   | 99.42%                        |
| 2009                              | 34,351,398.26                       | 34,099,258.85                                                   | 99.27%                        |
| 2010                              | 34,791,107.08                       | 34,504,736.36                                                   | 99.18%                        |
| 2011                              | 35,182,263.33                       | 34,750,583.24                                                   | 98.77%                        |
| 2012                              | 35,633,196.66                       | 35,353,493.31                                                   | 99.22%                        |
| 2013                              | 36,239,030.94                       | 35,943,882.80                                                   | 99.19%                        |
| 2014                              | 36,892,184.56                       | 36,284,406.19                                                   | 98.35%                        |

**Source: Municipal Tax Collector**

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

**Exhibit J-9**

**Upper Saddle River Borough**

| Fiscal Year Ended<br>December 31, | Taxes Levied for<br>the Fiscal Year | <u>Collected within the Fiscal Year of the Levy <sup>a</sup></u> |                               |
|-----------------------------------|-------------------------------------|------------------------------------------------------------------|-------------------------------|
|                                   |                                     | <u>Amount</u>                                                    | <u>Percentage of<br/>Levy</u> |
| 2004                              | 34,975,301.00                       | 34,559,590.00                                                    | 98.81%                        |
| 2005                              | N/A                                 | N/A                                                              | N/A                           |
| 2006                              | 38,844,231.00                       | 38,503,364.00                                                    | 99.12%                        |
| 2007                              | 41,371,944.00                       | 40,837,342.00                                                    | 98.71%                        |
| 2008                              | 42,973,720.00                       | 42,340,098.00                                                    | 98.53%                        |
| 2009                              | 44,327,413.00                       | 43,718,772.00                                                    | 98.63%                        |
| 2010                              | 45,328,406.00                       | 44,487,600.00                                                    | 98.15%                        |
| 2011                              | 46,633,131.00                       | 46,054,881.00                                                    | 98.76%                        |
| 2012                              | 47,023,335.00                       | 46,496,673.64                                                    | 98.88%                        |
| 2013                              | 47,671,740.00                       | 47,191,930.36                                                    | 98.99%                        |
| 2014                              | 48,813,099.52                       | 48,344,781.00                                                    | 99.04%                        |

**Source: Municipal Tax Collector**

a - School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

## Debt Capacity

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

| Fiscal Year<br>Ended<br>June 30, | Governmental Activities |                                  |                   |                                         | Business-Type<br>Activities |                |                           |                         |
|----------------------------------|-------------------------|----------------------------------|-------------------|-----------------------------------------|-----------------------------|----------------|---------------------------|-------------------------|
|                                  | General<br>Obligation   | Certificates of<br>Participation | Capital<br>Leases | Bond<br>Anticipation<br>Notes<br>(BANs) | Capital Leases              | Total District | Percentage of<br>Personal | Per Capita <sup>a</sup> |
|                                  | Bonds <sup>b</sup>      |                                  |                   |                                         |                             |                | Income <sup>a</sup>       |                         |
| 2006                             | 14,827,000              | -                                | -                 | -                                       | -                           | 14,827,000     | 1.60%                     | \$993                   |
| 2007                             | 13,952,000              | -                                | -                 | -                                       | -                           | 13,952,000     | 1.39%                     | \$934                   |
| 2008                             | 13,042,000              | -                                | -                 | -                                       | -                           | 13,042,000     | 1.25%                     | \$870                   |
| 2009                             | 13,489,000              | -                                | -                 | -                                       | -                           | 13,489,000     | 1.26%                     | \$894                   |
| 2010                             | 12,094,000              | -                                | -                 | -                                       | -                           | 12,094,000     | N/A                       | \$821                   |
| 2011                             | 10,932,000              | -                                | -                 | -                                       | -                           | 10,932,000     | N/A                       | \$738                   |
| 2012                             | 10,117,000              | -                                | -                 | -                                       | -                           | 10,117,000     | N/A                       | \$677                   |
| 2013                             | 9,327,000               | -                                | -                 | -                                       | -                           | 9,327,000      | N/A                       | \$624                   |
| 2014                             | 11,272,000              | -                                | -                 | -                                       | -                           | 11,272,000     | N/A                       | \$750                   |
| 2015                             | 10,312,000              | -                                | -                 | -                                       | 455,000                     | 10,767,000     | N/A                       | \$711                   |

**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 2015 utilizes 2014 population data

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

| <u>General Bonded Debt Outstanding</u> |                                |            |                                           |                                                                      |                         |
|----------------------------------------|--------------------------------|------------|-------------------------------------------|----------------------------------------------------------------------|-------------------------|
| Fiscal Year<br>Ended<br>June 30,       | General<br>Obligation<br>Bonds | Deductions | Net General<br>Bonded Debt<br>Outstanding | Percentage of<br>Actual Taxable<br>Value <sup>a</sup> of<br>Property | Per Capita <sup>b</sup> |
| 2006                                   | 14,827,000                     |            | 14,827,000                                | 0.45%                                                                | \$ 993                  |
| 2007                                   | 13,952,000                     |            | 13,952,000                                | 0.41%                                                                | \$ 934                  |
| 2008                                   | 13,042,000                     |            | 13,042,000                                | 0.38%                                                                | \$ 870                  |
| 2009                                   | 13,489,000                     |            | 13,489,000                                | 0.26%                                                                | \$ 894                  |
| 2010                                   | 12,094,000                     |            | 12,094,000                                | 0.25%                                                                | \$ 821                  |
| 2011                                   | 10,932,000                     |            | 10,932,000                                | 0.23%                                                                | \$ 738                  |
| 2012                                   | 10,117,000                     |            | 10,117,000                                | 0.22%                                                                | \$ 677                  |
| 2013                                   | 9,327,000                      |            | 9,327,000                                 | 0.20%                                                                | \$ 624                  |
| 2014                                   | 11,272,000                     |            | 11,272,000                                | 0.25%                                                                | \$ 750                  |
| 2015                                   | 10,312,000                     |            | 10,312,000                                | 0.23%                                                                | \$ 681                  |

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

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

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

2015 Per Capita calculations utilize 2014 Population data

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2014  
Unaudited**

**Exhibit J-12**

|                                                         | <u>Allendale<br/>Borough</u> | <u>Upper<br/>Saddle River<br/>Borough</u> |
|---------------------------------------------------------|------------------------------|-------------------------------------------|
| <b>Overlapping Debt of School District:</b>             |                              |                                           |
| Municipal (100%)                                        | 16,311,540                   | 13,854,161                                |
| Local School (100%)                                     | 5,091,000                    | 6,509,467                                 |
| County of Bergen Share (Statutory Net Debt)             | 9,348,510                    | 13,408,059                                |
| Utility Authority (Share %)                             | <u>N/A</u>                   | <u>N/A</u>                                |
| Subtotal, overlapping debt                              | 30,751,050                   | 33,771,687                                |
| <b>Northern Highlands Regional District Direct Debt</b> | <u>4,224,703</u>             | <u>7,047,297</u>                          |
| <b>Total direct and overlapping debt</b>                | <u><u>34,975,753</u></u>     | <u><u>40,818,984</u></u>                  |

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

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

- a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

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

**Exhibit J-13**

Legal Debt Margin at December 31, 2014:

Average Equalized Valuation Basis:

| State Equalized Values of Taxable Property      |                      |                                  |                                 |
|-------------------------------------------------|----------------------|----------------------------------|---------------------------------|
|                                                 | Allendale<br>Borough | Upper<br>Saddle River<br>Borough | Equalized<br>Valuation<br>Basis |
| 2012                                            | \$ 1,664,355,493     | \$ 2,815,336,839                 | \$ 4,479,692,332                |
| 2013                                            | 1,648,173,703        | 2,778,173,298                    | 4,426,347,001                   |
| 2014                                            | 1,685,670,025        | 2,744,068,738                    | 4,429,738,763                   |
|                                                 | <u>4,998,199,221</u> | <u>8,337,578,875</u>             | <u>13,335,778,096</u>           |
| Average Equalized Valuation of Taxable Property |                      |                                  | \$ <u>4,445,259,365</u>         |
| Debt Limit (3% of \$4,445,259,365 )             |                      |                                  | 133,357,781                     |
| Total Net School Debt Applicable to Limit:      |                      |                                  | <u>11,272,000</u>               |
| Legal Debt Margin                               |                      |                                  | <u>122,085,781</u>              |

|                                              | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                      |
|----------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
|                                              | 2014                  | 2013                  | 2012                  | 2011                  | 2010                  | 2009                  | 2008                  | 2007                  | 2006                  | 2005                 |
| Debt Limit-Dec. 31, Prior Year               | \$ 133,357,781        | \$ 135,322,219        | \$ 142,057,033        | \$ 146,289,551        | \$ 146,289,551        | \$ 148,653,250        | \$ 146,974,225        | \$ 146,974,225        | \$ 127,027,441        | \$ 114,207,508       |
| Total Net School Debt<br>Applicable to Limit | <u>11,272,000</u>     | <u>12,087,000</u>     | <u>10,117,000</u>     | <u>10,932,000</u>     | <u>10,932,000</u>     | <u>12,094,000</u>     | <u>13,489,000</u>     | <u>13,042,000</u>     | <u>14,827,000</u>     | <u>15,816,000</u>    |
| Legal Debt Margin                            | \$ <u>122,085,781</u> | \$ <u>123,235,219</u> | \$ <u>131,940,033</u> | \$ <u>135,357,551</u> | \$ <u>135,357,551</u> | \$ <u>136,559,250</u> | \$ <u>133,485,225</u> | \$ <u>133,932,225</u> | \$ <u>112,200,441</u> | \$ <u>98,391,508</u> |
| Net Debt as % of Debt Limit                  | 8.45%                 | 8.93%                 | 7.12%                 | 7.47%                 | 7.47%                 | 8.14%                 | 9.18%                 | 8.87%                 | 11.67%                | 13.85%               |

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

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

## Demographic and Economic Information

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

**Exhibit J-14**

**Allendale Borough**

| Year | Population <sup>a</sup> | Personal Income <sup>b</sup> | Per Capita                   | Unemployment      |
|------|-------------------------|------------------------------|------------------------------|-------------------|
|      |                         |                              | Personal Income <sup>c</sup> | Rate <sup>d</sup> |
| 2004 | 6,702                   | 364,381,056                  | 52,064                       | 3.40%             |
| 2005 | 6,651                   | 379,085,205                  | 55,493                       | 2.50%             |
| 2006 | 6,583                   | 409,494,228                  | 57,821                       | 2.70%             |
| 2007 | 6,557                   | 441,548,250                  | 63,970                       | 3.40%             |
| 2008 | 6,578                   | 456,246,611                  | 68,124                       | 3.10%             |
| 2009 | 6,609                   | 469,934,010                  | N/A                          | 5.60%             |
| 2010 | 6,525                   | N/A                          | N/A                          | 5.80%             |
| 2011 | 6,618                   | N/A                          | N/A                          | 5.70%             |
| 2012 | 6,676                   | N/A                          | N/A                          | 5.80%             |
| 2013 | 6,716                   | N/A                          | N/A                          | 5.80%             |
| 2014 | 6,789                   | N/A                          | N/A                          | 5.00%             |

**Upper Saddle River Borough**

| Year | Population <sup>a</sup> | Personal Income <sup>b</sup> | Per Capita                   | Unemployment      |
|------|-------------------------|------------------------------|------------------------------|-------------------|
|      |                         |                              | Personal Income <sup>c</sup> | Rate <sup>d</sup> |
| 2004 | 8,244                   | 448,581,744                  | 62,381                       | 2.50%             |
| 2005 | 8,365                   | 477,311,784                  | 66,490                       | 4.10%             |
| 2006 | 8,348                   | 519,990,702                  | 69,280                       | 4.30%             |
| 2007 | 8,388                   | 565,729,500                  | 76,647                       | 3.90%             |
| 2008 | 8,412                   | 584,498,993                  | 81,624                       | 5.00%             |
| 2009 | 8,480                   | 602,033,962                  | N/A                          | 9.00%             |
| 2010 | 8,220                   | N/A                          | N/A                          | 9.20%             |
| 2011 | 8,279                   | N/A                          | N/A                          | 9.00%             |
| 2012 | 8,315                   | N/A                          | N/A                          | 9.20%             |
| 2013 | 8,350                   | N/A                          | N/A                          | 6.00%             |
| 2014 | 8,356                   | N/A                          | N/A                          | 4.10%             |

**Source:**

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

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

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

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

| Employer | 2015      |                    |                                                | 2005      |                    |                                                |
|----------|-----------|--------------------|------------------------------------------------|-----------|--------------------|------------------------------------------------|
|          | Employees | Rank<br>[Optional] | Percentage of<br>Total Municipal<br>Employment | Employees | Rank<br>[Optional] | Percentage of<br>Total Municipal<br>Employment |

**Information Unavailable**

|   |       |   |       |
|---|-------|---|-------|
| - | 0.00% | - | 0.00% |
|---|-------|---|-------|

Source:

Districts may obtain principal employer information from various sources such as their local Chamber of Commerce, local Economic Development Agency, or other creditable source for their municipality.

## Operating Information

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

| <b><u>Function/Program</u></b>         | <b><u>2006</u></b> | <b><u>2007</u></b> | <b><u>2008</u></b> | <b><u>2009</u></b> | <b><u>2010</u></b> | <b><u>2011</u></b> | <b><u>2012</u></b> | <b><u>2013</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> |
|----------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Instruction                            |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Teachers                               | N/A                | N/A                | N/A                | N/A                | 112.0              | 108.0              | 109.0              | 110.0              | 110.0              | 118.9              |
| Classroom Aides                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Vocational                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Other instruction                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Nonpublic school programs              |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Adult/continuing education programs    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Support Services:                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Tuition                                |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Student & Instruction Related Services |                    |                    |                    |                    | 37.0               | 36.0               | 35.0               | 35.0               | 35.5               | 32.8               |
| General Administration                 |                    |                    |                    |                    | 2.0                | 2.0                | 2.0                | 2.0                | 2.0                | 2.0                |
| School Administrative Services         |                    |                    |                    |                    | 6.0                | 6.0                | 6.0                | 6.0                | 6.0                | 6.0                |
| Business Administrative Services       |                    |                    |                    |                    | 5.0                | 5.0                | 5.0                | 5.0                | 5.0                | 5.0                |
| Administrative Information Technology  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Plant operations and maintenance       |                    |                    |                    |                    | 19.0               | 17.0               | 17.5               | 18.0               | 18.0               | 18.0               |
| Pupil transportation                   |                    |                    |                    |                    | 2.0                | 2.0                | 2.0                | 2.0                | 2.0                | 2.5                |
| Total                                  |                    |                    |                    |                    | <u>183.0</u>       | <u>176.0</u>       | <u>176.5</u>       | <u>178.0</u>       | <u>178.5</u>       | <u>185.2</u>       |

**Source:** District Personnel Records

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

**Exhibit J-17**

| <b>Fiscal<br/>Year</b> | <b>Enrollment</b> | <b>Operating<br/>Expenditures <sup>a</sup></b> | <b>Cost Per<br/>Pupil</b> | <b>Percentage<br/>Change</b> | <b>Pupil/Teacher Ratio</b>             |                                   | <b>Average<br/>Daily<br/>Enrollment<br/>(ADE) <sup>c</sup></b> | <b>Average<br/>Daily<br/>Attendance<br/>(ADA) <sup>c</sup></b> | <b>% Change in<br/>Average Daily<br/>Enrollment</b> | <b>Student<br/>Attendance<br/>Percentage</b> |
|------------------------|-------------------|------------------------------------------------|---------------------------|------------------------------|----------------------------------------|-----------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------|
|                        |                   |                                                |                           |                              | <b>Teaching<br/>Staff <sup>b</sup></b> | <b>Senior<br/>High<br/>School</b> |                                                                |                                                                |                                                     |                                              |
| 2006                   | N/A               | N/A                                            | N/A                       | N/A                          | N/A                                    | N/A                               | 1,313.6                                                        | N/A                                                            | 5.28%                                               | N/A                                          |
| 2007                   | N/A               | N/A                                            | N/A                       | N/A                          | N/A                                    | N/A                               | 1,265.0                                                        | N/A                                                            | -3.70%                                              | N/A                                          |
| 2008                   | 1,273             | 22,974,864                                     | 18,047.81                 | N/A                          | N/A                                    | N/A                               | 1,280.5                                                        | N/A                                                            | 1.23%                                               | N/A                                          |
| 2009                   | 1,318             | 23,496,354                                     | 17,827.28                 | -1.22%                       | 173                                    | N/A                               | 1,319.0                                                        | N/A                                                            | 3.01%                                               | N/A                                          |
| 2010                   | 1,313             | 23,531,456                                     | 17,921.90                 | 0.53%                        | 109                                    | 1:12.0                            | 1,310.2                                                        | 1,243.7                                                        | -0.67%                                              | 94.92%                                       |
| 2011                   | 1,313             | 22,982,969                                     | 17,504.16                 | -2.33%                       | 112                                    | 1:11.7                            | 1,303.6                                                        | 1,244.9                                                        | -0.50%                                              | 95.50%                                       |
| 2012                   | 1,350             | 25,133,893                                     | 18,617.70                 | 6.36%                        | 109                                    | 1:12.4                            | 1,337.3                                                        | 1,279.1                                                        | 2.59%                                               | 95.65%                                       |
| 2013                   | 1,328             | 26,244,086                                     | 19,762.11                 | 6.15%                        | 110                                    | 1:12.1                            | 1,325.7                                                        | 1,257.5                                                        | -0.87%                                              | 94.86%                                       |
| 2014                   | 1,345             | 27,265,191                                     | 20,271.52                 | 2.58%                        | 110                                    | 1:12.2                            | 1,348.4                                                        | 1,285.4                                                        | 1.71%                                               | 95.33%                                       |
| 2015                   | 1,367             | 28,392,241                                     | 20,769.74                 | 2.46%                        | 119                                    | 1:11.5                            | 1,369.7                                                        | 1,305.1                                                        | 1.58%                                               | 95.28%                                       |

**Sources:** District records

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

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

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

| <b><u>District Building</u></b>                | <b><u>2006</u></b> | <b><u>2007</u></b> | <b><u>2008</u></b> | <b><u>2009</u></b> | <b><u>2010</u></b> | <b><u>2011</u></b> | <b><u>2012</u></b> | <b><u>2013</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> |
|------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b><u>High School</u></b>                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Northern Highlands regional High School (1965) |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Square Feet                                    | 267,300            | 267,300            | 267,300            | 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                                     | 1,308              | 1,268              | 1,286              | 1,318              | 1,313              | 1,316              | 1,346              | 1,324              | 1,345              | 1,372              |

Number of Schools at June 30, 2014

    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>2015</u>           | <u>2014</u>         | <u>2013</u>         | <u>2012</u>         | <u>2011</u>         | <u>2010</u>         | <u>2009</u>         | <u>2008</u>         | <u>2007</u>         | <u>2006</u>         |
|---------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| High School               | \$1,018,467.21        | \$598,512.00        | \$561,505.00        | \$548,653.00        | \$581,002.00        | \$565,209.56        | \$649,539.93        | \$733,922.35        | \$868,101.78        | \$876,009.55        |
| Other Facilities          |                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Grand Total               | <u>\$1,018,467.21</u> | <u>\$598,512.00</u> | <u>\$561,505.00</u> | <u>\$548,653.00</u> | <u>\$581,002.00</u> | <u>\$565,209.56</u> | <u>\$649,539.93</u> | <u>\$733,922.35</u> | <u>\$868,101.78</u> | <u>\$876,009.55</u> |

\*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, 2015  
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 2014/15 fiscal year:

|                                                                          | <u>Coverage</u> | <u>Deductible</u> |
|--------------------------------------------------------------------------|-----------------|-------------------|
| School Package Policy – NESBIG                                           |                 |                   |
| Policy - Selective Way Insurance Company:                                |                 |                   |
| Property – Blanket Coverage for Buildings and Business Personal Property | \$61,831,683    | \$5,000           |
| Flood Coverage (per occurrence & aggregate):                             |                 |                   |
| Outside Hazard Areas                                                     | 5,000,000       | 50,000            |
| Totally or Partially in Hazard Area                                      | 1,000,000       | 500,000           |
| Earthquake Coverage (per occurrence & aggregate):                        | 1,000,000       | 50,000            |
| Extra Expense                                                            | 5,000,000       |                   |
| Contractor's Equipment                                                   | 5,000/250,000   | 1,000             |
| Scheduled School Property                                                | 100,000         | 1,000             |
| Business Computer Coverage                                               | 2,500,000       | 1,000             |
| Cameras & AV Equipment                                                   | 250,000         | 1,000             |
| Musical & Theatrical Equipment                                           | 250,000         | 1,000             |
| Valuable Papers                                                          | 5,000,000       | 1,000             |
| Listed Fine Art                                                          | 25,000          | 5,000             |
| Commercial General Liability                                             |                 |                   |
| Per Occurrence                                                           | 1,000,000       |                   |
| Aggregate                                                                | 2,000,000       |                   |
| Cyber Liability                                                          |                 |                   |
| Per Occurrence                                                           | 2,000,000       |                   |
| Aggregate                                                                | 6,000,000       |                   |
| Employee Benefits Liability                                              |                 |                   |
| Per Occurrence                                                           | 1,000,000       | 1,000             |
| Aggregate                                                                | 2,000,000       |                   |
| Business Automobile Coverage                                             |                 |                   |
| Liability & Uninsured Motorist (CSL)                                     | 1,000,000       |                   |
| Medical Expenses – Eligible Passengers                                   | 250,000         |                   |
| Excess Liability Coverage – American Alternatives ins. Co.               |                 |                   |
| Per Occurrence & Aggregate                                               | 9,000,000       | 10,000            |
| Commercial Crime Coverage – Selective Insurance Co. of America           |                 |                   |
| Employee Theft                                                           |                 |                   |
| Per Employee                                                             | 100,000         | 5,000             |
| Per Loss                                                                 | 400,000         | 100,000           |
| Forgery                                                                  | 50,000          | 1,000             |
| School Board Legal Liability – ACE American Insurance Company            |                 |                   |
| Per Occurrence & Aggregate                                               | 1,000,000       |                   |
| Deductibles: ELL                                                         |                 | 5,000             |
| EPL                                                                      |                 | 15,000            |

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2014  
UNAUDITED

|                                                                                            | <u>Coverage</u> | <u>Deductible</u> |
|--------------------------------------------------------------------------------------------|-----------------|-------------------|
| Commercial Environmental Impairment Liability – American Safety Casualty Insurance company |                 |                   |
| Each Incident Limit                                                                        | 1,000,000       | 15,000            |
| Aggregate per Named Insured                                                                | 3,000,000       |                   |
| Aggregate Limit (NESBIG)                                                                   | 20,000,000      |                   |
| Commercial Umbrella Policy – American Alternative Insurance Company                        |                 |                   |
| Per Occurrence and Aggregate                                                               | 9,000,000       | 10,000            |
| NJ CAP Coverage – Fireman’s Fund Indemnity Corp.                                           |                 |                   |
| Per Occurrence & Aggregate                                                                 | 50,000,000      |                   |
| Workers’ Compensation – Star Insurance Co.                                                 |                 |                   |
| Workers Compensation                                                                       | Statutory       |                   |
| Employer Liability – Accident                                                              | 1,000,000       |                   |
| Employer Liability – Disease (Per occurrence and policy limit)                             | 1,000,000       |                   |
| NESBIG Self-Insured Retention                                                              |                 | 350,000           |
| Excess Workers’ Compensation – Star Insurance Co.                                          |                 |                   |
| Per Occurrence & Aggregate                                                                 | 1,000,000       |                   |
| NESBIG Self-Insured Retention                                                              |                 | 350,000           |
| Pollution Liability – American Insurance Co.                                               |                 |                   |
| Per Occurrence & Aggregate                                                                 | 1,000,000       | 15,000            |
| Aggregate                                                                                  | 4,000,000       |                   |
| Student/Athletic Accident – Master Policy                                                  |                 |                   |
| Monumental Life Insurance Co.                                                              |                 |                   |
| Disability Per Occurrence                                                                  | 550,000         |                   |
| Specific Losses                                                                            | Per Schedule    |                   |
| Aggregate                                                                                  | 5,000,000       |                   |
| Position Surety Bonds – Western Surety Co.                                                 |                 |                   |
| Business Administrator                                                                     | 250,000         |                   |
| Treasurer                                                                                  | 250,000         |                   |

Source: School Business Administrator

## **SINGLE AUDIT SECTION**

### **SECTION – K**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
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NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

JO ANN BOOS, CPA PSA

**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 AUDITOR'S REPORT**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Northern Highlands Regional High School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the district's basic financial statements, and have issued our report thereon dated November 20, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board of Education of the Northern Highlands Regional High School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the Northern Highlands Regional High School District's control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Northern Highlands Regional High School District's internal control.

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

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

#### **Compliance and Other Matters**

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

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Board of Education of the Northern Highlands Regional High School District in a separate *Auditors' Management Report on Administrative Findings* dated November 20, 2015.

#### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Highland Park, New Jersey  
November 20, 2015

**HODULIK & MORRISON, P.A.**  
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PUBLIC SCHOOL ACCOUNTANTS  
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Program**

We have audited the compliance of the Northern Highlands Regional High School District, in the County of Bergen, State of New Jersey, with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of Northern Highlands Regional High School District's major state programs for the year ended June 30, 2015. The Northern Highlands Regional High School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Northern Highlands Regional High School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Northern Highlands Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the Northern Highlands Regional High School District's compliance.

### **Opinion on each Major State Program**

In our opinion, the Northern Highlands Regional High School District complied, in all material respects, with the 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, 2015.

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

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

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based upon the requirements of NJOMB Circular 04-04. Accordingly, this communication is not suitable for any other purpose.

*Hodulik & Morrison, P.A.*

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule - B

| STATE GRANTOR/PROGRAM TITLE                | GRANT OR STATE<br>PROJECT NO. | AWARD<br>AMOUNT | GRANT<br>PERIOD | BALANCE<br>AT JUNE 30, 2014      |                                 | CASH<br>RECEIVED | BUDGETARY<br>EXPENDITURES | BALANCE                          | MEMO                    |                                     |
|--------------------------------------------|-------------------------------|-----------------|-----------------|----------------------------------|---------------------------------|------------------|---------------------------|----------------------------------|-------------------------|-------------------------------------|
|                                            |                               |                 |                 | GAAP<br>(ACCOUNTS<br>RECEIVABLE) | MEMO<br>BUDGETARY<br>RECEIVABLE |                  |                           | AT JUNE 30, 2015                 | BUDGETARY<br>RECEIVABLE | CUMULATIVE<br>TOTAL<br>EXPENDITURES |
|                                            |                               |                 |                 |                                  |                                 |                  |                           | GAAP<br>(ACCOUNTS<br>RECEIVABLE) |                         |                                     |
| State Department of Education:             |                               |                 |                 |                                  |                                 |                  |                           |                                  |                         |                                     |
| General Fund:                              |                               |                 |                 |                                  |                                 |                  |                           |                                  |                         |                                     |
| State Aid (Public Cluster):                |                               |                 |                 |                                  |                                 |                  |                           |                                  |                         |                                     |
| Special Education Categorical Aid          | 15-495-034-5120-089           | 394,722         | 7/1/14-6/30/15  |                                  |                                 | 374,795.00       | (394,722.00)              |                                  | (19,927.00)             | (394,722.00)                        |
| Special Education Categorical Aid          | 14-095-034-5120-089           | 394,722         | 7/1/13-6/30/14  |                                  | (8,167.00)                      | 8,167.00         |                           |                                  | -                       | (394,722.00)                        |
| Security Aid                               | 15-495-034-5120-084           | 77,630          | 7/1/14-6/30/15  |                                  |                                 | 73,711.00        | (77,630.00)               |                                  | (3,919.00)              | (77,630.00)                         |
| Security Aid                               | 14-495-034-5120-084           | 77,630          | 7/1/13-6/30/14  |                                  | (1,606.00)                      | 1,606.00         |                           |                                  | -                       | (77,630.00)                         |
| Transportation Aid                         | 15-495-034-5120-014           | 90,004          | 7/1/14-6/30/15  |                                  |                                 | 85,460.00        | (90,004.00)               |                                  | (4,544.00)              | (90,004.00)                         |
| Transportation Aid                         | 14-495-034-5120-014           | 90,004          | 7/1/13-6/30/14  |                                  | (1,862.00)                      | 1,862.00         |                           |                                  | -                       | (90,004.00)                         |
| Extraordinary Aid                          | 15-100-034-5120-473           | 531,289         | 7/1/14-6/30/15  |                                  |                                 |                  | (531,289.00)              |                                  | (531,289.00)            | (531,289.00)                        |
| Extraordinary Aid                          | 14-100-034-5120-473           | 440,535         | 7/1/13-6/30/14  |                                  | (435,982.00)                    | 440,535.00       | (4,553.00)                |                                  |                         | (440,535.00)                        |
| Nonpublic School Transportation            | 14-495-034-5120-014           | 8,116           | 7/1/13-6/30/14  | (8,116.00)                       |                                 | 8,116.00         |                           |                                  |                         | (8,116.00)                          |
| Nonpublic School Transportation            | 15-495-034-5120-014           | 9,626           | 7/1/14-6/30/15  |                                  |                                 |                  | (9,626.00)                | (9,626.00)                       |                         | (9,626.00)                          |
| PARCC Readiness Aid                        | 15-495-034-5120-098           | 10,480          | 7/1/13-6/30/14  |                                  |                                 | 9,951.00         | (10,480.00)               |                                  | (529.00)                | (10,480.00)                         |
| Per Pupil Growth Aid                       | 15-495-034-5120-097           | 10,480          | 7/1/14-6/30/15  |                                  |                                 | 9,951.00         | (10,480.00)               |                                  | (529.00)                | (10,480.00)                         |
| T.P.A.F. Social Security Aid               | 15-495-034-5095-002           | 836,918         | 7/1/14-6/30/15  |                                  |                                 | 836,917.67       | (836,917.67)              | -                                |                         | (836,918.00)                        |
| T.P.A.F. Pension Contributions             | 15-495-034-5095-006           | 554,381         | 7/1/14-6/30/15  |                                  |                                 | 554,381.00       | (554,381.00)              | -                                |                         | (554,381.00)                        |
| T.P.A.F. Post Retirement Medical           | 15-495-034-5095-001           | 943,398         | 7/1/14-6/30/15  |                                  |                                 | 943,398.00       | (943,398.00)              | -                                |                         | (943,398.00)                        |
| T.P.A.F. Non-Contributory Insurance        | 15-495-034-5095-007           | 39,885          | 7/1/14-6/30/15  |                                  |                                 | 39,885.00        | (39,885.00)               | -                                |                         | (39,885.00)                         |
| Capital Projects Fund:                     |                               |                 |                 |                                  |                                 |                  |                           |                                  |                         |                                     |
| Schools Development Agency                 | 3700-050-13-6002-G04          | 72,054          | unspecified     |                                  |                                 |                  | (72,053.57)               | (72,053.57)                      |                         | (72,053.57)                         |
| Schools Development Agency                 | 3700-050-14-1004-G04          | 60,377          | unspecified     |                                  |                                 |                  | (60,377.40)               | (60,377.40)                      |                         | (60,377.40)                         |
| Schools Development Agency                 | 3700-050-14-1006-G04          | 42,024          | unspecified     |                                  |                                 |                  | (42,024.03)               | (42,024.03)                      |                         | (42,024.03)                         |
| Debt Service Fund:                         |                               |                 |                 |                                  |                                 |                  |                           |                                  |                         |                                     |
| Debt Service Aid                           | 15-495-034-5120-017           | 56,957          | 7/1/14-6/30/15  |                                  |                                 | 56,957.00        | (56,957.00)               | -                                |                         | (56,957.00)                         |
| Total State Financial Assistance           |                               |                 |                 | (8,116.00)                       | (447,617.00)                    | 3,445,692.67     | (3,734,777.67)            | (184,081.00)                     | (560,737.00)            | (4,741,232.00)                      |
| Less:                                      |                               |                 |                 |                                  |                                 |                  |                           |                                  |                         |                                     |
| T.P.A.F. Pension Contributions             |                               |                 |                 |                                  |                                 |                  | (554,381.00)              |                                  |                         |                                     |
| T.P.A.F. Post Retirement Medical           |                               |                 |                 |                                  |                                 |                  | (943,398.00)              |                                  |                         |                                     |
| T.P.A.F. Non-Contributory Insurance        |                               |                 |                 |                                  |                                 |                  | (39,885.00)               |                                  |                         |                                     |
| State Expenditures Subject to Single Audit |                               |                 |                 |                                  |                                 |                  | (2,197,113.67)            |                                  |                         |                                     |

Note: See Accompanying Notes to Schedules of Financial Assistance.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2015

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund accompanying schedules agree with amounts reported in the Board's general-purpose financial statements. The general-purpose financial statements present the special revenue fund on both a GAAP basis and a budgetary basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2015

|                       | <u>Federal</u>       | <u>State</u>          | <u>Total</u>           |
|-----------------------|----------------------|-----------------------|------------------------|
| General Fund          | \$ 0.00              | \$3,390,245.67        | \$ 3,390,245.67        |
| Capital Projects Fund | 0.00                 | 174,455.00            | 174,455.00             |
| Debt Service Fund     | 0.00                 | 56,957.00             | 56,957.00              |
| Special Revenue Fund  | <u>236,418.00</u>    | <u>0.00</u>           | <u>236,418.00</u>      |
| Total Assistance      | \$ <u>196,249.52</u> | <u>\$3,621,657.67</u> | <u>\$ 3,817,907.19</u> |

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Pension, Post-Retirement Medical and Non-Contributory Insurance Premium Contributions represent the amount reported as paid by the state on behalf of the District for the year ended June 30, 2015. 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, 2015.

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## Financial Statements

## K-6

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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