

**VERNON TOWNSHIP SCHOOL DISTRICT**

**Vernon Township School District  
Vernon, New Jersey**

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive  
Financial Report**

**of the**

**VERNON TOWNSHIP BOARD OF EDUCATION**

**Vernon, New Jersey**

**For the Fiscal Year Ended June 30, 2022**

**Prepared by**

**Vernon Township Board of Education  
Business Office**

VERNON TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart .....	6
Roster of Officials .....	7
Consultants and Advisors.....	8
 FINANCIAL SECTION.....	 9
Independent Auditors’ Report.....	10
Required Supplementary Information .....	14
Management’s Discussion and Analysis .....	15
Basic Financial Statements (Sections A. and B.).....	23
A. District-Wide Financial Statements .....	24
A-1 Statement of Net Position .....	25
A-2 Statement of Activities.....	26
B. Fund Financial Statements.....	28
B-1 Balance Sheet – Governmental Funds .....	29
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	31
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	32
B-4 Statement of Net Position – Proprietary Funds.....	33
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds.....	34
B-6 Statement of Cash Flows – Proprietary Funds.....	35
Notes to the Basic Financial Statements.....	36
Required Supplementary Information .....	75
L. Schedules Related to Accounting and Reporting for Pensions and Post-Employment Benefits Other Than Pensions .....	76
L-1 Schedule of District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System.....	76
L-2 Schedule of District Contributions – Public Employees Retirement System .....	77
L-3 Schedule of State’s Proportionate Share of the Net Pension Liability Attributable to the District – Teachers’ Pension and Annuity Fund .....	78
L-4 Schedule of State Contributions – Teachers’ Pension and Annuity Fund .....	79
L-5 Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Attributable to the District and Related Ratios .....	80
Notes to Required Supplementary Information .....	81
C. Budgetary Comparison Schedules.....	83

VERNON TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

FINANCIAL SECTION (Cont'd)

C-1	Budgetary Comparison Schedule – General Fund .....	84
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	93
C-3	Budgetary Comparison Schedule – Note to RSI.....	94

Other Supplementary Schedules (D.-I.)

D.	School Level Schedules (Not Applicable) .....	96
E.	Special Revenue Fund .....	97
E-1	Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis.....	98
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable) .....	103
F.	Capital Projects Fund (Not Applicable) .....	104
G.	Proprietary Funds.....	105
G-1	Statement of Net Position Food Service Enterprise Fund.....	106
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position Food Service Enterprise Fund .....	107
G-3	Statement of Cash Flows Food Service Enterprise Fund.....	108
H.	Fiduciary Activities (Not Applicable) .....	109
I.	Long-Term Debt .....	110
I-1	Schedule of Serial Bonds .....	111
I-2	Schedule of Serial Bonds – Energy Savings Improvement Program Refunding Bonds.....	112
I-3	Schedule of Obligations Under Financed Purchases .....	113
I-4	Schedule of Obligations Under Leases (Not Applicable).....	114
I-5	Debt Service Fund Budgetary Comparison Schedule.....	115
J.	STATISTICAL SECTION (Unaudited) .....	116
J-1	Net Position by Component.....	117
J-2	Changes in Net Position.....	118
J-3	Fund Balances - Governmental Funds.....	120
J-4	Changes in Fund Balances - Governmental Funds .....	121
J-5	General Fund Other Local Revenue by Source .....	123
J-6	Assessed Value and Actual Value of Taxable Property .....	124
J-7	Direct and Overlapping Property Tax Rates .....	125
J-8	Principal Property Taxpayers, Current and Nine Years Ago.....	126
J-9	Property Tax Levies and Collections .....	127
J-10	Ratios of Net Outstanding Debt by Type.....	128
J-11	Ratios of Net General Bonded Debt Outstanding .....	129
J-12	Ratios of Overlapping Governmental Activities Debt.....	130
J-13	Legal Debt Margin Information.....	131

VERNON TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

J. STATISTICAL SECTION (Unaudited) (Cont'd)

J-14	Demographic and Economic Statistics .....	132
J-15	Principal Employers, Current and Nine Years Ago .....	133
J-16	Full-time Equivalent District Employees by Function/Program.....	134
J-17	Operating Statistics .....	135
J-18	General Fund - School Building Information .....	136
J-19	Schedule of Allowable Maintenance Expenditures by School Facility .....	137
J-20	Insurance Schedule .....	138

K. SINGLE AUDIT SECTION..... 139

K-1	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i> .....	140
K-2	Independent Auditors' Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance Required by the Uniform Guidance and NJOMB 15-08 .....	142
K-3	Schedule of Expenditures of Federal Awards.....	145
K-4	Schedule of Expenditures of State Awards.....	147
K-5	Notes to the Schedules of Expenditures of Federal and State Awards .....	149
K-6	Schedule of Findings and Questioned Costs.....	151
K-7	Summary Schedule of Prior Audit Findings.....	153

INTRODUCTORY SECTION  
(UNAUDITED)



**VERNON TOWNSHIP SCHOOL DISTRICT**  
P.O. Box 99/625 Route 517, Vernon, NJ 07462

Phone: 973-764-2900 Fax: 973-764-0033 Web: [www.vtsd.com](http://www.vtsd.com)

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Acting Assistant  
Superintendent  
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**Patricia Ratcliffe-Lee**  
Business Administrator/  
Board Secretary  
[pratcliffe-lee@vtsd.com](mailto:pratcliffe-lee@vtsd.com)

October 31, 2022

The Honorable President and Members of the Board of Education  
Vernon Township School District  
County of Sussex, NJ

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Vernon Township School District (District) for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the “Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The comprehensive annual financial report 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 Independent Auditors’ Report, the management’s discussion and analysis, the basic financial statements and notes providing an overview of the District’s financial position and operating results, and supplementary schedules providing detailed budgetary information. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:**

Vernon Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (“GASB”) in codification section 2100. All funds of the District are included in this report. The Vernon Township Board of Education and all its schools constitute the District’s reporting entity.

The District provides specialized instruction for students whose second language is English. A compensatory education program and a gifted and talented program are in place to meet additional students' needs. The District provides a full range of education services appropriate to grades pre-K through 12. These services include regular, vocational, and special education for handicapped students. The District completed the 2021-2022 school year with an Average Daily Enrollment (ADE) of 2,914, which is 38 more students than the previous year's ADE.

**2) ECONOMIC CONDITION AND OUTLOOK:**

The Vernon Township School District is a mature school district consisting of 6 schools, grades Pre-K through 12. The Township has a population of about 22,000 and is primarily a residential community with above average wealth and income. More than 40% of the Township's 70 square miles is preserved open space with the remainder primarily consisting of recreational and residential areas. The Township also contains many small farms. Commercial activity related to recreation is concentrated in the Mountain Creek and Crystal Springs Resorts offering hotel accommodations, a health spa, skiing, and golfing.

Following a period of deteriorating operating results and a decline in reserves, the district has produced surplus operating results over the last two fiscal years, which has allowed it to improve its reserve position. The District has low debt and has no plans to issue additional debt. The District's Standard & Poors credit rating was increased this year to A+/Stable.

The Board of Education continues to monitor student enrollment, in order to make decisions related to staffing and the future use of the facilities in the District. Over the past several years, the declining enrollment situation has generated discussion regarding the use of all District facilities. The Board Office and Pre-K students are located in the Walnut Ridge School. Cedar Mountain has grades K-1, Rolling Hills has grades 2-3 and Lounsberry Hollow has grades 4-5. Glen Meadow has the middle school grades 6-8.

**3) MAJOR INITIATIVES:**

During the 2021-22 school year, the Vernon Township School District continued to work with instruction based around the New Jersey Student Learning Standards, to make technology improvements and curriculum improvements in the Career and Technical Education programs. The goal was to ensure students reach their maximum potential and show appropriate educational progress. Wireless access points continue to be replaced with those of newer technology with the support of E-Rate funding as technology needs continue to increase. Additional Chromebooks, hotspots, microphones and cameras were purchased for students and teachers.

The budget that was implemented by the Directors and Supervisors was reflective of keeping student achievement at the forefront. In all of the academic areas, budgetary initiatives and programs were implemented based on the needs of students in the content areas. In the "assessed" areas of language arts and math, there will be continued work with, and where appropriate adjusting, readers and writers workshop. Specific to math, the K-8 Math in Focus curriculum will continue to be a priority.



Moreover, in all content areas the creation of pre and post assessments to create and measure student growth will be a major focal point of the school year. In line with the dictates of ACHIEVE NJ, the Vernon Township School District will continue to focus on using evaluation as a powerful instrument to assess both the performance of teachers and students.

Throughout the 2021-22 school year, the District continued with its model program for staff development for both professional and support staff employed by the school district. The District continued with its staff development program by running in-service courses for faculty and support staff during the fall, spring, and summer sessions. Programs dealt with curriculum development and improvement, overall personal improvement, and appropriate teaching strategies to assist teachers in working with and better understanding the students that they come in contact with on a daily basis. Job embedded and sustained professional development will be prioritized. The staff development program is quite unique to our school district, since we are probably the only Sussex County school district that has so many offerings and has such a well-developed program. Technology training continues to be on-going in house effort to keep all staff up-to-date with the changes in the industry. .

Due to the impact of COVID-19, major academic initiatives include assessing students for learning loss in all content areas across all grades. The results of these assessments will continue to impact the variety of academic supports such as academic mentoring and additional interventions. Another primary focus is the need to support social-emotional learning through use of the Mind Up curriculum, Trauma Informed Coordinators, and SEL mentors to help transition students back to in-person learning, socialization, and instruction.

The District had its triennial New Jersey Quality Single Accountability Continuum Performance Review for 2021-22. The District earned the designation of “high performing” and received an average score of 95 in the five review areas.

#### **4) INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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.

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

As part of the District’s single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

**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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, assignments or commitments of fund balance at June 30, 2022.

**6) ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", No. 1.

**7) CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. 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.

**8) RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents and fidelity bonds. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

**9) OTHER INFORMATION:**

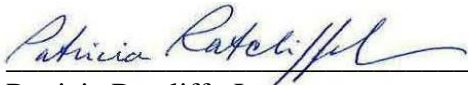
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

**10) ACKNOWLEDGEMENTS:**

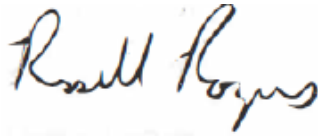
We would like to express our appreciation to the members of the Vernon Township School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial 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,



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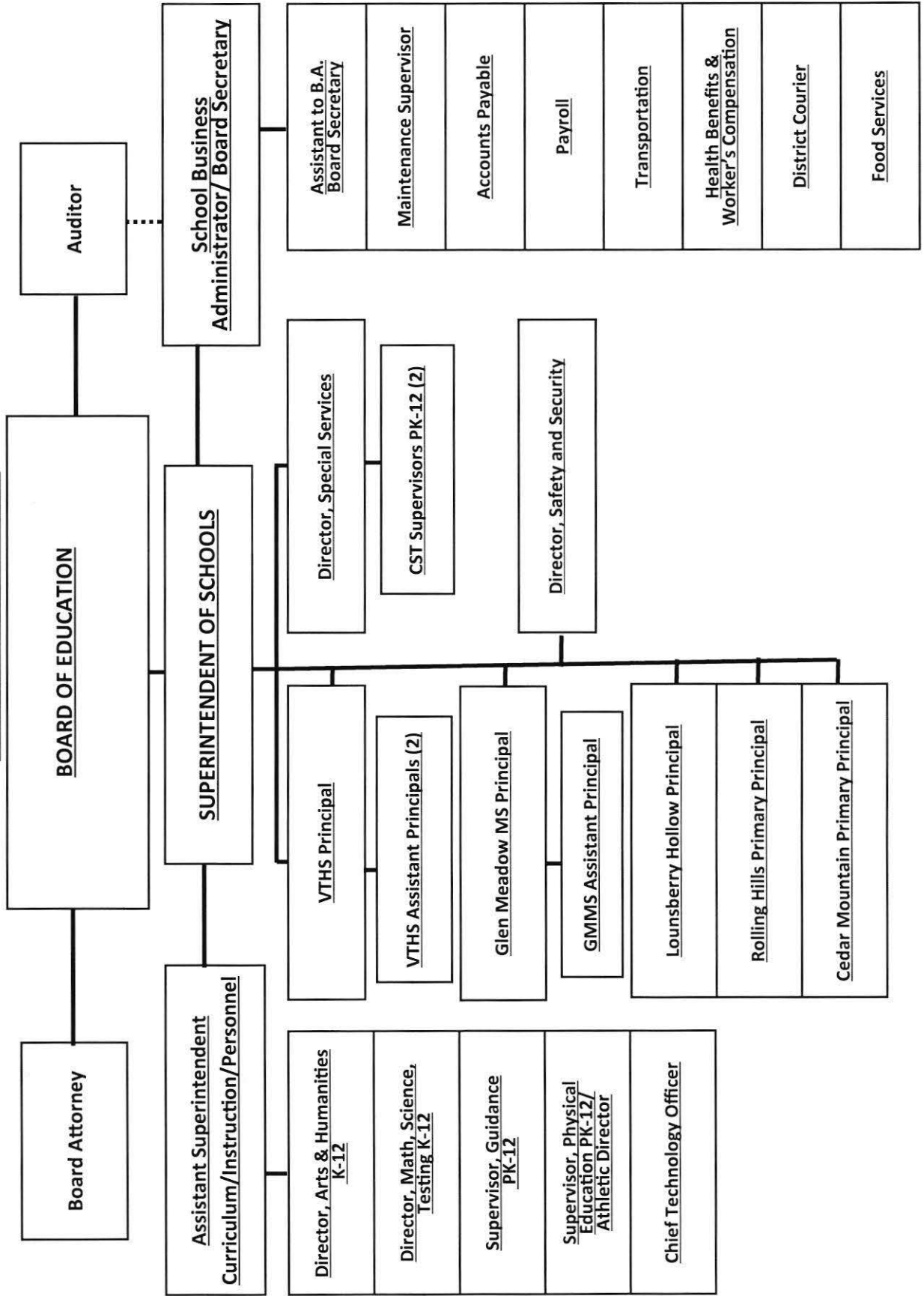
Patricia Ratcliffe-Lee  
Business Administrator



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Russell Rogers  
Acting Superintendent

**VERNON TOWNSHIP BOARD OF EDUCATION ORGANIZATIONAL CHART**  
**2021-2022 SCHOOL YEAR**





**VERNON TOWNSHIP BOARD OF EDUCATION  
VERNON, NEW JERSEY  
ROSTER OF OFFICIALS  
JUNE 30, 2022**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Kelly Mitchell, President	2022
Justin Annunziata	2023
Theresa Scura Coughlin	2024
John Kraus	2024
Adina Leuthner	2023
Martin O'Donnell	2023
Jennifer Pellet	2022
Joseph A. Sweeney	2022
Raymond Zimmerman	2024

Karen D'Avino, Superintendent of Schools  
Russell Rogers, Acting Superintendent of Schools (as of August 9, 2022)  
Charles McKay, Assistant Superintendent  
Russell Rogers, Assistant Superintendent (as of July 22, 2022)  
Rosemary Gebhardt, Acting Assistant Superintendent (as of September 16, 2022)  
Theresa E. Linskey, Business Administrator/Board Secretary (Ended 11/1/2021)  
William Sabo, Interim Business Administrator (Started 11/2/2021, Ended 12/29/2021)  
Carolyn B. Joseph, Interim Business Administrator (Started 1/3/2022, Ended 5/24/2022)  
Patricia Ratcliffe-Lee, Business Administrator/Board Secretary (Started 5/25/2022)

**VERNON TOWNSHIP PUBLIC SCHOOLS**

**Vernon Township High School**

Pauline Anderson, Ed.D., Principal  
Nicholas Demsak, Assistant Principal  
Danielle Colte, Assistant Principal

**Glen Meadow Middle School**

Jackie Van Orden, Principal  
Eric Kosek, Ed.D., Assistant Principal

**Lounsberry Hollow Middle School**

Dennis Mudrick, Principal

**Cedar Mountain Primary School**

Rosemary Gebhardt, Principal

**Rolling Hills Primary School**

Stewart Stumper, Ed.D., Principal

**Walnut Ridge School**

Dr. Charles McKay, Acting Principal



**VERNON TOWNSHIP BOARD OF EDUCATION**  
Consultants and Advisors – 2021/2022 School Year

**Audit Firm**

Nisivoccia LLP, CPAs  
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Mount Arlington, NJ 07856

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Newton, NJ 07860

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Bridgewater, NJ 08807

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Sparta, NJ 07871

Scarinci and Hollenbeck, LLC  
150 Clove Road  
9<sup>th</sup> Floor  
Little Falls, NJ 07424

**Official Depositories**

Lakeland Bank  
529 Route 515  
Vernon, NJ 07462

PNC Bank  
1 Garrett Mountain Plaza  
West Paterson, NJ 07424

TD Bank  
2300 Litton Lane STE102  
Hebron, KY 41018

FINANCIAL SECTION

## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Vernon Township School District  
County of Sussex, New Jersey

### **Report on the Audit of the Financial Statements**

#### ***Qualified Opinion***

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 Vernon Township School District (the "District"), in the County of Sussex as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, and the changes in financial position, and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Qualified Opinion***

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

#### ***Matter Giving Rise to Qualified Opinion***

The District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.



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

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Supplementary Information***

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

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

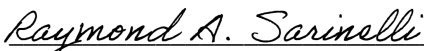
The Honorable President and Members  
of the Board of Education  
Vernon Township School District  
Page 4

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

October 31, 2022  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
\_\_\_\_\_  
Raymond Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## Vernon Township Board of Education Management's Discussion and Analysis

This section of Vernon Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

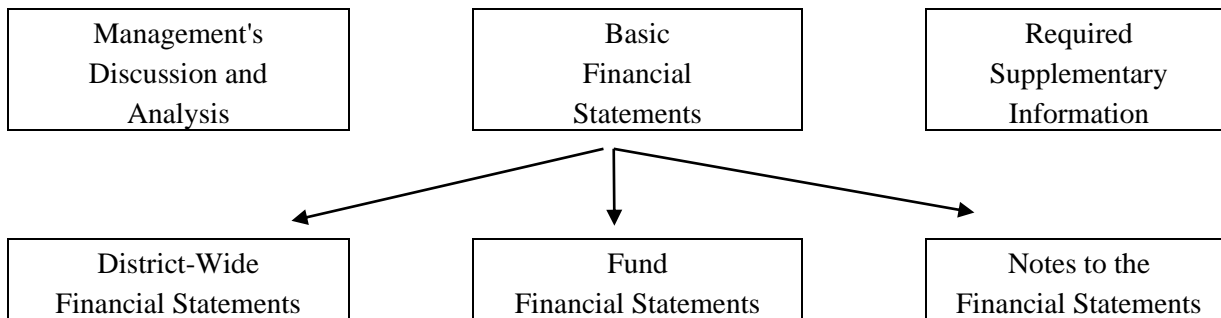
### Overview of the Financial Statements

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

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.

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

**Figure A-1**  
**Organization of Vernon Township School District's Financial Report**



**Vernon Township Board of Education  
Management’s Discussion and Analysis**

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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

## Vernon Township Board of Education Management's Discussion and Analysis

### District-wide Statements

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

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

### Fund Financial Statements

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

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

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**Vernon Township Board of Education  
Management's Discussion and Analysis**

*Notes to Basic Financial Statements:* Provide additional information essential to a full understanding of the District-wide and fund financial statements.

**Financial Analysis of the District as a Whole**

*Net Position.* The District's combined net position increased by \$7,826,963. Net position from governmental activities increased by \$6,838,766 and business-type activities increased by \$988,197.

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Current and Other Assets	\$ 14,700,258	\$ 10,604,861	\$ 1,540,861	\$ 502,064	\$ 16,241,119	\$ 11,106,925	
Capital Assets, Net	21,151,472	21,777,492	180,305	167,812	21,331,777	21,945,304	
Total Assets	<u>35,851,730</u>	<u>32,382,353</u>	<u>1,721,166</u>	<u>669,876</u>	<u>37,572,896</u>	<u>33,052,229</u>	13.68%
Deferred Outflows of Resources	<u>1,440,584</u>	<u>2,032,801</u>			<u>1,440,584</u>	<u>2,032,801</u>	-29.13%
Other Liabilities	1,859,621	1,979,136	124,800	61,707	1,984,421	2,040,843	
Long-Term Liabilities	<u>16,057,461</u>	<u>19,942,219</u>			<u>16,057,461</u>	<u>19,942,219</u>	
Total Liabilities	<u>17,917,082</u>	<u>21,921,355</u>	<u>124,800</u>	<u>61,707</u>	<u>18,041,882</u>	<u>21,983,062</u>	-17.93%
Deferred Inflows of Resources	<u>6,570,178</u>	<u>6,527,511</u>			<u>6,570,178</u>	<u>6,527,511</u>	0.65%
Net Position:							
Net Investment in Capital Assets	16,153,080	16,392,323	180,305	167,812	16,333,385	16,560,135	
Restricted	6,343,687	8,437,152			6,343,687	8,437,152	
Unrestricted/(Deficit)	<u>(9,691,713)</u>	<u>(18,863,187)</u>	<u>1,416,061</u>	<u>440,357</u>	<u>(8,275,652)</u>	<u>(18,422,830)</u>	
Total Net Position	<u>\$ 12,805,054</u>	<u>\$ 5,966,288</u>	<u>\$ 1,596,366</u>	<u>\$ 608,169</u>	<u>\$ 14,401,420</u>	<u>\$ 6,574,457</u>	<u>119.05%</u>

*Changes in Net Position.* The District's combined net position was \$14,401,420 at June 30, 2022, or \$7,826,963 more than it was the year before. (See Figure A-3). The increase in the District's combined net position is primarily due to the decrease in the net pension liability as well as the decrease in serial bonds payable. Additionally, there was an increase in net position of \$988,197 in business-type activities primarily due to an increase in subsidy reimbursements as a result of the District returning to full food service operations after the pandemic restrictions were lifted.



**Vernon Township Board of Education  
Management's Discussion and Analysis**

**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Revenue:							
Program Revenue:							
Charges for Services	\$ 652,156	\$ 313,530	\$ 126,664	\$ 27,834	\$ 778,820	\$ 341,364	
Operating Grants & Contributions	20,750,037	20,473,251	2,112,460	787,505	22,862,497	21,260,756	
General Revenue:							
Property Taxes	44,023,527	43,275,993			44,023,527	43,275,993	
Unrestricted Federal & State Aid	18,344,455	16,423,825			18,344,455	16,423,825	
Other	146,784	104,679	1,132	503	147,916	105,182	
Total Revenue	<u>83,916,959</u>	<u>80,591,278</u>	<u>2,240,256</u>	<u>815,842</u>	<u>86,157,215</u>	<u>81,407,120</u>	5.83%
Expenses:							
Instruction	41,270,728	40,573,618			41,270,728	40,573,618	
Pupil and Instruction Services	15,309,896	15,125,339			15,309,896	15,125,339	
Administrative and Business	5,800,098	6,335,105			5,800,098	6,335,105	
Maintenance and Operations	6,251,729	6,416,718			6,251,729	6,416,718	
Transportation	5,790,541	4,596,024			5,790,541	4,596,024	
Other	2,634,215	2,505,752	1,273,045	696,497	3,907,260	3,202,249	
Total Expenses	<u>77,057,207</u>	<u>75,552,556</u>	<u>1,273,045</u>	<u>696,497</u>	<u>78,330,252</u>	<u>76,249,053</u>	2.73%
Transfers	(20,986)		20,986				0.00%
Increase/(Decrease) in Net Position	<u>\$ 6,838,766</u>	<u>\$ 5,038,722</u>	<u>\$ 988,197</u>	<u>\$ 119,345</u>	<u>\$ 7,826,963</u>	<u>\$ 5,158,067</u>	51.74%

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District increased significantly in fiscal year 2022. However, the continued loss of state aid will continue to put a financial burden on the District. Also, maintaining existing programs and the provision of a multitude of special programs and services for disabled students will place more demand on District resources.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-5  
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 41,270,728	\$ 40,573,618	\$ 26,027,103	\$ 25,720,697
Pupil and Instruction Services	15,309,896	15,125,339	12,375,424	12,448,711
Administrative and Business	5,800,098	6,335,105	4,793,619	5,376,708
Maintenance and Operations	6,251,729	6,416,718	6,251,729	6,550,770
Transportation	5,790,541	4,596,024	3,572,925	2,373,788
Other	2,634,215	2,505,752	2,634,214	2,505,752
	<u>\$ 77,057,207</u>	<u>\$ 75,552,556</u>	<u>\$ 55,655,014</u>	<u>\$ 54,976,426</u>

**Vernon Township Board of Education  
Management’s Discussion and Analysis**

**Business-Type Activities**

Net position from the District’s business-type activity increased by \$988,197, (Refer to Figure A-4). Factors contributing to these results included:

- The District saw a large increase in grants related to the pandemic, accounting for the increase in the net position of the business-type activities.

**Financial Analysis of the District’s Funds**

The District’s financial position improved during the year despite difficult economic times. As the demographics of our geographic area change, additional student needs and expenditures arise. Difficult economic times and recent legislation have had a direct impact upon the District’s revenue sources.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

**General Fund Budgetary Highlights**

At the beginning of July 2018, the District was informed that State Aid would decrease dramatically over the next 5-7 years. At that time, the Board decided to supplement much of the loss by appropriating Fund Balance. The Covid-19 pandemic subsequently caused a large increase in excess surplus. The Board continues to work at providing stability to the tax levy by utilizing excess surplus.

**Capital Asset and Long- Term Liabilities Administration**

**Figure A-6  
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Land	\$ 1,935,348	\$ 1,935,348			\$ 1,935,348	\$ 1,935,348	
Construction in Progress	132,675				132,675		
Site Improvements	962,974	315,430			962,974	315,430	
Building and Building Improvements	16,955,211	18,486,835			16,955,211	18,486,835	
Machinery and Equipment	1,165,264	1,039,879	\$ 180,305	\$ 167,812	1,345,569	1,207,691	
<b>Total Capital Assets (Net)</b>	<b>\$ 21,151,472</b>	<b>\$ 21,777,492</b>	<b>\$ 180,305</b>	<b>\$ 167,812</b>	<b>\$ 21,331,777</b>	<b>\$ 21,945,304</b>	<b>-2.80%</b>

- The change in Capital Assets is a result of the acquisition of capital assets net of deletions and related accumulated depreciation, and adjustments in the amount of \$1,171,044 offset by depreciation expense and adjustments of \$1,784,571.

**Vernon Township Board of Education  
Management’s Discussion and Analysis**

**Long-term Liabilities**

At year-end, the District had a net of \$4,675,000 in general obligation bonds outstanding as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 6 to the financial statements.)

**Figure A-7  
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2021/2022	2020/2021	
School Bonds (including energy savings)	\$ 4,675,000	\$ 5,400,000	
Net Pension Liability	8,939,011	12,106,764	
Other Long-Term Liabilities	2,443,450	2,435,455	
	<u>\$ 16,057,461</u>	<u>\$ 19,942,219</u>	<u>-19.48%</u>

- The decrease of \$3,884,758 in outstanding long-term liabilities was primarily due to the reduction of \$725,000 in school bonds and \$3,167,753 in net pension liability.

**Factors Bearing on the District’s Future**

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could significantly affect its financial health in the future:

- The Tax Levy CAP law, approved by the Governor on April 3, 2007 originally established a 4% cap on tax levy increases and is currently at an allowable 2% increase.
- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the School’s ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year severely impacts our ability to maintain and improve our facilities.
- Statutes allow the state to review more closely school district expenditures in all areas. Along with tax levy caps and minimal state aid, districts will continue to make some difficult educational decisions.
- Although the District contracted to undergo an Energy Savings Improvement Plan (ESIP) during the summer of 2013 and has completed the project realizing reduced electric costs in years subsequent to project completion, the District expects a significant budgetary impact from recently rising energy prices in 2022-2023.
- The District continues to apply for available grant funding, especially funding, such as the Perkins grant that will support the Career Technical Education classes that are being implemented. These new programs will not only better prepare the Vernon students for college and careers, it is also believed that these programs will attract new students back into the District. The development of these programs is part of an effort to reverse the declining enrollment that has been experienced over the past several years.
- Due to the fact that rising costs of required expenditures are increasing at a rate greater than that of the District’s allowable tax levy revenue and State Aid is decreasing, this Board of Education has applied budgeted fund balance over the past several years.
- State Aid has been reduced every year since 2018-19 which saw a \$1M approximate reduction. The reduction for the 2019-2020 school year was \$1.4M, State Aid for the 2020-2021 school year was decreased by \$2M, State Aid for the 2021-2022 school year was decreased by \$2.2M and the 2022-2023 reduction was \$1.9 M.
- State Aid is expected to be reduced by \$1.4 for the 2023-2024 school year.

**Vernon Township Board of Education  
Management's Discussion and Analysis**

- The District received a significant Stabilization Aid grant in 2021-2022. The majority of the grant will be utilized to maintain staffing levels in 2022-2023.
- The Board will continue to assess the budget to determine ways in which spending can be decreased, without creating a negative impact to personnel.
- Due to the declining state aid, the Board has discussed and will continue to discuss multiple plans to reduce cost and mitigate a loss of staff.
- The maximum allowable fund balance will return to 2% at the end of the 2022-23 school year from the currently allowable 4%. The District expects to utilize the funds attributable to this change in its 2023-2024 budget.
- The Board of Education contracted with an architect to complete a 5 year Long Range Facility Plan to identify and prioritize the ever increasing facility needs of the District. The Plan was approved by the State in 2021-2022 and several of the included projects will be started in 2022-2023.

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office at 625 Route 517, P.O. Box 99, Vernon, NJ 07462.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

VERNON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 8,375,207	\$ 1,331,056	\$ 9,706,263
Receivables from Federal Government	570,662	185,490	756,152
Receivables from State Government	1,023,344	2,974	1,026,318
Receivables from Other Governments	1,803		1,803
Inventory		21,341	21,341
Restricted Assets			
Cash and Cash Equivalents	4,729,242		4,729,242
Capital Assets:			
Sites (Land) and Construction in Progress	2,068,023		2,068,023
Depreciable Site Improvements, Building and Building Improvements and Machinery and Equipment	<u>19,083,449</u>	<u>180,305</u>	<u>19,263,754</u>
Total Assets	<u>35,851,730</u>	<u>1,721,166</u>	<u>37,572,896</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Amount on Refunding	112,890		112,890
Deferred Outflows Related to Pensions	<u>1,327,694</u>		<u>1,327,694</u>
Total Deferred Outflows of Resources	<u>1,440,584</u>		<u>1,440,584</u>
<u>LIABILITIES:</u>			
Accounts Payable	1,762,624	97,376	1,860,000
Payable to State Government	24,079		24,079
Unearned Revenue	72,918	27,424	100,342
Noncurrent Liabilities:			
Due Within One Year	900,652		900,652
Due Beyond One Year	<u>15,156,809</u>		<u>15,156,809</u>
Total Liabilities	<u>17,917,082</u>	<u>124,800</u>	<u>18,041,882</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pensions	<u>6,570,178</u>		<u>6,570,178</u>
Total Deferred Inflows of Resources	<u>6,570,178</u>		<u>6,570,178</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	16,153,080	180,305	16,333,385
Restricted for:			
Capital Projects	3,524,472		3,524,472
Maintenance	502,470		502,470
Excess Surplus	1,614,445		1,614,445
Unemployment Compensation	291,357		291,357
Scholarships	79,482		79,482
Student Activities	331,461		331,461
Unrestricted/(Deficit)	<u>(9,691,713)</u>	<u>1,416,061</u>	<u>(8,275,652)</u>
Total Net Position	<u>\$ 12,805,054</u>	<u>\$ 1,596,366</u>	<u>\$ 14,401,420</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

VERNON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 31,121,955	\$ 211,757	\$ 8,576,998	\$ (22,544,957)		\$ (22,544,957)
Special Education	9,066,491		6,434,303	(2,420,431)		(2,420,431)
Other Instruction	98,495		20,567	(77,928)		(77,928)
School -Sponsored Instruction	983,787			(983,787)		(983,787)
Support Services:						
Tuition	2,416,100			(2,416,100)		(2,416,100)
Student and Instruction Related Services	12,893,796	440,399	2,494,073	(9,959,324)		(9,959,324)
General Administration Services	1,585,100		265,415	(1,319,685)		(1,319,685)
School Administration Services	3,014,212		481,420	(2,532,792)		(2,532,792)
Central Services	1,091,103		259,645	(831,458)		(831,458)
Administrative Information Technology	109,683			(109,683)		(109,683)
Plant Operations and Maintenance	6,251,729			(6,251,729)		(6,251,729)
Pupil Transportation	5,790,541		2,217,616	(3,572,925)		(3,572,925)
Interest on Long-Term Debt	37,305			(37,305)		(37,305)
Unallocated Depreciation	1,545,279			(1,545,279)		(1,545,279)
Capital Outlay	374,983			(374,983)		(374,983)
Transfer to Charter School	676,648			(676,648)		(676,648)
Total Governmental Activities	77,057,207	652,156	20,750,037	(55,655,014)		(55,655,014)
Business-Type Activities:						
Food Service	1,273,045	126,664	2,112,460		\$ 966,079	966,079
Total Business-Type Activities	1,273,045	126,664	2,112,460		966,079	966,079
Total Primary Government	78,330,252	778,820	22,862,497	(55,655,014)	966,079	(54,688,935)



VERNON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 43,817,472		\$ 43,817,472
Taxes Levied for Debt Service	206,055		206,055
Federal and State Aid not Restricted	18,344,455		18,344,455
Investment Earnings	379	\$ 1,132	1,511
Miscellaneous Income	146,405		146,405
Transfers	(20,986)	20,986	
Total General Revenue and Transfers	62,493,780	22,118	62,515,898
Change in Net Position	6,838,766	988,197	7,826,963
Net Position - Beginning	5,966,288	608,169	6,574,457
Net Position - Ending	\$ 12,805,054	\$ 1,596,366	\$ 14,401,420

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

VERNON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 8,356,951		\$ 18,256	\$ 8,375,207
Interfund Receivable	482,129			482,129
Receivables From Federal Government		\$ 570,662		570,662
Receivables From State Government	1,010,086	13,258		1,023,344
Receivables From Other Governments		1,803		1,803
Restricted Cash and Cash Equivalents	4,318,299	410,943		4,729,242
Total Assets	\$ 14,167,465	\$ 996,666	\$ 18,256	\$ 15,182,387
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Interfund Payable		\$ 482,129		\$ 482,129
Accounts Payable	\$ 837,771	24,853		862,624
Payable to State Government		5,823	\$ 18,256	24,079
Unearned Revenue		72,918		72,918
Total Liabilities	837,771	585,723	18,256	1,441,750
Fund Balances:				
Restricted for:				
Excess Surplus - 2022-2023	715,120			715,120
Excess Surplus - 2023-2024	899,325			899,325
Capital Reserve Account	3,524,472			3,524,472
Maintenance Reserve Account	502,470			502,470
Unemployment Compensation	291,357			291,357
Scholarships		79,482		79,482
Student Activities		331,461		331,461
Assigned for:				
Subsequent Year's Expenditures	5,031,671			5,031,671
Year End Encumbrances	1,430,569			1,430,569
Unassigned	934,710			934,710
Total Fund Balances	13,329,694	410,943		13,740,637
Total Liabilities and Fund Balances	\$ 14,167,465	\$ 996,666	\$ 18,256	\$ 15,182,387

Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	\$ 21,151,472
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.	(176,498)
The Deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	112,890

VERNON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	\$ (8,939,011)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	427,694
Deferred Inflows	(6,570,178)
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 (see Note 7)	(6,941,952)
Net Position of Governmental Activities	\$ 12,805,054

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

VERNON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 43,817,472		\$ 206,055	\$ 44,023,527
Tuition	211,757			211,757
Restricted Miscellaneous Revenue	379	\$ 471,110		471,489
Unrestricted Miscellaneous Revenue	146,405			146,405
Total - Local Sources	44,176,013	471,110	206,055	44,853,178
State Sources	38,551,052	11,811	148,970	38,711,833
Federal Sources	78,040	2,472,780		2,550,820
Total Revenues	82,805,105	2,955,701	355,025	86,115,831
EXPENDITURES:				
Current:				
Regular Instruction	18,504,739	1,237,052		19,741,791
Special Education Instruction	5,000,202	1,153,752		6,153,954
Other Special Instruction	49,295			49,295
School-Sponsored/Other Instruction	978,231			978,231
Support Services and Undistributed Costs:				
Tuition	2,416,100			2,416,100
Student and Other Instruction Related Services	8,984,200	418,285		9,402,485
General Administration Services	1,216,442			1,216,442
School Administration Services	2,308,613			2,308,613
Central Services	691,467			691,467
Administrative Information Technology	106,969			106,969
Plant Operations and Maintenance	6,248,537			6,248,537
Student Transportation	5,788,684			5,788,684
Unallocated Benefits	24,216,614			24,216,614
Debt Service:				
Principal			305,000	305,000
Interest and Other Charges			50,025	50,025
Capital Outlay	1,675,292	116,721		1,792,013
Transfer of Funds to Charter School	676,648			676,648
Total Expenditures	78,862,033	2,925,810	355,025	82,142,868
Excess/(Deficit) of Revenue Over/(Under) Expenditures	3,943,072	29,891		3,972,963
OTHER FINANCING SOURCES/(USES):				
Financed Purchases	367,935			367,935
Transfers	(20,986)			(20,986)
Total Other Financing Sources/(Uses)	346,949			346,949
Net Change in Fund Balances	4,290,021	29,891		4,319,912
Fund Balance - July 1	9,039,673	381,052		9,420,725
Fund Balance - June 30	\$ 13,329,694	\$ 410,943	\$ -0-	\$ 13,740,637

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

VERNON TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 4,319,912
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays and deletions in the period.		
	Depreciation Expense	\$ (1,762,442)
	Capital outlays, net of deletions	<u>1,136,422</u>
		(626,020)
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		272,350
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		725,000
Financed Purchases obligations are other financing sources in the Governmental Funds, but the obligations increase Long-term Liabilities in the Statement of Net Position and are not reported in the Statement of Activities.		
		(367,935)
Repayment of financed purchases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		52,291
The governmental funds report the effect of the deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		(22,579)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
	Changes in Net Pension Liability	3,167,753
	Change in Deferred Outflows	(674,638)
	Change in Deferred Inflows	(42,667)
The governmental funds report the effect of non-Energy Savings Obligation Refunding premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)		
		<u>35,299</u>
Change in Net Position - Governmental		<u>\$ 6,838,766</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

VERNON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

		Business-type Activities -
		<u>Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$	1,331,056
Intergovernmental Accounts Receivable:		
State		2,974
Federal		185,490
Inventories		21,341
		<hr/>
Total Current Assets		1,540,861
		<hr/>
Non-Current Assets:		
Capital Assets		682,076
Less: Accumulated Depreciation		(501,771)
		<hr/>
Total Non-Current Assets		180,305
		<hr/>
Total Assets		1,721,166
		<hr/>
<u>LIABILITIES:</u>		
Accounts Payable - Vendors		97,376
Unearned Revenue - Prepaid Sales		26,501
Unearned Revenue - Donated Commodities		923
		<hr/>
Total Liabilities		124,800
		<hr/>
<u>NET POSITION:</u>		
Investment in Capital Assets		180,305
Unrestricted		1,416,061
		<hr/>
Total Net Position	\$	<u><u>1,596,366</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

VERNON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 108,691
Special Events	14,787
Miscellaneous Revenue	3,186
Total Operating Revenue	126,664
Operating Expenses:	
Cost of Sales - Reimbursable Programs	579,417
Salaries, Benefits & Payroll Taxes	406,063
Supplies, Insurance & Other Costs	73,195
Management Fee	113,300
Miscellaneous Expenditures	78,941
Depreciation Expense	22,129
Total Operating Expenses	1,273,045
Operating Loss	(1,146,381)
Non-Operating Revenue:	
Local Sources:	
Interest Earnings	1,132
State Sources:	
Covid-19 -Seamless Summer Option	33,346
Federal Sources:	
Covid-19 - Seamless Summer Option	1,963,057
Other Nutrition Programs -	
Covid-19 Pandemic/Electronic Benefits Transfer Administrative Reimbursement	614
Covid-19 Emergency Operational Cost Reimbursement	35,393
Food Distribution Program	80,050
Total Non-Operating Revenue	2,113,592
Change in Net Position before Transfers	967,211
Transfers In:	
General Fund - Board Contribution	20,986
Change in Net Position	988,197
Net Position - Beginning of Year	608,169
Net Position - End of Year	\$ 1,596,366

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



VERNON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 126,664
Payments to Food Service Contractor	(1,063,878)
Payments to Suppliers	(47,907)
Net Cash Used for Operating Activities	<u>(985,121)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	<u>(34,622)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(34,622)</u>
Cash Flows from Noncapital Financing Activities:	
Transfer - General Fund	20,986
State Sources	30,372
Federal Sources	1,900,658
Net Cash Provided by Noncapital Financing Activities	<u>1,952,016</u>
Cash Flows from Investing Activities:	
Interest Income	<u>1,132</u>
Net Cash Provided by Investing Activities	<u>1,132</u>
Net Increase in Cash and Cash Equivalents	933,405
Cash and Cash Equivalents, July 1	<u>397,651</u>
Cash and Cash Equivalents, June 30	<u>\$ 1,331,056</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (1,146,381)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	22,129
Food Distribution Program	80,050
Changes in Assets and Liabilities:	
(Increase) in Inventory	(4,012)
Increase in Accounts Payable	35,669
Increase in Unearned Revenue - Prepaid Sales	26,501
Increase in Unearned Revenue - Donated Commodities	923
Net Cash Used for Operating Activities	<u>\$ (985,121)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$79,127 and Utilized Commodities Valued at \$80,050.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Vernon Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and 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.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – governmental and proprietary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay sub-fund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 to and from current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets or lease assets (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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. 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. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 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.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 82,589,824	\$ 3,009,527
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(83,475)
Prior Year Encumbrances, Net of Cancellations		29,649
Prior Year State Aid Payments Recognized for GAAP Statements	2,050,879	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,835,598)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 82,805,105	\$ 2,955,701

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 78,862,033	\$ 2,979,636
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(83,475)
Prior Year Encumbrances, Net of Cancellations		29,649
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 78,862,033	\$ 2,925,810

E. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type 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 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. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has a pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. 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.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line.

The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2022



VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy or negotiated contracts. Upon termination, employees are paid for accrued vacation. The District's policy or negotiated contracts permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions or the District's personnel policy.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

P. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

R. Fund Balance Appropriated:

General Fund: Of the \$13,329,694 General Fund fund balance at June 30, 2022, \$1,430,569 is assigned for year-end encumbrances; \$5,031,671 is assigned for subsequent year's expenditures; \$3,524,472 is restricted in the capital reserve account; \$502,470 is restricted in the maintenance reserve account; \$291,357 is restricted in the unemployment compensation reserve account; \$1,538,488 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$715,120 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023; \$899,325 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024); and \$934,710 is unassigned fund balance, which is \$1,835,598 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2023.

Special Revenue Fund: Of the \$410,943 Special Revenue Fund fund balance at June 30, 2022, \$79,482 is restricted for Scholarships and \$331,461 is restricted for student activities.

Debt Service Fund: The Debt Service Fund has \$-0- of fund balance at June 30, 2022.

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 Restricted 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 restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has \$1,538,488 in excess surplus as detailed above.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Fund Balance Appropriated: (Cont'd)

Unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis in the amount of \$1,835,598. P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments 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, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

S. Deficit Net Position

The District has a deficit in unrestricted net position from governmental activities in the amount of \$9,691,713. This is primarily due to \$8,939,011 of net pension liability. This deficit does not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

T. Net Position

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2022 for the deferred amount on refunding of debt related to the District's 2015 refunding bonds, and related to pensions.

The District had deferred inflows of resources at June 30, 2022 related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, a maintenance reserve, student activities, scholarships and unemployment compensation insurance at June 30, 2022.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2022.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances and for amounts designated for subsequent year's expenditures in the General Fund on a budgetary basis at June 30, 2022.

V. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

V. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

W. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

X. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Y. 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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section of this Note on Investments.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (9) Deposit of funds in accordance with the following conditions: (Cont'd)
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents				Student Activities	Total
		Capital Reserve Account	Maintenance Reserve Account	Unemployment Compensation	Scholarships		
Checking Accounts	\$ 9,706,263	\$ 3,524,472	\$ 502,470	\$ 291,357	\$ 79,482	\$ 331,461	\$ 14,435,505
	<u>\$ 9,706,263</u>	<u>\$ 3,524,472</u>	<u>\$ 502,470</u>	<u>\$ 291,357</u>	<u>\$ 79,482</u>	<u>\$ 331,461</u>	<u>\$ 14,435,505</u>

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$14,435,505 and the bank balance was \$15,862,795.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,935,348			\$ 1,935,348
Construction in Progress		\$ 132,675		132,675
Total Capital Assets Not Being Depreciated	1,935,348	132,675		2,068,023
Capital Assets Being Depreciated:				
Site Improvements	1,469,837	721,236		2,191,073
Buildings and Building Improvements	56,905,967		\$ (128,171)	56,777,796
Machinery and Equipment	4,176,481	403,222	(4,276)	4,575,427
Total Capital Assets Being Depreciated	62,552,285	1,124,458	(132,447)	63,544,296
Governmental Activities Capital Assets	64,487,633	1,257,133	(132,447)	65,612,319
Less Accumulated Depreciation for:				
Site Improvements	(1,154,407)	(73,692)		(1,228,099)
Buildings and Building Improvements	(38,419,132)	(1,403,453)		(39,822,585)
Machinery and Equipment	(3,136,602)	(285,297)	11,736	(3,410,163)
	(42,710,141)	(1,762,442)	11,736	(44,460,847)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 21,777,492	\$ (505,309)	\$ (120,711)	\$ 21,151,472
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 647,454	\$ 34,622		\$ 682,076
Less Accumulated Depreciation	(479,642)	(22,129)		(501,771)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 167,812	\$ 12,493	\$ -0-	\$ 180,305

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 87,927
Special Education	1,576
Other Instruction	17,543
Student and Instruction Related Services	5,556
School Administration	101,148
Operations and Maintenance of Plant	3,413
Unallocated	1,545,279
	\$ 1,762,442



VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 5. CAPITAL RESERVE ACCOUNT

A capital reserve account in the amount of \$2,500 was established by Board resolution on October 12, 2000 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). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. 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 capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021		\$ 4,173,621
Add:		
Transfer from Unassigned Fund Balance	\$ 650,000	
Unexpended Funds - Capital Outlay	<u>122,383</u>	
		<u>772,383</u>
		4,946,004
Less:		
Budgeted Withdrawal	(792,899)	
Withdrawal by Board Resolution	<u>(628,633)</u>	
		<u>(1,421,532)</u>
Ending Balance, June 30, 2022		<u>\$ 3,524,472</u>

The June 30, 2022 LRFP balance of local support costs of uncompleted capital projects at June 30, 2022 exceeds the balance in the capital reserve account as of June 30, 2022. The withdrawal was for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
Serial Bonds Payable	\$ 5,400,000		\$ 725,000	\$ 4,675,000
Financed Purchases Payable	120,638	\$ 367,935	52,291	436,282
Net Pension Liability	12,106,764		3,167,753	8,939,011
Unamortized Bond Premium	211,797		35,299	176,498
Compensated Absences Payable	<u>2,103,020</u>		<u>272,350</u>	<u>1,830,670</u>
	<u>\$ 19,942,219</u>	<u>\$ 367,935</u>	<u>\$ 4,252,693</u>	<u>\$ 16,057,461</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On July 19, 2012, the District issued energy savings obligation refunding bonds of \$5,645,000 with interest rates ranging from 2.0% to 4.0%. The bonds mature on July 15, 2013 through 2027 and July 15, 2023 is the first optional redemption date at 100% of par. The energy savings obligation refunding bonds were issued to fund the implementation of the District’s energy savings improvement plan (“ESIP”), entailing various permitted energy conservation measures under the ESIP Law, at all six schools in the District. This includes installation of interior and exterior lighting upgrades and replacements, lighting occupancy sensors, energy management systems, HVAC systems and control systems, building exterior weatherization improvements and small-scale solar PV systems.

The ESIP Law (P.L. 2009, c. 4) allowed the District to issue energy savings obligation refunding bonds without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements (collectively, “ECMs”); provided that the value of the savings will cover the cost of the ECMs. The ESIP law provides, however, that notwithstanding any law to the contrary, energy savings obligation refunding bonds shall not be excepted from any budget or school levy limitation otherwise provided by law, and shall be funded through appropriations in the General Fund annual budget, on the basis that the costs of implemented energy conservation measures should be fully offset by energy savings to be generated by such measures (on both an annual and aggregate basis).

On September 15, 2015, the District issued refunding school bonds of \$7,490,000 with interest rates ranging from 3.00% to 4.00% to advance refund \$7,522,000 school bonds with interest rates ranging from 4.00% to 5.00%. The bonds mature on December 1, 2016 through 2026. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on December 1, 2016. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School’s government-wide financial statements.

As a result of the advance refunding, the School reduced its total debt service requirement by \$423,591, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$580,270.

The District had serial bonds outstanding as of June 30, 2022 as follows:

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Final Date of Maturity</u>	<u>Balance 6/30/2022</u>
School Refunding Bonds	09/15/15	3.00%	12/01/26	\$ 1,515,000
Energy Savings Obligation Refunding Bonds	07/19/12	3.50%-4.00%	07/15/27	3,160,000
				<u>\$ 4,675,000</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

Principal and interest due on bonds outstanding are as follows:

Year	Serial Bonds		Total	Energy Savings Obligation Refunding Bonds		Total
	Principal	Interest		Principal	Interest	
2023	\$ 305,000	\$ 40,875	\$ 345,875	\$ 445,000	\$ 103,926	\$ 548,926
2024	300,000	31,800	331,800	475,000	86,712	561,712
2025	300,000	22,800	322,800	510,000	69,475	579,475
2026	295,000	13,875	308,875	545,000	51,012	596,012
2027	315,000	9,450	324,450	575,000	31,413	606,413
2028				610,000	10,675	620,675
	<u>\$ 1,515,000</u>	<u>\$ 231,625</u>	<u>\$ 1,633,800</u>	<u>\$ 3,160,000</u>	<u>\$ 353,213</u>	<u>\$ 3,513,213</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2022, the Board had no bonds authorized but not issued.

C. Financed Purchase Payable:

The District has finance purchase agreements for musical equipment, copiers and laptops valued at \$633,751, of which \$197,469 has matured and been repaid. The following is a schedule of the future minimum finance purchase payments under the finance purchase agreements, and the present value of the net minimum finance purchase payments at June 30, 2022.

<u>Year</u>	<u>Amount</u>
2023	\$ 121,689
2024	121,689
2025	121,689
2026	100,151
Total Minimum Financed Purchases Payments	465,218
Less: Amount Representing Interest	(28,936)
Present Value Net of Minimum Financed Purchases Payments	<u>\$ 436,282</u>

The current portion of the finance purchase payable at June 30, 2022 is \$115,353 and the long term portion is \$320,929. The General Fund will be used to liquidate the finance purchase payable.

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities. The long-term liability balance of compensated absences is \$1,830,670. There is no current portion.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences: (Cont'd)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable, and the Energy Savings obligations, The Debt Service Fund will be used to liquidate the Refunding Bonds.

E. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$35,299 and is separated from the long-term liability balance of \$141,199.

F. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$8,939,011. See Note 8 for further information on the PERS.

NOTE 7. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 7. PENSIONS PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit 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 age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 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 employers 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 those retirement systems, 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. District contributions to PERS amounted to \$883,797 for fiscal year 2022.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2022, the District reported a liability of \$8,939,011 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.0755%, which was an increase of 0.0013% from its proportion measured as of June 30, 2020.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSIONS PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit of \$1,566,758. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ (377,765)
	2018	5.63		(708,229)
	2019	5.21		(624,781)
	2020	5.16		(1,471,571)
	2021	5.13	\$ 46,554	
			<u>46,554</u>	<u>(3,182,346)</u>
Difference Between Expected and Actual Experience	2017	5.48	11,235	
	2018	5.63		(26,970)
	2019	5.21	47,759	
	2020	5.16	81,986	
	2021	5.13		(37,023)
			<u>140,980</u>	<u>(63,993)</u>
Changes in Proportion	2017	5.48		(60,382)
	2018	5.63	26,649	
	2019	5.21		(243,024)
	2020	5.16		(665,663)
	2021	5.13	213,511	
			<u>240,160</u>	<u>(969,069)</u>
Net Difference Between Projected and Actual	2018	5.00		(69,826)
Investment Earnings on Pension Plan Investments	2019	5.00		22,531
	2020	5.00		507,772
	2021	5.00		(2,815,247)
				<u>(2,354,770)</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	900,000	
			<u>\$ 1,327,694</u>	<u>\$ (6,570,178)</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

Pension Liabilities and Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in the pension expense as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (2,109,217)
2023	(1,505,976)
2024	(1,026,819)
2025	(771,863)
2026	300
	\$ (5,413,575)

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2021 are summarized in the following table:

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

Discount Rate

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



VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
<u>District's proportionate share of the Net Pension Liability</u>	\$ 12,179,857	\$ 8,939,011	\$ 6,197,839
<u>Pension Plan Fiduciary Net Position</u>			

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$10,271,652 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$3,058,931.

The employee contribution rate was 7.50% effective July 1, 2018.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$129,998,886. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.270%, which was a decrease of 0.001% from its proportion measured as of June 30, 2020.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>129,998,886</u>
Total	<u>\$ 129,998,886</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$3,058,931 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50		1,464,605.00
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
				<u>2,854,036,178</u>
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

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

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 153,810,396	\$ 129,998,886	\$ 109,998,713

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$86,634 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$68,980 for the fiscal year ended June 30, 2022.

NOTE 8. RISK MANAGEMENT

The District maintains commercial and risk management pool insurance coverage for property, liability, student accident and surety bonds. 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. The District obtains its health benefit coverage through the NJ State Health Benefits Plan.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance

The Vernon Township School District is a member of the School Alliance Insurance Fund (the “Fund”). This public entity risk management pool provides general liability, property and automobile coverage and workers’ compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The audit report for the year ending June 30, 2022 was not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2021 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 52,863,732
Net Position	\$ 20,991,515
Total Revenue	\$ 42,696,854
Total Expenses	\$ 42,245,248
Change in Net Position	\$ 451,606
Member Dividends	\$ -0-

Financial statements for the Fund are available at the Fund’s Executive Director’s Office:

Public Entity Group Administrative Services  
51 Everett Drive  
Suite B-40  
West Windsor, NJ 08550

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 the District’s contributions, employee contributions and interest earned, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Trust Fiduciary Fund for the current and previous two years:



VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	\$ 168,403	\$ 119,201	\$ 291,357
2021	143,051	127,948	242,155
2020	117,289	94,569	227,052

NOTE 9. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 264,862	
Special Revenue Fund		\$ 264,862
	<u>\$ 264,862</u>	<u>\$ 264,862</u>

The interfund between the General Fund and the Special Revenue Fund represents funds advanced to the Special Revenue Fund as a result of the delay in the receipt of grant funds due to the reimbursement basis of the federal grants.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

- Equitable Life Assurance
- Metropolitan Life Insurance Company
- Lincoln Life Insurance Company
- Lincoln Investments
- Variable Annuity Life Insurance Company (V.A.L.I.C.)
- Financial Resources

Equitable Life Assurance and Financial Resources are the plan administrators for the District's Internal Revenue Code Section 457 plans.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 12. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school District on a predetermined mutually agreed-upon schedule.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in claims or lawsuits arising in the normal course of business, including a claim regarding employment matters. The District does not believe that the ultimate outcome of these cases will have a material adverse effect on the District's financial position.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$7,490,000 School Refunding Bonds dated September 15, 2015. The amount of liability at June 30, 2022, if any, is unknown.

Encumbrances

At June 30, 2022, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 1,430,569	\$ 83,475	\$ 1,514,044

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2022  
(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$83,475 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 14. ACCOUNTS PAYABLE

	Governmental Funds			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business-Type
	General Fund	Special Revenue Fund	Debt Service Fund			Proprietary Funds
State of New Jersey Vendors	\$ 258,202	\$ 5,823	\$ 18,256	\$ 900,000	\$ 24,079	\$ 97,376
Payroll Deductions and Withholdings	567,759				567,759	
Accrued Salaries and Wages	11,810				11,810	
	<u>\$ 837,771</u>	<u>\$ 30,676</u>	<u>\$ 18,256</u>	<u>\$ 900,000</u>	<u>\$ 1,786,703</u>	<u>\$ 97,376</u>

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District transferred \$1,247,224 to capital outlay accounts - \$568,429 to equipment which did not require approval from the County Superintendent and \$678,795 to facilities acquisitions and construction services which was approved by the County Superintendent.

NOTE 16. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$100,000 was established by the District on June 19, 2014. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes

Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2022  
(Continued)

NOTE 16. MAINTENANCE RESERVE ACCOUNT (Cont'd)

If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance, July 1, 2021	\$ 2,470
Add:	
Transfer Deposit from Unassigned Fund Balance	500,000
	500,000
Ending Balance, June 30, 2022	\$ 502,470

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual education employers.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2022  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Plan Description and Benefits Provided (cont'd)

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	216,804
Total	366,108

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on years of service
Thereafter	1.55 - 4.45% based on service years	3.00 - 7.00% based on years of service

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2022  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational improvement projections from the central year using Scale MP-2020 scale. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using Scale MP-2020.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rates for June 30, 2020 was 2.21%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2019	\$ 125,344,047
Changes for Year:	
Service Cost	3,910,049
Interest	4,464,622
Differences between Expected and Actual Experience	35,102,283
Changes in Assumptions	36,966,206
Member Contributions	106,785
Gross Benefit Payments	(3,523,110)
Net Changes	77,026,835
Balance at June 30, 2020	\$ 202,370,882

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 243,968,544	\$ 202,370,882	\$ 169,845,517

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 163,360,600	\$ 202,370,882	\$ 248,823,457

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$7,447,581 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2022  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 12,281,567
	2018	9.51		10,810,097
	2019	9.29	\$ 1,457,086	
	2020	9.24	32,965,534	
			<u>34,422,620</u>	<u>23,091,664</u>
Differences between Expected and Actual Experience	2018	9.51		10,218,906
	2019	9.29		17,149,984
	2020	9.24	30,725,172	
			<u>30,725,172</u>	<u>27,368,890</u>
Changes in Proportion	N/A	N/A		7,572,004
			<u>\$ 34,422,620</u>	<u>\$ 58,032,558</u>

N/A - Not Available

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (129,643)
2022	(129,643)
2023	(129,643)
2024	(129,643)
2025	(129,643)
Thereafter	<u>(14,039,023)</u>
	<u>\$ (14,687,238)</u>



REQUIRED SUPPLEMENTARY INFORMATION

VERNON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0843885458%	0.0827624379%	0.0843519868%	0.0811901478%	0.0815982541%	0.0790689526%	0.0742099130%	0.0754569855%
District's proportionate share of the net pension liability	\$ 15,799,844	\$ 18,578,509	\$ 24,982,639	\$ 18,899,768	\$ 16,066,289	\$ 14,247,026	\$ 12,106,764	\$ 8,939,011
District's covered employee payroll	\$ 5,779,904	\$ 5,778,084	\$ 5,770,861	\$ 5,649,904	\$ 5,473,727	\$ 5,475,145	\$ 5,496,400	\$ 5,187,993
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	273.36%	321.53%	432.91%	334.51%	293.52%	260.21%	220.27%	172.30%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	51.52%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

VERNON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 695,687	\$ 711,535	\$ 776,271	\$ 773,643	\$ 811,639	\$ 792,576	\$ 812,160	\$ 883,797
Contributions in relation to the contractually required contribution	(695,687)	(711,535)	(776,271)	(773,643)	(811,639)	(792,576)	(812,160)	(883,797)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 5,778,084	\$ 5,770,861	\$ 5,649,904	\$ 5,473,727	\$ 5,475,145	\$ 5,496,400	\$ 5,187,993	\$ 5,245,456
Contributions as a percentage of covered employee payroll	12.04%	12.33%	13.74%	14.13%	14.82%	14.42%	15.65%	16.85%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

VERNON TOWNSHIP SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
 SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT  
 TEACHERS' PENSION AND ANNUITY FUND  
 LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.3231557554%	0.3083771978%	0.2876495285%	0.2948349246%	0.2875889222%	0.2745498342%
State's proportionate share of the net pension liability attributable to the District	\$ 172,716,234	\$ 194,907,558	\$ 226,283,434	\$ 198,788,337	\$ 182,957,895	\$ 168,493,825
District's covered employee payroll	\$ 29,705,360	\$ 29,704,883	\$ 29,611,739	\$ 29,505,022	\$ 28,676,340	\$ 29,252,559
State proportionate share of the net pension liability attributable to the district as a percentage of its covered employee payroll	581.43%	656.15%	764.17%	673.74%	638.01%	576.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%
					631.15%	485.46%
					24.60%	35.52%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

VERNON TOWNSHIP SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
 SCHEDULE OF STATE CONTRIBUTIONS  
 TEACHERS' PENSION AND ANNUITY FUND  
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 9,293,755	\$ 11,900,861	\$ 17,002,051	\$ 13,771,049	\$ 10,665,805	\$ 9,938,216	\$ 11,107,707	\$ 3,058,931
Contributions in relation to the contractually required contribution	<u>(1,657,302)</u>	<u>(2,303,034)</u>	<u>(3,200,356)</u>	<u>(4,235,170)</u>	<u>(5,399,731)</u>	<u>(5,949,913)</u>	<u>(7,860,416)</u>	<u>(10,271,652)</u>
Contribution deficiency/(excess)	<u>\$ 7,636,453</u>	<u>\$ 9,597,827</u>	<u>\$ 13,801,695</u>	<u>\$ 9,535,879</u>	<u>\$ 5,266,074</u>	<u>\$ 3,988,303</u>	<u>\$ 3,247,291</u>	<u>\$ (7,212,721)</u>
District's covered employee payroll	\$ 29,704,883	\$ 29,611,739	\$ 29,505,022	\$ 28,676,340	\$ 29,252,559	\$ 28,301,687	\$ 26,778,453	\$ 26,872,442
Contributions as a percentage of covered employee payroll	5.58%	7.78%	10.85%	14.77%	18.46%	21.02%	29.35%	38.22%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

VERNON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY  
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS  
LAST FOUR FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
	2020		2020
Service Cost	\$ 5,532,798	\$ 4,601,980	\$ 3,856,668
Interest	5,303,018	6,124,726	5,580,878
Differences between Expected and Actual Experience		(16,835,347)	(24,429,922)
Changes in Assumptions	(21,184,243)	(16,318,295)	1,868,890
Member Contributions	143,540	131,417	114,056
Gross Benefit Payments	(3,898,164)	(3,802,409)	(3,847,689)
Net Change in Total OPEB Liability	(14,103,051)	(26,097,928)	(16,857,119)
Total OPEB Liability - Beginning	182,402,145	168,299,094	142,201,166
Total OPEB Liability - Ending	\$ 168,299,094	\$ 142,201,166	\$ 125,344,047
District's Covered Employee Payroll *	\$ 35,154,926	\$ 34,150,067	\$ 34,727,704
Total OPEB Liability as a Percentage of Covered Employee Payroll	479%	416%	361%
			599%

\* - Covered payroll for the fiscal years ending June 30, 2017, June 30, 2018, June 30, 2019 and June 30, 2020 are based on the payroll on the June 30, 2016, June 30, 2017, June 30, 2018 and June 30, 2019 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

C. STATE HEALTH BENEFIT LOCAL EDUCATIONAL RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022  
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATIONAL RETIRED EMPLOYEES OPEB PLAN (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

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



BUDGETARY COMPARISON SCHEDULES

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Revenues from Local Sources:					
Local Tax Levy	\$ 43,817,472		\$ 43,817,472	\$ 43,817,472	\$ 40,757
Tuition From Individuals	112,500		112,500	153,257	58,500
Tuition From Other Sources				58,500	99,405
Unrestricted Miscellaneous Revenues	47,000		47,000	146,405	379
Other Restricted Miscellaneous Revenues				379	
Total Revenues from Local Sources	<u>43,976,972</u>		<u>43,976,972</u>	<u>44,176,013</u>	<u>199,041</u>
Revenues from State Sources:					
School Choice Aid	131,794		131,794	131,794	
Categorical Transportation Aid	2,202,151		2,202,151	2,202,151	
Extraordinary Aid	682,128		682,128	888,261	206,133
Categorical Special Education Aid	2,545,581		2,545,581	2,545,581	
Equalization Aid	13,268,993		13,268,993	13,268,993	
Categorical Security Aid	341,922		341,922	341,922	
Stabilization Aid		\$ 4,070,000	4,070,000	4,070,000	
Securing Our Children's Future - Alyssa's Law		166,160	166,160	88,932	(77,228)
Nonpublic Transportation Aid				15,708	15,708
TPAF Post Retirement Contributions (Non-Budgeted)				2,433,732	2,433,732
TPAF Pension Contributions (Non-Budgeted)				10,271,652	10,271,652
TPAF Non-Contributory Insurance (Non-Budgeted)				144,919	144,919
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,233	3,233
Reimbursed TPAF Social Security Contributions				1,928,893	1,928,893
Total Revenues from State Sources	<u>19,172,569</u>	<u>4,236,160</u>	<u>23,408,729</u>	<u>38,335,771</u>	<u>14,927,042</u>
Revenues from Federal Sources:					
Medicaid Reimbursement	86,457		86,457	78,040	(8,417)
Total Revenues from Federal Sources	<u>86,457</u>		<u>86,457</u>	<u>78,040</u>	<u>(8,417)</u>
<b>TOTAL REVENUE</b>	<u>63,235,998</u>	<u>4,236,160</u>	<u>67,472,158</u>	<u>82,589,824</u>	<u>15,117,666</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 891,837	\$ 88,150	\$ 979,987	\$ 854,779	\$ 125,208
Grades 1-5 - Salaries of Teachers	5,982,317	260,365	6,242,682	5,538,434	704,248
Grades 6-8 - Salaries of Teachers	3,646,704	457,651	4,104,355	3,727,080	377,275
Grades 9-12 - Salaries of Teachers	7,044,296	506,660	7,550,956	6,624,167	926,789
Regular Programs - Home Instruction:					
Salaries of Teachers	36,100	(18,470)	17,630	4,620	13,010
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	7,366	42,788	42,788	34,677	8,111
Other Purchased Services (400-500 series)	748,221	578	7,944	6,969	975
General Supplies	50,386	(73,384)	674,837	539,324	135,513
Textbooks	861,855	558,977	609,363	496,996	112,367
Other Objects	19,269,082	(112,728)	749,127	674,264	74,863
Total Regular Programs - Instruction		1,719,557	20,988,639	18,504,739	2,483,900
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	566,728	(34,400)	532,328	529,057	3,271
General Supplies	8,000	1,030	9,030	6,862	2,168
Total Learning and/or Language Disabilities	574,728	(33,370)	541,358	535,919	5,439
Behavioral Disabilities:					
Salaries of Teachers	55,000	(55,000)			
General Supplies	3,000	(3,000)			
Total Behavioral Disabilities	58,000	(58,000)			
Resource Room/Resource Center:					
Salaries of Teachers	4,200,462	208,113	4,408,575	4,059,574	349,001
General Supplies	2,500	(2,500)			
Total Resource Room/Resource Center	4,202,962	205,613	4,408,575	4,059,574	349,001
Autism:					
Salaries of Teachers	56,000	(54,948)	1,052	8,317	1,052
General Supplies	3,063	6,881	9,944	420	1,627
Other Objects		420	420		
Total Autism	59,063	(47,647)	11,416	8,737	2,679
Preschool Disabilities - Part-Time:					
Salaries of Teachers	290,845	54,948	345,793	345,793	
General Supplies	525	4,400	4,925	3,946	979
Total Preschool Disabilities - Part-Time	291,370	59,348	350,718	349,739	979

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 55,000		\$ 55,000		\$ 55,000
Total Preschool Disabilities - Full-Time	55,000		55,000		55,000
Home Instruction:					
Salaries of Teachers	\$ 45,000	(1,550)	43,450	\$ 36,840	6,610
Purchased Professional-Educational Services		9,943	9,943	9,393	550
Total Home Instruction	45,000	8,393	53,393	46,233	7,160
TOTAL SPECIAL EDUCATION - INSTRUCTION	5,231,123	189,337	5,420,460	5,000,202	420,258
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	200	110,000	110,000	17,466	92,534
General Supplies		(36)	164		164
Total Basic Skills/Remedial - Instruction	200	109,964	110,164	17,466	92,698
Bilingual Education - Instruction:					
Salaries of Teachers	99,844	(13,015)	86,829	31,829	55,000
Total Bilingual Education - Instruction	99,844	(13,015)	86,829	31,829	55,000
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	256,326	70,255	326,581	297,318	29,263
Purchased Services (300-500 series)	2,000		2,000	600	1,400
Supplies and Materials	3,600	(1,373)	2,227	2,227	
Other Objects	36,888	1,133	38,021	16,943	21,078
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	298,814	70,015	368,829	317,088	51,741
School-Sponsored Athletics - Instruction:					
Salaries	459,000	1,118	460,118	428,770	31,348
Purchased Services (300-500 series)	4,300	682	4,982	4,396	586
Supplies and Materials	97,686	4,371	102,057	99,315	2,742
Other Objects	140,092	(4,371)	135,721	128,662	7,059
Total School-Sponsored Athletics - Instruction	701,078	1,800	702,878	661,143	41,735
TOTAL INSTRUCTION	25,600,141	2,077,658	27,677,799	24,532,467	3,145,332

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	\$ 512,739	41,539	\$ 41,539	\$ 27,447	\$ 14,092
Tuition to Other LEAs Within the State-Special	180,648	(440,092)	72,647	17,937	54,710
Tuition to County Voc. School Dist.-Regular	60,216	34,424	215,072	191,123	23,949
Tuition to County Voc. School Dist.-Special	112,376	(20,885)	60,216	44,067	16,149
Tuition to Priv. Sch. for the Handicap. W/I State	2,337,510	(116,131)	2,221,379	77,067	14,424
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St		101,104	101,104	2,003,482	217,897
Total Undistributed Expenditures - Instruction	3,203,489	(400,041)	2,803,448	2,416,100	387,348
Undistributed Expenditures - Health Services:					
Salaries	608,612	4,878	613,490	610,923	2,567
Purchased Professional and Technical Services	22,000	32,453	54,453	53,687	766
Supplies and Materials	30,665	1,239	31,904	25,998	5,906
Total Undist. Expenditures - Health Services	661,277	38,570	699,847	690,608	9,239
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	805,663	508	806,171	805,410	761
Purchased Professional - Educational Services	44,000	(12,205)	31,795	14,050	17,745
Supplies and Materials	3,930	1,900	5,830	4,714	1,116
Total Undist. Expend. - Speech, OT, PT, Related Svcs	853,593	(9,797)	843,796	824,174	19,622
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	2,463,312	200,897	2,664,209	2,613,962	50,247
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	2,463,312	200,897	2,664,209	2,613,962	50,247
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	1,072,524	(15,385)	1,057,139	1,028,484	28,655
Salaries of Secretarial and Clerical Assistants	52,077	(18,910)	33,167	33,167	
Purchased Professional - Educational Services		10,284	10,284	10,284	
Supplies and Materials	6,779	(1,594)	5,185	3,058	2,127
Total Undist Expend. - Guidance	1,131,380	(25,605)	1,105,775	1,074,993	30,782
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	1,639,824	68,993	1,708,817	1,707,212	1,605
Salaries of Secretarial and Clerical Assistants	121,468	(6,637)	114,831	114,831	
Other Salaries	25,500	(25,500)			
Purchased Professional - Educational Services	411,230	48,741	459,971	420,131	39,840
Supplies and Materials	17,000	(207)	16,793	16,276	517
Other Objects	12,000	9,820	21,820	21,310	510
Total Undist Expend. - Child Study Team	2,227,022	95,210	2,322,232	2,279,760	42,472

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	\$ 767,288	\$ 470,000	\$ 1,237,288	\$ 838,357	\$ 398,931
Salaries of Other Professional Staff	130,262	(76,987)	53,275	51,392	1,883
Salaries of Secretarial and Clerical Assistants	179,343	50,085	229,428	96,389	133,039
Purchased Professional - Educational Services	5,000		5,000		5,000
Other Objects		6,607	6,607	6,573	34
Total Undist. Expend.-Improv. of Inst. Serv.	1,081,893	449,705	1,531,598	992,711	538,887
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	452,061	(25,009)	427,052	382,913	44,139
Salaries of Technology Coordinators		74,816	74,816	74,816	
Purchased Professional and Technical Services		10,000	10,000	6,319	3,681
Supplies and Materials	23,112	15,809	38,921	35,317	3,604
Other Objects	9,482	(2,000)	7,482	3,417	4,065
Total Undist Expend-Edu. Media Serv./Sch. Library	484,655	73,616	558,271	502,782	55,489
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	332,217	(319,037)	13,180	2,908	10,272
Other Purchased Services (400-500 series)	9,926	(3,000)	6,926	2,302	4,624
Total Undist.Expend.-Instructional Staff Training Services	342,143	(322,037)	20,106	5,210	14,896
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	575,654	77,128	652,782	636,129	16,653
Legal Services	60,900	5,838	66,738	66,285	453
Audit Fees	50,000	18,000	68,000	68,000	
Architectural/Engineering Services		28,000	28,000	28,000	
Other Purchased Professional Services	40,000	(36,604)	3,396	3,396	
Communications / Telephone	96,016	14,404	110,420	109,796	624
BOE Other Purchased Services		900	900	900	
Other Purch. Serv. (400-500 series other than 530 & 585)	259,300	(791)	258,509	257,723	786
General Supplies	14,000	3,576	17,576	14,599	2,977
Miscellaneous Expenditures	5,475	1,438	6,913	4,951	1,962
BOE Membership Dues and Fees	27,000		27,000	26,663	337
Total Undist. Expend.-Support Serv.-Gen. Admin.	1,128,345	111,889	1,240,234	1,216,442	23,792
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,146,585	137,256	1,283,841	1,153,841	130,000
Salaries of Secretarial and Clerical Assistants	1,184,695	(32,098)	1,152,597	1,102,528	50,069
Other Salaries	13,900	5,825	19,725	19,600	125
Purchased Professional and Technical Services		1,850	1,850	1,850	
Other Purchased Services (400-500 series)	3,000	3,000	3,000	605	2,395
Supplies and Materials	3,900	12,001	15,901	12,687	3,214
Other Objects	33,112	3,689	36,801	17,502	19,299
Total Undist. Expend.-Support Serv.-School Adm.	2,385,192	128,523	2,513,715	2,308,613	205,102

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 579,273	\$ 131,352	\$ 710,625	\$ 622,303	\$ 88,322
Purchased Professional Services	24,000	2,973	26,973	26,973	
Purchased Technical Services	39,000	(19,170)	19,830	19,830	
Miscellaneous Purchased Services (400-500 series other than 594)	14,600	(3,278)	11,322	10,966	356
Supplies and Materials	24,000	(11,697)	12,303	10,205	2,098
Other Objects		1,190	1,190	1,190	
Total Undist. Expend. - Central Services	680,873	101,370	782,243	691,467	90,776
Undist. Expend. - Admin. Info. Technology:					
Salaries	106,969		106,969	106,969	
Supplies and Materials	2,000	(1,574)	426	426	
Total Undist. Expend. - Admin. Info. Technology	108,969	(1,574)	107,395	106,969	426
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	884,258	173,544	1,057,802	949,686	108,116
Cleaning, Repair, and Maintenance Services	179,055	100,834	279,889	209,082	70,807
General Supplies	192,386	46,443	238,829	213,038	25,791
Other Objects	8,100	(4,863)	3,237	3,237	
Total Undist. Expend.- Required Maint. for School Facilities	1,263,799	315,958	1,579,757	1,375,043	204,714
Undist. Expend.-Custodial Services:					
Salaries	1,922,897	(37,503)	1,885,394	1,841,466	43,928
Purchased Professional and Technical Services	9,100	285	9,385	9,385	
Cleaning, Repair, and Maintenance Services	70,000	4,179	74,179	74,179	
Other Purchased Property Services	127,000	(1,954)	125,046	108,051	16,995
Insurance	417,200	26,967	444,167	444,167	
Miscellaneous Purchased Services		2,400	2,400	2,400	
General Supplies	92,320	(25,858)	66,462	66,007	455
Energy (Natural Gas)	21,500	3,654	25,154	23,897	1,257
Energy (Electricity)	841,448	(40,957)	800,491	682,259	118,232
Energy (Oil)	215,000	74,798	289,798	289,798	
Energy (Gasoline)	12,000	6,721	18,721	17,523	1,198
Other Objects	7,000	1,093	8,093	8,093	
Interest - Energy Savings Impr Prog Bonds	121,225		121,225	121,225	
Principal - Energy Savings Impr Prog Bonds	420,000		420,000	420,000	
Total Undist. Expend.-Custodial Services	4,276,690	13,825	4,290,515	4,108,450	182,065

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Salaries	\$ 160,736	\$ 1,898	\$ 162,634	\$ 162,634	\$ 19,120
Cleaning, Repair, and Maintenance Services	76,000	9,600	85,600	66,480	3,857
General Supplies	24,500	(4,612)	19,888	16,031	22,977
Total Care And Upkeep Of Grounds	261,236	6,886	268,122	245,145	
Security:					
Salaries	463,132	28,492	491,624	487,250	4,374
General Supplies	6,870	25,390	32,260	32,184	76
Other Objects	2,000	(1,535)	465	465	
Total Security	472,002	52,347	524,349	519,899	4,450
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	6,273,727	389,016	6,662,743	6,248,537	414,206
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	73,980		73,980	73,221	759
Other Purchased Professional and Technical Services	4,400		4,400	4,206	194
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	47,984	(21,000)	26,984	18,283	8,701
Contract. Serv.(Bet. Home & Sch.)-Vendors	2,746,000	(5,000)	2,741,000	2,734,760	6,240
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	386,000	60,000	446,000	400,118	45,882
Contract. Serv.(Spl. Ed. Students)-Vendors	1,843,958	49,000	1,892,958	1,627,066	265,892
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA's	130,000	791,000	921,000	920,866	134
Transportation Supplies	5,000	5,650	10,650	9,814	836
Other Objects		350	350	350	
Total Undist. Expend.-Student Trans. Serv.	5,237,322	880,000	6,117,322	5,788,684	328,638
Allocated Benefits					
Health Services:					
Other Employee Benefits	600		600		600
Total Health Services	600		600		600
Total Allocated Benefits	600		600		600
Unallocated Benefits					
Social Security Contributions	850,000	84,343	934,343	934,343	
Other Retirement Contributions - PERS	795,000	88,797	883,797	883,797	
Other Retirement Contributions - Regular	85,000	1,634	86,634	86,634	
Workers Compensation	506,205	(660,896)	506,205	487,759	18,446
Health Benefits	9,017,677	251,539	8,356,781	6,671,877	1,684,904
Tuition Reimbursement		251,539	251,539	222,213	29,326
Other Employee Benefits	275,000	43,236	318,236	147,562	170,674
Total Unallocated Benefits	11,528,882	(191,347)	11,337,535	9,434,185	1,903,350



VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-Behalf Contributions (Non-Budgeted)					
TPAF Post Retirement Contributions (Non-Budgeted)				\$ 2,433,732	\$ (2,433,732)
TPAF Pension Contributions (Non-Budgeted)				10,271,652	(10,271,652)
TPAF Non-Contributory Insurance (Non-Budgeted)				144,919	(144,919)
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,233	(3,233)
Reimbursed TPAF Social Security Contributions				1,928,893	(1,928,893)
Total On-Behalf Contributions (Non-Budgeted)				14,782,429	(14,782,429)
Total Personal Services - Employee Benefits	\$ 11,529,482	\$ (191,347)	\$ 11,338,135	24,216,614	(12,878,479)
Total Undistributed Expenditures	39,792,674	1,518,395	41,311,069	51,977,626	(10,666,557)
Total General Current Expense	65,392,815	3,596,053	68,988,868	76,510,093	(7,521,225)
Capital Outlay					
Equipment					
Grades 1-5	2,869	11,555	14,424	13,757	667
Grades 6-8	43,800	81,687	125,487	125,487	
Grades 9-12	4,363	17,748	22,111	22,111	
Undistributed:					
Undistributed Expenditures - Instruction	58,800	(3,536)	58,800		58,800
Undist.Expend.-Support Serv. - Students - Reg.	3,536				
Undist. Expend. - Supp Serv. - Related & Extraord.		3,536	3,536	3,536	
Undist. Expend. Support Serv. Child Study Teams		11,392	11,392	11,392	
Undistributed Expenditures - General Admin.		10,471	10,471	4,883	5,588
Undist. Expend. - Required Maint for School Fac.		231,464	231,464	83,456	148,008
Undist. Expend. - Security		204,112	204,112	70,590	133,522
Total Equipment	113,368	568,429	681,797	335,212	346,585
Facilities Acquisition and Construction Serv.:					
Legal Services		990	990	990	
Architectural/Engineering Services		281,000	281,000	159,575	121,425
Construction Services	873,517	386,223	1,259,740	759,827	499,913
Land and Improvements		10,582	10,582	10,582	
Lease Purchase Agreements - Principal	31,752	31,752	31,752	31,752	
Assessment for Debt Service on SDA Funding	9,419	9,419	9,419	9,419	
Total Facilities Acquisition and Const. Serv.	914,688	678,795	1,593,483	972,145	621,338
Assets Acquired Under Financed Purchases (Non-Budgeted):					
Regular Programs - Equipment				367,935	(367,935)
Total Assets Acquired Under Financed Purchases (Non-Budgeted)				367,935	(367,935)
TOTAL CAPITAL OUTLAY	1,028,056	1,247,224	2,275,280	1,675,292	599,988
Transfer of Funds to Charter Schools	814,261		814,261	676,648	137,613
	814,261		814,261	676,648	137,613

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 66,951,631	\$ 5,126,778	\$ 72,078,409	\$ 78,862,033	\$ (6,783,624)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(3,715,633)	(890,618)	(4,606,251)	3,727,791	8,334,042
Other Financing Sources/(Uses):					
Financed Purchases (Non-budgeted)				367,935	367,935
Transfers to Cover Deficit (Enterprise Fund)		(21,517)	(21,517)	(20,986)	531
Total Other Financing Sources/(Uses)		(21,517)	(21,517)	346,949	368,466
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(3,715,633)	(912,135)	(4,627,768)	4,074,740	8,702,508
Fund Balance, July 1	11,090,552		11,090,552	11,090,552	
Fund Balance, June 30	\$ 7,374,919	\$ (912,135)	\$ 6,462,784	\$ 15,165,292	8,702,508
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 899,325	
Excess Surplus - Restricted For 2023-2024				715,120	
Excess Surplus - Restricted For 2022-2023				3,524,472	
Capital Reserve				502,470	
Maintenance Reserve				291,357	
Unemployment Compensation					
Assigned Fund Balance:					
Year End Encumbrances				1,430,569	
Designated for Subsequent Year's Expenditures				5,031,671	
Unassigned Fund Balance				2,770,308	
				15,165,292	
Reconciliation to Governmental Funds Statement (GAAP):				(1,835,598)	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				\$ 13,329,694	

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 471,110	\$ 471,110	\$ 471,110	
State Sources		79,378	79,378	10,399	\$ (68,979)
Federal Sources	\$ 903,285	3,535,047	4,438,332	2,528,018	(1,910,314)
<b>Total Revenues</b>	<b>903,285</b>	<b>4,085,535</b>	<b>4,988,820</b>	<b>3,009,527</b>	<b>(1,979,293)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	200,000	841,987	1,041,987	424,056	617,931
Purchased Professional and Technical Services	5,205	54,265	59,470	40,221	19,221
Other Purchased Professional Services	200,000	956,583	1,156,583	1,145,815	10,768
General Supplies	150,000	77,020	227,020	174,089	52,931
Textbooks	1,000	(340)	660	631	29
Other Objects	9,831	30,693	40,524	38,866	1,658
<b>Total Instruction</b>	<b>566,036</b>	<b>1,960,208</b>	<b>2,526,244</b>	<b>1,823,706</b>	<b>702,538</b>
Support Services:					
Salaries of Other Professional Staff	30,810	462,984	493,794	336,801	156,993
Personal Services - Employee Benefits	24,439	134,082	158,521	30,445	128,076
Purchased Professional and Technical Services	75,000	129,122	204,122	109,802	94,320
Other Purchased Services	100,000	63,711	163,711	127,817	35,894
Supplies and Materials	100,000	(70,124)	29,876	16,059	13,817
Scholarships		11,350	11,350	11,350	
Student Activities		406,935	406,935	406,935	
<b>Total Support Services</b>	<b>330,249</b>	<b>1,138,060</b>	<b>1,468,309</b>	<b>1,039,209</b>	<b>429,100</b>
Facilities Acquisition and Construction Services:					
Building/Renovations		722,500	722,500		722,500
Instructional Equipment	7,000	228,876	235,876	116,721	119,155
Non-Instructional Equipment		6,000	6,000		6,000
<b>Total Facilities Acquisition and Construction Services</b>	<b>7,000</b>	<b>957,376</b>	<b>964,376</b>	<b>116,721</b>	<b>847,655</b>
<b>Total Expenditures</b>	<b>\$ 903,285</b>	<b>\$ 4,055,644</b>	<b>\$ 4,958,929</b>	<b>\$ 2,979,636</b>	<b>\$ 1,979,293</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -0-</b>	<b>\$ 29,891</b>	<b>\$ 29,891</b>	<b>\$ 29,891</b>	<b>\$ -0-</b>

VERNON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 82,589,824	\$ 3,009,527
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(83,475)
Prior Year Encumbrances, Net of Cancellations		29,649
Prior Year State Aid Payments Recognized for GAAP Statements	2,050,879	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,835,598)	
	\$ 82,805,105	\$ 2,955,701
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 78,862,033	\$ 2,979,636
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(83,475)
Prior Year Encumbrances, Net of Cancellations		29,649
	\$ 78,862,033	\$ 2,925,810
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. 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)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

VERNON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 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.

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

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Nita M. Lowey 21st CCLC	Carl D. Perkins Secondary	Title I	Elementary and Secondary Education Act Title I - SIA	Title IIA	Title IV
<b>REVENUE:</b>						
Local Sources						
State Sources						
Federal Sources	\$ 224,954	\$ 95,093	\$ 161,029	\$ 23,415	\$ 78,601	\$ 15,919
Total Revenue	<u>224,954</u>	<u>95,093</u>	<u>161,029</u>	<u>23,415</u>	<u>78,601</u>	<u>15,919</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	69,714					15,919
Purchased Professional and Technical Services	22,168	7,846				
Other Purchased Services	17,275	53,135	27,697	23,415		
General Supplies						
Textbooks						
Other Objects	2,236					
Total Instruction	<u>111,393</u>	<u>60,981</u>	<u>27,697</u>	<u>23,415</u>		<u>15,919</u>
Support Services:						
Salaries of Other Professional Staff	59,762	15,609				
Personal Services - Employee Benefits	9,255	1,195				
Purchased Professional & Technical Services	25,043	1,113				
Other Purchased Services	1,316	6,400	34,016		78,601	
Supplies and Materials	8,115	2,460				
Scholarships Awarded						
Student Activities						
Total Support Services	<u>103,491</u>	<u>26,777</u>	<u>34,016</u>		<u>78,601</u>	
Facilities Acquisition:						
Instructional Equipment	10,070	7,335	99,316			
Total Facilities Acquisition	<u>10,070</u>	<u>7,335</u>	<u>99,316</u>			
Total Expenditures	<u>\$ 224,954</u>	<u>\$ 95,093</u>	<u>\$ 161,029</u>	<u>\$ 23,415</u>	<u>\$ 78,601</u>	<u>\$ 15,919</u>



VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	IDEA					Cares Emergency Relief	Local Grants
	Basic	Preschool	ARP Basic	ARP Preschool			
<b>REVENUE:</b>							
Local Sources							
State Sources							
Federal Sources	\$ 767,802	\$ 22,556	\$ 128,658	\$ 7,673	\$ 9,185	\$ 22,934	
Total Revenue	<u>767,802</u>	<u>22,556</u>	<u>128,658</u>	<u>7,673</u>	<u>9,185</u>	<u>22,934</u>	
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers							
Purchased Professional and Technical Services							
Other Purchased Services	767,802		128,658	7,673	6,951	15,388	
General Supplies		17,306					
Textbooks							
Other Objects							
Total Instruction	<u>767,802</u>	<u>17,306</u>	<u>128,658</u>	<u>7,673</u>	<u>6,951</u>	<u>15,388</u>	
Support Services:							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits							
Purchased Professional & Technical Services							7,546
Other Purchased Services		5,250			2,234		
Supplies and Materials							
Scholarships Awarded							
Student Activities							
Total Support Services		<u>5,250</u>			<u>2,234</u>	<u>7,546</u>	
Facilities Acquisition:							
Instructional Equipment							
Total Facilities Acquisition							
Total Expenditures	<u>\$ 767,802</u>	<u>\$ 22,556</u>	<u>\$ 128,658</u>	<u>\$ 7,673</u>	<u>\$ 9,185</u>	<u>\$ 22,934</u>	

VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Education Stabilization Aid				ARP	
	ESSER II	CRRSA Learning Acceleration	Mental Health	ESSER III	Accelerated Learning Coaching and Educator Support	Mental Health Support Staffing
REVENUE:						
Local Sources						
State Sources						
Federal Sources						
Total Revenue	\$ 497,192	\$ 34,705	\$ 40,500	\$ 152,031	\$ 6,518	\$ 35,000
	497,192	34,705	40,500	152,031	6,518	35,000
EXPENDITURES:						
Instruction:						
Salaries of Teachers	192,851	29,455		132,036	6,518	
Purchased Professional and Technical Services		5,250				
Other Purchased Professional Services						
General Supplies	5,249					
Textbooks						
Other Objects	36,630					
Total Instruction	234,730	34,705		132,036	6,518	
Support Services:						
Salaries of Other Professional Staff	261,430					
Personal Services - Employee Benefits				19,995		
Purchased Professional/Technical Services	600		40,500			35,000
Other Purchased Professional Services						
Supplies and Materials	432					
Scholarships Awarded						
Student Activities						
Total Support Services	262,462		40,500	19,995		35,000
Facilities Acquisition:						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 497,192	\$ 34,705	\$ 40,500	\$ 152,031	\$ 6,518	\$ 35,000

VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Additional or Compensatory Special Education And Related Services	Chapter 192 Compensatory Education	Examination and Classification	Chapter 193 Corrective Speech	Supplementary Instruction	Private Purpose Scholarship
<b>REVENUE:</b>						
Local Sources		\$ 1,254	\$ 1,706	\$ 930	\$ 826	\$ 7,777
State Sources	\$ 227,187					
Federal Sources						
<b>Total Revenue</b>	<u>227,187</u>	<u>1,254</u>	<u>1,706</u>	<u>930</u>	<u>826</u>	<u>7,777</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services		1,254	1,706	930	826	
Other Purchased Professional Services	227,187					
General Supplies						
Textbooks						
Other Objects						
<b>Total Instruction</b>	<u>227,187</u>	<u>1,254</u>	<u>1,706</u>	<u>930</u>	<u>826</u>	
Support Services:						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						
Purchased Professional & Technical Services						
Purchased Professional - Educational Services						
Other Purchased Services						
Travel						
Supplies and Materials						
Scholarships Awarded						11,350
Student Activities						
<b>Total Support Services</b>						<u>11,350</u>
Facilities Acquisition:						
Building/Renovations						
Instructional Equipment						
Non-Instructional Equipment						
<b>Total Facilities Acquisition</b>						
<b>Total Expenditures</b>	<u>\$ 227,187</u>	<u>\$ 1,254</u>	<u>\$ 1,706</u>	<u>\$ 930</u>	<u>\$ 826</u>	<u>\$ 11,350</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Nonpublic					Totals June 30, 2022
	Textbook	Nursing	Security	Technology	Student Activities	
<b>REVENUE:</b>						
Local Sources						
State Sources	\$ 631	\$ 1,790	\$ 2,800	\$ 462	\$ 440,399	\$ 471,110
Federal Sources						10,399
Total Revenue	631	1,790	2,800	462	440,399	2,528,018
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						424,056
Purchased Professional and Technical Services						40,249
Other Purchased Professional Services						1,145,815
General Supplies						174,089
Textbooks	631					631
Other Objects						38,866
Total Instruction	631					1,823,706
Support Services:						
Salaries of Other Professional Staff						336,801
Personal Services - Employee Benefits						30,445
Purchased Professional & Technical Services						109,802
Other Purchased Services		1,790	2,800	462		127,817
Supplies and Materials						16,059
Scholarships Awarded						11,350
Student Activities					406,935	406,935
Total Support Services		1,790	2,800	462	406,935	1,039,209
Facilities Acquisition:						
Instructional Equipment						116,721
Total Facilities Acquisition						116,721
Total Expenditures	\$ 631	\$ 1,790	\$ 2,800	\$ 462	\$ 406,935	\$ 2,979,636

VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOT APPLICABLE

CAPITAL PROJECTS FUND  
NOT APPLICABLE

PROPRIETARY FUNDS

VERNON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2022

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 1,331,056
Intergovernmental Accounts Receivable:	
State	2,974
Federal	185,490
Inventories	21,341

Total Current Assets	1,540,861
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## Non-Current Assets:

Capital Assets	682,076
Less: Accumulated Depreciation	(501,771)

Total Non-Current Assets	180,305
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Total Assets	1,721,166
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LIABILITIES:

Accounts Payable - Vendors	97,376
Unearned Revenue - Prepaid Sales	26,501
Unearned Revenue - Donated Commodities	923

Total Liabilities	124,800
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NET POSITION:

Investment in Capital Assets	180,305
Unrestricted	1,416,061

Total Net Position	\$ 1,596,366
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VERNON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

## Operating Revenue:

## Local Sources:

Daily Sales - Reimbursable Programs	\$ 108,691
Special Events	14,787
Miscellaneous Revenue	3,186
	<hr/>

## Total Operating Revenue

126,664

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## Operating Expenses:

Cost of Sales - Reimbursable Programs	579,417
Salaries, Benefits & Payroll Taxes	406,063
Supplies, Insurance & Other Costs	73,195
Management Fee	113,300
Miscellaneous Expenditures	78,941
Depreciation Expense	22,129
	<hr/>

## Total Operating Expenses

1,273,045

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## Operating Loss

(1,146,381)

## Non-Operating Revenue:

## Local Sources:

Interest Earnings	1,132
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## State Sources:

Covid-19 -Seamless Summer Option	33,346
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## Federal Sources:

Covid-19 - Seamless Summer Option	1,963,057
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## Other Nutrition Programs -

Covid-19 Pandemic/Electronic Benefits Transfer Administrative Reimbursement	614
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Covid-19 Emergency Operational Cost Reimbursement	35,393
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Food Distribution Program	80,050
	<hr/>

## Total Non-Operating Revenue

2,113,592

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## Change in Net Position before Transfers

967,211

## Transfers In:

General Fund - Board Contribution	20,986
	<hr/>

## Change in Net Position

988,197

## Net Position - Beginning of Year

608,169

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## Net Position - End of Year

\$ 1,596,366

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VERNON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 126,664
Payments to Food Service Contractor	(1,063,878)
Payments to Suppliers	(47,907)
	<hr/>
Net Cash Used for Operating Activities	(985,121)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(34,622)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(34,622)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Transfer - General Fund	20,986
State Sources	30,372
Federal Sources	1,900,658
	<hr/>
Net Cash Provided by Noncapital Financing Activities	1,952,016
	<hr/>
Cash Flows from Investing Activities:	
Interest Income	1,132
	<hr/>
Net Cash Provided by Investing Activities	1,132
	<hr/>
Net Increase in Cash and Cash Equivalents	933,405
Cash and Cash Equivalents, July 1	397,651
	<hr/>
Cash and Cash Equivalents, June 30	\$ 1,331,056
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (1,146,381)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	22,129
Food Distribution Program	80,050
Changes in Assets and Liabilities:	
(Increase) in Inventory	(4,012)
Increase in Accounts Payable	35,669
Increase in Unearned Revenue - Prepaid Sales	26,501
Increase in Unearned Revenue - Donated Commodities	923
	<hr/>
Net Cash Used for Operating Activities	\$ (985,121)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$79,127 and Utilized Commodities Valued at \$80,050.

FIDUCIARY ACTIVITIES  
NOT APPLICABLE

LONG-TERM DEBT

VERNON TOWNSHIP SCHOOL DISTRICT  
LONG TERM DEBT  
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Retired or Matured	Balance July 1, 2021	Balance June 30, 2022
			Date	Amount				
School Refunding Bonds	09/15/15	\$ 7,490,000	12/01/22	\$ 305,000	3.00%		\$ 1,820,000	\$ 1,515,000
			12/01/23	300,000	3.00%			
			12/01/24	300,000	3.00%			
			12/01/25	295,000	3.00%			
			12/01/26	315,000	3.00%		\$ 305,000	\$ 1,515,000
							<u>\$ 1,820,000</u>	<u>\$ 1,515,000</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
LONG TERM DEBT  
STATEMENT OF SERIAL BONDS  
ENERGY SAVINGS OBLIGATION REFUNDING BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Retired or Matured	Balance June 30, 2022
			Date	Amount			
Energy Savings Obligation Refunding Bonds	07/19/12	\$ 5,645,000	07/15/22	\$ 445,000	4.00%		
			07/15/23	475,000	3.50%		
			07/15/24	510,000	3.50%		
			07/15/25	545,000	3.50%		
			07/15/26	575,000	3.50%		
			07/15/27	610,000	3.50%		
						\$ 3,580,000	\$ 3,160,000
						\$ 3,580,000	\$ 3,160,000

VERNON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Interest Rate	Original Issue	Balance July 1, 2021	Issued	Matured	Balance June 30, 2022
Musical Equipment	5.050%	\$ 158,763	\$ 31,753		\$ 31,753	
Copiers	3.719%	107,053	88,885		20,538	\$ 68,347
Laptops	3.702%	367,935		\$ 367,935		367,935
			\$ 120,638	\$ 367,935	\$ 52,291	\$ 436,282

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SCHEDULE OF OBLIGATIONS UNDER LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOT APPLICABLE



VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 206,055		\$ 206,055	\$ 206,055	
State Sources:					
Debt Service Aid Type II	148,970		148,970	148,970	
<b>Total Revenues</b>	<u>355,025</u>		<u>355,025</u>	<u>355,025</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	50,025		50,025	50,025	
Redemption of Principal	305,000		305,000	305,000	
<b>Total Regular Debt Service</b>	<u>355,025</u>		<u>355,025</u>	<u>355,025</u>	
<b>Total Expenditures</b>	<u>355,025</u>		<u>355,025</u>	<u>355,025</u>	
<b>Excess/(Deficit) of Revenues Over/(Under) Expenditures</b>	<u>-0-</u>		<u>-0-</u>	<u>-0-</u>	
<b>Fund Balance, July 1</b>					
<b>Fund Balance, June 30</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

**Contents**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
<b>Operating Information</b> These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

VERNON TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020*	2021	2022
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 10,496,938	\$ 14,504,322	\$ 15,634,181	\$ 16,202,562	\$ 16,905,873	\$ 17,375,195	\$ 17,699,311	\$ 17,435,656	\$ 16,392,323	\$ 16,153,080
Restricted	6,555,025	3,839,686	3,646,007	3,572,606	2,692,381	1,990,829	1,313,633	4,851,313	8,437,152	6,343,687
Unrestricted/(Deficit)	(286,059)	(17,738,961)	(18,548,721)	(19,173,527)	(20,734,309)	(20,390,610)	(21,708,343)	(21,359,403)	(18,863,187)	(9,691,713)
<b>Total Governmental Activities Net Position/ (Deficit)</b>	<b>\$ 16,765,904</b>	<b>\$ 605,047</b>	<b>\$ 731,467</b>	<b>\$ 601,641</b>	<b>\$ (1,136,055)</b>	<b>\$ (1,024,586)</b>	<b>\$ (2,695,399)</b>	<b>\$ 927,566</b>	<b>\$ 5,966,288</b>	<b>\$ 12,805,054</b>
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 101,259	\$ 132,537	\$ 157,574	\$ 174,878	\$ 178,628	\$ 188,268	\$ 196,548	\$ 189,085	\$ 167,812	\$ 180,305
Unrestricted	273,268	199,347	188,283	230,718	279,167	287,267	297,323	299,739	440,357	1,416,061
<b>Total Business-Type Activities Net Position</b>	<b>\$ 374,527</b>	<b>\$ 331,884</b>	<b>\$ 345,857</b>	<b>\$ 405,596</b>	<b>\$ 457,795</b>	<b>\$ 475,535</b>	<b>\$ 493,871</b>	<b>\$ 488,824</b>	<b>\$ 608,169</b>	<b>\$ 1,596,366</b>
<b>District-Wide:</b>										
Investment in Capital Assets	\$ 10,598,197	\$ 14,636,859	\$ 15,791,755	\$ 16,377,440	\$ 17,084,501	\$ 17,563,463	\$ 17,895,859	\$ 17,624,741	\$ 16,560,135	\$ 16,333,385
Restricted	6,555,025	3,839,686	3,646,007	3,572,606	2,692,381	1,990,829	1,313,633	4,851,313	8,437,152	6,343,687
Unrestricted/(Deficit)	(12,791)	(17,539,614)	(18,360,438)	(18,942,809)	(20,455,142)	(20,103,343)	(21,411,020)	(21,059,664)	(18,422,830)	(8,275,652)
<b>Total District Net Position/ (Deficit)</b>	<b>\$ 17,140,431</b>	<b>\$ 936,931</b>	<b>\$ 1,077,324</b>	<b>\$ 1,007,237</b>	<b>\$ (678,260)</b>	<b>\$ (549,051)</b>	<b>\$ (2,201,528)</b>	<b>\$ 1,416,390</b>	<b>\$ 6,574,457</b>	<b>\$ 14,401,420</b>

Source: School District Financial Reports

VERNON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses:</b>										
<b>Governmental Activities</b>										
<b>Instruction:</b>										
Regular	\$ 31,415,736	\$ 30,879,376	\$ 35,202,758	\$ 37,266,595	\$ 37,092,512	\$ 38,605,743	\$ 35,104,902	\$ 33,198,592	\$ 30,051,376	\$ 31,121,955
Special Education	9,102,888	7,671,719	8,613,154	9,601,002	10,201,122	10,404,348	10,224,076	10,139,906	8,995,822	9,066,491
Other Education	427,875	388,167	630,218	727,615	806,339	919,284	712,813	799,743	629,557	98,495
School-Sponsored Instruction	954,531	1,044,875	1,090,451	963,140	1,006,631	1,012,077	974,333	1,009,403	896,863	983,787
<b>Support Services:</b>										
Tuition	2,512,432	2,809,801	2,366,014	2,399,426	2,361,307	2,078,649	2,402,718	2,901,960	2,660,523	2,416,100
Student & Instructional Related Services	10,611,062	11,453,107	14,254,536	14,005,109	16,428,626	16,784,966	15,515,909	15,232,109	12,464,816	12,893,796
General Administrative Services	1,508,742	1,504,880	1,573,097	1,404,819	1,574,448	1,574,880	1,455,091	1,652,815	1,508,483	1,585,100
School Administrative Services	3,782,250	3,728,211	4,001,972	4,077,831	4,515,023	4,132,709	3,608,158	3,567,496	3,515,035	3,014,212
Central Services	843,334	923,412	935,407	799,748	1,083,749	1,280,554	1,094,633	1,092,052	1,192,487	1,091,103
Administrative Information Technology	129,144	79,866	134,592	125,848	171,186	150,152	151,205	145,559	119,100	109,683
Plant Operations and Maintenance	6,831,130	7,313,393	7,164,009	7,102,309	8,133,089	7,298,413	7,280,273	6,681,683	6,416,718	6,251,729
Pupil Transportation	4,814,578	5,053,738	5,179,050	4,967,532	5,225,519	4,981,215	5,159,871	4,644,133	4,596,024	5,790,541
Interest on Long-term Debt	617,203	554,464	490,691	446,365	236,018	180,405	127,880	78,180	50,080	37,305
Unallocated Depreciation	1,340,736	1,434,856	1,437,408	1,445,989	1,445,989	1,458,473	1,453,285	1,610,814	1,623,786	1,545,279
Capital Outlay	25,516	523,829	9,419	19,022	10,233	45,716	34,828	34,847	72,635	374,983
Charter Schools	518,587	522,027	582,486	553,247	608,990	649,408	914,188	916,927	759,251	676,648
<b>Total Governmental Activities Expenses</b>	<b>75,435,744</b>	<b>75,885,721</b>	<b>83,665,262</b>	<b>85,905,597</b>	<b>90,900,781</b>	<b>91,556,992</b>	<b>86,214,163</b>	<b>83,706,219</b>	<b>75,552,556</b>	<b>77,057,207</b>
<b>Business-Type Activities:</b>										
Food Service	1,155,699	1,113,829	1,044,813	1,029,984	1,050,237	1,066,842	998,384	810,033	696,497	1,273,045
<b>Total Business-type Activities Expense</b>	<b>1,155,699</b>	<b>1,113,829</b>	<b>1,044,813</b>	<b>1,029,984</b>	<b>1,050,237</b>	<b>1,066,842</b>	<b>998,384</b>	<b>810,033</b>	<b>696,497</b>	<b>1,273,045</b>
<b>Total District Expenses</b>	<b>\$ 76,591,443</b>	<b>\$ 76,999,550</b>	<b>\$ 84,710,075</b>	<b>\$ 86,935,581</b>	<b>\$ 91,951,018</b>	<b>\$ 92,623,834</b>	<b>\$ 87,212,547</b>	<b>\$ 84,516,252</b>	<b>\$ 76,249,053</b>	<b>\$ 78,330,252</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 317,952	\$ 174,403	\$ 155,666	\$ 172,397	\$ 244,295	\$ 223,277	\$ 234,526	\$ 132,811	\$ 313,530	\$ 652,156
Operating Grants and Contributions	13,283,889	13,239,187	12,440,856	20,455,722	28,273,786	30,579,079	24,822,400	25,032,200	20,473,251	20,750,037
<b>Total Governmental Activities Program Revenues</b>	<b>13,601,841</b>	<b>13,413,590</b>	<b>12,596,522</b>	<b>20,628,119</b>	<b>28,518,081</b>	<b>30,802,356</b>	<b>25,056,926</b>	<b>25,165,011</b>	<b>20,786,781</b>	<b>21,402,193</b>

VERNON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues										
Business-Type Activities:										
Charges for Services	\$ 813,321	\$ 737,588	\$ 718,885	\$ 772,307	\$ 762,892	\$ 730,611	\$ 697,555	\$ 530,066	\$ 27,834	\$ 126,664
Operating Grants and Contributions	327,385	333,018	339,416	316,936	338,958	336,197	318,524	274,230	787,505	2,112,460
Total Business-type Activities Program Revenues	1,140,706	1,070,606	1,058,301	1,089,243	1,101,850	1,066,808	1,016,079	804,296	815,339	2,239,124
Total District Program Revenues	\$ 14,742,547	\$ 14,484,196	\$ 13,654,823	\$ 21,717,362	\$ 29,619,931	\$ 31,869,164	\$ 26,073,005	\$ 25,969,307	\$ 21,602,120	\$ 23,641,317
Net (Expense)/Revenue	\$ (61,833,903)	\$ (62,472,131)	\$ (71,068,740)	\$ (65,277,478)	\$ (62,382,700)	\$ (60,754,636)	\$ (61,157,237)	\$ (58,541,208)	\$ (54,765,775)	\$ (55,655,014)
Governmental Activities	(14,993)	(43,223)	13,488	59,259	51,613	(34)	17,695	(5,737)	118,842	966,079
Business-type Activities	\$ (61,848,896)	\$ (62,515,354)	\$ (71,055,252)	\$ (65,218,219)	\$ (62,331,087)	\$ (60,754,670)	\$ (61,139,542)	\$ (58,546,945)	\$ (54,646,933)	\$ (54,688,935)
Total District-wide Net Expense/Revenues										
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 41,470,508	\$ 40,470,508	\$ 40,290,085	\$ 39,544,525	\$ 37,696,985	\$ 37,904,067	\$ 38,220,407	\$ 42,060,058	\$ 43,001,584	\$ 43,817,472
Taxes Levied for Debt Service	1,294,516	1,267,403	1,236,886	1,203,019	1,097,365	1,037,323	989,945	651,880	274,409	206,055
Unrestricted Grants and Contributions	21,056,709	21,479,286	21,556,412	21,587,036	21,586,440	21,433,320	20,186,232	18,567,842	16,423,825	18,344,455
Investment Earnings	29,675	18,929	19,459	24,768	12,489	13,160	10,346	11,524	397	379
Miscellaneous Income	101,644	436,289	60,721	225,614	251,725	478,235	79,494	251,458	104,282	146,405
Transfers										
Bond Premium	390,701									(20,986)
Total Governmental Activities	63,953,052	63,672,415	63,163,563	62,584,962	60,645,004	60,866,105	59,486,424	61,542,762	59,804,497	62,493,780
Business-Type Activities:										
Investment Earnings	712	580	485	480	586	558	641	690	503	1,132
Miscellaneous Income						17,216				
Transfers										20,986
Total Business-Type Activities	712	580	485	480	586	17,774	641	690	503	22,118
Total District-Wide	\$ 63,953,764	\$ 63,672,995	\$ 63,164,048	\$ 62,585,442	\$ 60,645,590	\$ 60,883,879	\$ 59,487,065	\$ 61,543,452	\$ 59,805,000	\$ 62,515,898
Change in Net Position:										
Governmental Activities	\$ 2,119,149	\$ 1,200,284	\$ (7,905,177)	\$ (2,692,516)	\$ (1,737,696)	\$ 111,469	\$ (1,670,813)	\$ 3,001,554	\$ 5,038,722	\$ 6,838,766
Business-type Activities	(14,281)	(42,643)	13,973	59,739	52,199	17,740	18,336	(5,047)	119,345	988,197
Total District	\$ 2,104,868	\$ 1,157,641	\$ (7,891,204)	\$ (2,632,777)	\$ (1,685,497)	\$ 129,209	\$ (1,652,477)	\$ 2,996,507	\$ 5,158,067	\$ 7,826,963

Source: School District Financial Reports

VERNON TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 UNAUDITED  
 (modified accrual basis of accounting)

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$ 3,554,177	\$ 3,497,845	\$ 3,646,006	\$ 3,572,606	\$ 2,692,380	\$ 1,990,829	\$ 1,313,633	\$ 4,456,954	\$ 8,056,100	\$ 5,932,744
Assigned	2,406,372	1,088,754	339,718	394,082	374,241	1,000,079			283,502	6,462,240
Unassigned/(Deficit)							(300,468)	(290,137)	700,071	934,710
Total General Fund	\$ 5,960,549	\$ 4,586,599	\$ 3,985,724	\$ 3,966,688	\$ 3,066,621	\$ 2,990,908	\$ 1,013,165	\$ 4,166,817	\$ 9,039,673	\$ 13,329,694
All Other Governmental Funds:										
Restricted	\$ 3,000,848	\$ 341,841	\$ 1	\$ 30,238	\$ 1				\$ 381,052	\$ 410,943
Total All Other Governmental Funds	\$ 3,000,848	\$ 341,841	\$ 1	\$ 30,238	\$ 1	\$ -0-	\$ -0-	\$ -0-	\$ 381,052	\$ 410,943

Source: School District Financial Reports

VERNON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Tax Levy	\$ 42,765,024	\$ 41,737,911	\$ 41,526,971	\$ 40,747,544	\$ 38,794,350	\$ 38,941,390	\$ 39,210,352	\$ 42,711,938	\$ 43,275,993	\$ 44,023,527
Tuition Charges	174,403	155,666	172,397	104,575	244,295	223,277	234,526	132,811	116,676	211,757
Interest Earnings on Capital Reserve Funds	2,019	1,703	1,831							
Miscellaneous	135,714	459,616	79,857	267,885	269,953	499,835	96,811	269,372	310,475	617,894
State Sources	32,923,520	32,656,724	32,990,725	33,787,358	34,847,230	35,599,191	35,953,574	34,321,846	34,863,257	38,711,833
Federal Sources	1,365,962	1,257,317	1,393,346	1,270,585	1,205,562	1,224,386	1,281,474	1,251,485	1,711,603	2,550,820
<b>Total Revenue</b>	<b>77,366,642</b>	<b>76,268,937</b>	<b>76,165,127</b>	<b>76,177,947</b>	<b>75,361,390</b>	<b>76,488,079</b>	<b>76,776,737</b>	<b>78,687,452</b>	<b>80,278,004</b>	<b>86,115,831</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	22,458,373	22,703,847	22,313,175	21,844,926	20,556,742	20,443,357	20,910,223	18,928,064	18,782,748	19,741,791
Special Education Instruction	6,543,061	5,686,075	5,502,810	5,676,121	5,710,347	5,577,144	6,161,958	5,915,594	5,747,057	6,153,954
Other Instruction	93,613	67,975	70,766	72,840	76,265	80,250	85,245	89,795	87,670	49,295
School-Sponsored Instruction	950,455	1,037,370	1,083,638	955,010	996,623	1,003,947	966,203	1,003,612	891,025	978,231
<b>Support Services:</b>										
Tuition	2,512,432	2,809,801	2,366,014	2,399,426	2,361,307	2,078,649	2,402,718	2,901,960	2,660,523	2,416,100
Student & Instruction Related Services	7,589,209	8,489,068	9,582,214	9,645,472	9,160,658	9,219,801	9,368,675	8,926,294	8,115,583	9,402,485
General Administrative Services	1,195,280	1,316,306	1,171,592	935,550	1,015,442	1,030,162	1,071,791	1,128,017	1,101,221	1,216,442
School Administrative Services	2,690,594	2,732,262	2,667,399	2,570,944	2,489,563	2,455,326	2,262,486	2,275,098	2,332,931	2,308,613
Central Services and Administrative Information Technology	751,025	784,727	697,832	716,817	721,087	813,359	769,072	743,316	844,720	798,436
Plant Operations and Maintenance	5,669,752	6,247,704	89,250	5,928,600	6,165,579	6,005,328	6,091,511	5,775,577	6,007,855	6,248,537
Student Transportation	4,767,150	5,008,281	6,262,441	4,927,936	5,137,723	4,942,287	5,124,227	4,615,571	4,586,790	5,788,684
Allocated Benefits			5,132,623							
Unallocated Benefits	17,668,523	16,275,751	16,718,479	17,709,932	19,184,001	20,246,550	20,739,430	21,179,169	22,919,418	24,216,614
Charter Schools	518,587	522,027	582,486	553,247	608,990	649,408	914,188	916,927	759,251	676,648
Capital Outlay	3,677,328	5,035,272	830,469	326,466	248,391	468,863	256,153	275,958	215,916	1,792,013
<b>Debt Service:</b>										
Principal	1,580,000	1,565,000	1,580,000	1,645,000	1,580,000	1,515,000	1,490,000	995,000	410,000	305,000
Interest and Other Charges	583,166	520,428	456,654	288,897	248,738	193,125	140,600	90,900	62,800	50,025
<b>Total Expenditures</b>	<b>79,248,548</b>	<b>80,801,894</b>	<b>77,107,842</b>	<b>76,196,984</b>	<b>76,261,456</b>	<b>76,722,556</b>	<b>78,754,480</b>	<b>75,760,852</b>	<b>75,525,508</b>	<b>82,142,868</b>
<b>Excess/(Deficiency) of Revenue Over/(Under) Expenditures</b>	<b>(1,881,906)</b>	<b>(4,532,957)</b>	<b>(942,715)</b>	<b>(19,037)</b>	<b>(900,066)</b>	<b>(234,477)</b>	<b>(1,977,743)</b>	<b>2,926,600</b>	<b>4,752,496</b>	<b>3,972,963</b>

VERNON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources/(Uses):										
Bond Sale Proceeds	\$ 5,645,000			\$ 7,490,000						
Bond Premium	390,701			423,591						
Serial Bonds Defeased				(7,522,000)						
Bond Issuance Costs				(120,648)						
Deferred Interest				(270,943)						
Financed Purchases										
Transfers In	9,483	500,000	317							
Transfers Out	(9,483)	(1,892)	(317)							
Total Other Financing Sources/(Uses)	6,035,701	500,000	317			158,763			107,053	367,935
Net Change in Fund Balances	\$ 4,153,795	\$ (4,032,957)	\$ (942,715)	\$ (19,037)	\$ (900,066)	\$ (75,714)	\$ (1,977,743)	\$ 2,926,600	\$ 4,859,549	\$ 4,319,912
Debt Service as a Percentage of Noncapital Expenditures	2.80%	2.86%	2.75%	2.67%	2.55%	2.41%	2.24%	1.44%	0.63%	0.44%

Source: School District Financial Reports



VERNON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other Refunds	Energy Savings Incentive	Other	Total
2013	\$ 29,675	\$ 174,403	\$ 24,999		\$ 67,162	\$ 296,239
2014	18,929	155,666	35,719	\$ 354,740	43,938	608,992
2015	17,728	172,397	18,933		43,202	252,260
2016	24,767	136,607	33,767		55,241	250,382
2017	12,489	244,295	6,916	117,000	127,809	508,509
2018	13,160	223,277	40,165		438,070	714,672
2019	10,346	234,526	18,703		60,791	324,366
2020	11,524	132,811	157,748		93,710	395,793
2021	18,371	100,476	43,152		59,356	221,355
2022	23,376	211,757	20,354		102,675	358,162

Source: Vernon Township Board of Education records

VERNON TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Actual (County Equalized Value)
2012	\$ 89,910,300	\$ 2,376,426,900	\$ 37,349,000	\$ 1,629,500	\$ 176,349,100	\$ 14,966,200	\$ 2,686,700	\$ 2,699,317,700	\$ 206,921,000	\$ 6,150,670	\$ 2,705,468,370	1.580	\$ 2,826,750,577
2013	86,340,300	2,368,048,300	37,068,900	1,555,250	178,334,500	14,966,200	2,686,700	2,689,000,150	209,262,800	6,011,317	2,695,011,467	1.568	2,674,400,040
2014	79,485,400	2,341,223,400	38,844,200	1,579,500	164,078,700	22,460,200	2,686,700	2,650,358,100	189,225,600	5,689,307	2,656,047,407	1.567	2,541,795,901
2015	78,191,800	2,332,863,000	39,424,800	1,624,200	162,066,900	22,010,900	2,686,700	2,638,868,300	213,970,900	5,534,294	2,644,402,594	1.555	2,442,651,663
2016	74,776,500	2,319,119,700	38,493,800	1,611,800	159,250,900	22,010,900	2,686,700	2,617,950,300	217,564,500	5,070,368	2,623,020,668	1.516	2,354,041,134
2017	74,436,300	2,306,251,200	37,928,100	1,610,400	160,709,200	21,898,400	2,686,700	2,605,520,300	219,576,800	4,813,666	2,610,333,966	1.489	2,344,616,235
2018	67,936,900	2,299,013,800	38,465,700	1,670,800	162,207,500	21,898,400	2,686,700	2,593,879,800	223,738,100	4,448,489	2,598,328,289	1.504	2,411,595,380
2019	64,731,100	2,290,865,800	37,556,300	1,754,700	162,806,500	22,907,800	2,686,700	2,583,308,900	224,876,300	4,418,469	2,587,727,369	1.583	2,452,752,880
2020	52,154,700	2,120,869,900	34,338,100	1,289,700	163,285,500	28,334,300	2,507,500	2,402,779,700	191,639,400	2,436,219	2,405,215,919 *	1.787	2,458,781,107
2021	53,640,600	2,196,817,500	33,400,600	1,298,800	139,868,100	29,770,400	2,398,600	2,457,194,600	195,301,200	2,450,067	2,459,644,667	1.775	2,508,608,899

\* Revaluation/Reassessment Year

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 ordered by the County Board of Taxation

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

b Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessor

VERNON TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(rate per \$100 of assessed value)*

Year Ended December 31,	Vernon Township Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Obligation Debt Service <sup>b</sup>	Total Direct	Township of Vernon	Sussex County	
2012	\$ 1.53	\$ 0.05	\$ 1.58	\$ 0.59	\$ 0.48	\$ 2.65
2013	1.52	0.05	1.57	0.58	0.49	2.63
2014	1.52	0.05	1.57	0.57	0.50	2.63
2015	1.50	0.05	1.55	0.58	0.48	2.60
2016	1.46	0.05	1.51	0.61	0.50	2.62
2017	1.45	0.04	1.49	0.62	0.51	2.62
2018	1.47	0.04	1.50	0.65	0.54	2.69
2019	1.56	0.02	1.58	0.69	0.55	2.82
2020	1.78	0.01	1.79	0.75	0.60	3.13
2021	1.77	0.01	1.78	0.77	0.60	3.14

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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.

Source: Municipal Tax Collector and School Business Administrator

VERNON TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Taxpayer	2021		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mountain Creek	\$ 14,266,100	1	0.58%
Vernon Valley Investors	13,672,600	2	0.56%
Tennessee Pipe Line Co.	1,166,900	3	0.05%
Metairie Corp.	11,523,100	4	0.47%
City of Newark Division Sewer/Water	7,358,700	5	0.30%
Minerals Resort & Spa Spe, LLC	4,944,600	6	0.20%
DGS Vernon Vortex, LLC	4,428,200	7	0.18%
Vernon Valley Reserve	4,074,000	8	0.17%
HM GG, LLC	3,208,000	9	0.13%
Highland Lakes Country Club	3,172,700	10	0.13%
Total	<u>\$ 67,814,900</u>		<u>2.76%</u>

Taxpayer	2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mountain Creek	\$ 41,408,900	1	1.53%
Metairie Corp, ETC	24,730,000	2	0.91%
City of Newark (Watershed)	12,995,600	3	0.48%
Vernon Valley Investors, LLC	11,500,000	4	0.43%
Shinnihon USA, Ltd.	10,590,300	5	0.39%
SES American	8,256,300	6	0.31%
Glenwood Management	7,536,600	7	0.28%
Tennessee Pipe Line Co.	5,229,800	8	0.19%
Warwick Valley Telephone Company	4,336,793	9	0.16%
Individual Taxpayer #1	3,914,400	10	0.14%
Total	<u>\$ 130,498,693</u>		<u>4.82%</u>

Source: Municipal Tax Assessor

VERNON TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 42,765,024	\$ 42,765,024	100.00%	\$ -0-
2014	41,737,911	41,737,911	100.00%	-0-
2015	41,526,971	41,526,971	100.00%	-0-
2016	40,747,544	40,747,544	100.00%	-0-
2017	38,794,350	38,794,350	100.00%	-0-
2018	38,941,390	38,941,390	100.00%	-0-
2019	39,210,352	39,210,352	100.00%	-0-
2020	42,711,938	42,711,938	100.00%	-0-
2021	43,275,993	43,275,993	100.00%	-0-
2022	44,023,527	44,023,527	100.00%	-0-

Source: Vernon Township Board of Education records including the Certificate and Report of School Taxes (A4F form)

- 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.

VERNON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation		Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases	Financed Purchases	Notes (BANs)	Financed Purchases	Financed Purchases				
2013	\$ 18,277,000	\$ 325,078	-0-	-0-	-0-	-0-	\$ 18,602,078	1.58%	801.30	
2014	16,672,000	699,797	-0-	-0-	-0-	-0-	17,371,797	1.47%	755.62	
2015	14,922,000	438,977	-0-	-0-	-0-	-0-	15,360,977	1.25%	674.41	
2016	13,065,000	260,410	-0-	-0-	-0-	-0-	13,325,410	1.05%	596.80	
2017	11,200,000	127,886	-0-	-0-	-0-	-0-	11,327,886	0.87%	510.15	
2018	9,375,000	127,010	-0-	-0-	-0-	-0-	9,502,010	0.70%	429.41	
2019	7,550,000	95,257	-0-	-0-	-0-	-0-	7,645,257	0.54%	347.05	
2020	6,195,000	63,505	-0-	-0-	-0-	-0-	6,258,505	0.42%	286.05	
2021	5,400,000	120,638	-0-	-0-	-0-	-0-	5,520,638	0.36%	245.95	
2022	4,675,000	436,282	-0-	-0-	-0-	-0-	5,111,282	0.34%	233.62	

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

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: School District Financial Reports

VERNON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 18,277,000	-0-	\$ 18,277,000	0.68%	\$ 795.00
2014	16,672,000	-0-	16,672,000	0.62%	731.97
2015	14,922,000	-0-	14,922,000	0.56%	663.02
2016	13,065,000	-0-	13,065,000	0.49%	585.14
2017	11,200,000	-0-	11,200,000	0.43%	504.39
2018	9,375,000	-0-	9,375,000	0.36%	423.67
2019	7,550,000	-0-	7,550,000	0.29%	342.73
2020	6,195,000	-0-	6,195,000	0.24%	283.15
2021	5,400,000	-0-	5,400,000	0.22%	240.58
2022	4,675,000	-0-	4,675,000	0.19%	213.68

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

VERNON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2021  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable <sup>a</sup></u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Township of Vernon	\$ 26,662,160	100.00%	\$ 26,662,160
Sussex County General Obligation Debt	91,877,126	13.91% <sup>a</sup>	<u>12,784,035</u>
Subtotal, Overlapping Debt			39,446,195
Vernon Township School District Direct Debt			<u>4,675,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 44,121,195</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex 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 that is borne by the residents and businesses of Vernon. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Vernon Township's equalized property value that is within Sussex County's boundaries and dividing it by Sussex County's total equalized property value.



VERNON TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2021									
Equalized Valuation Basis:									
Average Equalized Valuation of Taxable Property									
									Vernon Township
									\$ 2,755,011,324
									2,546,666,349
									2,504,662,498
									\$ 7,806,340,171
									2,602,113,390
									104,084,536
									4,675,000
									\$ 99,409,536

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 114,509,741	\$ 107,960,058	\$ 102,487,816	\$ 98,348,479	\$ 95,392,704	\$ 94,998,788	\$ 96,208,601	\$ 98,309,495	\$ 100,077,266	\$ 104,084,536
Total Net Debt Applicable to Limit	18,277,000	16,672,000	14,922,000	13,065,000	11,200,000	9,375,000	7,550,000	6,195,000	5,400,000	4,675,000
Legal Debt Margin	\$ 96,232,741	\$ 91,288,058	\$ 87,565,816	\$ 85,283,479	\$ 84,192,704	\$ 85,283,479	\$ 88,658,601	\$ 92,114,495	\$ 94,677,266	\$ 99,409,536
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	15.96%	15.44%	14.56%	13.28%	14.56%	13.28%	7.85%	6.30%	5.40%	4.49%

a. Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

VERNON TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Sussex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2013	22,990	\$ 1,182,996,430	\$ 51,457	8.80%
2014	22,777	1,225,721,478	53,814	8.80%
2015	22,506	1,253,719,236	55,706	6.60%
2016	22,328	1,272,829,968	57,006	5.50%
2017	22,205	1,305,609,590	58,798	4.50%
2018	22,128	1,353,259,968	61,156	4.20%
2019	22,029	1,405,097,736	63,784	3.60%
2020	21,879	1,483,702,506	67,814	10.20%
2021	22,446	1,522,153,044	67,814 *	6.40%
2022	21,879 **	1,483,702,506	67,814 *	N/A

\* - Sussex County per capita personal income for 2020 was used for calculation purposes.

\*\* - Latest population data available (2021) was used for calculation purposes.

N/A - Information Unavailable

Sources:

<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

VERNON TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2021		
	Employees	Rank	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	2	1.40%-7.00%
Newton Medical Center	500-999	3	0.70%-1.40%
Sussex County Offices	500-999	4	0.70%-1.40%
Thor Labs	500-999	5	0.70%-1.40%
Mountain Creek Resort	500-999	6	0.70%-1.40%
Shop Rite	250-499	7	0.35%-0.70%
Sussex County Community College	250-499	8	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	9	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	10	0.14%-0.35%
Total	<u>4,850-15,740</u>		<u>4.07%-12.91%</u>

Employer	2012		
	Employees	Rank (Optional)	Percentage of Total Employment
Crystal Springs Golf & Spa Resort	2,000	1	2.63%
Newton Memorial Hospital	1,200	2	1.58%
Selective Insurance	900	3	1.19%
County of Sussex	830	4	1.09%
Mountain Creek Resort	800	5	1.05%
Ames Rubber Corp	445	6	0.59%
Shop Rite	301	7	0.40%
Andover Subacute & Rehab Center	300	8	0.40%
Sussex County Community College	300	9	0.40%
SCARC, Inc.	287	10	0.38%
	<u>7,363</u>		<u>9.70%</u>
Total Employment	<u>75,932</u>		

Source: Sussex County Chamber of Commerce

VERNON TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction:										
Regular	254.0	249.0	238.0	228.0	214.0	220.0	216.0	196.0	182.0	192.0
Special Education	149.0	146.0	157.0	144.0	156.0	149.0	171.0	170.0	125.0	151.0
Other Instruction	4.0	5.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0
Support Services:										
Student & Instruction Related Services	75.0	71.0	67.0	69.0	67.0	64.0	59.0	59.0	57.0	61.0
School Administrative Services	41.0	44.0	43.0	46.0	47.0	46.0	46.0	45.0	53.0	47.0
General Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0	5.0
Plant Operations and Maintenance	55.0	54.0	56.0	65.0	65.0	65.0	53.0	53.0	49.0	56.0
Pupil Transportation	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Business and Other Support Services	8.0	9.0	9.0	8.0	8.0	8.0	9.0	9.0	8.0	9.0
<b>Total</b>	<b>593.0</b>	<b>585.0</b>	<b>583.0</b>	<b>573.0</b>	<b>570.0</b>	<b>564.0</b>	<b>564.0</b>	<b>542.0</b>	<b>485.0</b>	<b>527.0</b>

Source: District Personnel Records

VERNON TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Teacher/Pupil Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Middle Schools	High Schools				
2013	3,610	\$ 74,240,719	20,565.30	4.25%	321	1:13.20	1:10.48	1:10.04	3,610	3,372	-3.35%	93.41%
2014	3,487	73,936,621	21,203.50	3.10%	309	1:12.61	1:11.57	1:9.76	3,487	3,272	-3.41%	93.83%
2015	3,316	74,184,327	22,371.63	5.51%	302	1:11.18	1:10.70	1:10.91	3,316	3,106	-4.90%	93.67%
2016	3,186	74,545,568	23,397.86	4.59%	291	1:11.45	1:10.00	1:10.55	3,186	3,003	-3.92%	94.26%
2017	3,146	73,217,586	23,273.23	-0.53%	291	1:11.04	1:11.03	1:10.35	3,145	2,974	-1.29%	94.56%
2018	3,095	73,759,264	23,831.75	2.40%	288	1:12.19	1:10.41	1:9.36	3,095	2,929	-1.59%	94.64%
2019	2,975	75,819,246	25,485.46	6.94%	294	1:8.21	1:9.71	1:9.08	2,975	2,802	-3.88%	94.18%
2020	2,981	74,398,994	24,957.73	-2.07%	269	1:11.58	1:14.23	1:14.52	2,964	2,823	-0.37%	95.24%
2021	2,876	74,836,792	26,021.14	4.26%	249	1:10.81	1:11.58	1:11.34	2,876	2,808	-2.97%	97.64%
2022	2,914	77,186,741	26,488.24	1.80%	260	1:11.64	1:10.95	1:10.82	2,914	2,709	1.33%	92.95%

Sources: School District of Vernon Township Records

Note: Enrollment based on annual School Register Summary 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).

d The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

VERNON TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
Walnut Ridge Primary School (1957,1964,1992)										
Square Feet	49,683	49,683	49,683	49,683	49,683	49,683	49,683	49,683	49,683	43,693
Capacity (students)	610	610	610	610	610	610	610	610	610	62
Enrollment	499	528	467	456	508	110	101	87	N/A	106
Cedar Mountain Primary School (1985)										
Square Feet	49,899	49,899	49,899	49,899	49,899	49,899	49,899	49,899	49,899	49,874
Capacity (students)	563	563	563	563	563	563	563	563	563	518
Enrollment	369	356	333	337	313	407	374	409	450	387
Rolling Hills Primary School (1972,1991)										
Square Feet	46,814	46,814	46,814	46,814	46,814	46,814	46,814	46,814	46,814	45,284
Capacity (students)	615	615	615	615	615	615	615	615	615	449
Enrollment	420	385	393	356	338	399	430	424	383	411
Lounsberry Hollow Middle School (1968,1977,1992)										
Square Feet	83,515	83,515	83,515	83,515	83,515	83,515	83,515	83,515	83,515	84,535
Capacity (students)	875	875	875	875	875	875	875	875	875	659
Enrollment	561	538	525	485	473	470	407	411	440	423
Glen Meadow Middle School (1982)										
Square Feet	85,452	85,452	85,452	85,452	85,452	85,452	85,452	85,452	85,452	85,773
Capacity (students)	876	876	876	876	876	876	876	876	876	633
Enrollment	564	549	528	511	513	713	680	679	645	635
Vernon Township High School (1973,1985,1992,1996,1997)										
Square Feet	218,392	218,392	218,392	218,392	218,392	218,392	218,392	218,392	218,392	245,288
Capacity (students)	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	954
Enrollment	1,197	1,131	1,070	1,020	1,001	995	980	953	959	952
Child Study Team Office										
Square Feet	1,354	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Board Office										
Square Feet	3,765	3,765	3,765	3,765	3,765	N/A	N/A	N/A	N/A	N/A

Source: School District of Vernon Township Records

Note: Year of original construction along with additions are shown in parentheses. Enrollment is based on the annual School Register Summary district count.

VERNON TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS  
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-XXX

Facility	Project #(s)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>School Facilities:</u>											
Walnut Ridge	N/A	\$ 116,585	\$ 152,282	\$ 293,274	\$ 288,686	\$ 184,744	\$ 136,198	\$ 28,440	\$ 25,295	\$ 84,660	\$ 124,416
Cedar Mountain	N/A	198,976	153,592	187,195	191,783	151,971	182,412	184,861	164,417	138,710	148,630
Rolling Hills	N/A	108,626	127,074	176,271	168,105	106,329	128,266	212,752	164,417	115,110	140,469
Lounsberry Hollow	N/A	226,747	189,412	184,327	192,493	225,663	170,730	213,301	189,712	203,250	216,538
Glen Meadow	N/A	366,320	458,231	313,791	309,269	221,671	335,759	341,282	303,539	193,789	204,813
Vernon Township High School	N/A	398,316	515,421	399,960	407,740	532,219	467,022	469,263	417,191	534,990	540,177
Total School Facilities		1,415,570	1,596,012	1,554,818	1,558,076	1,422,597	1,420,387	1,449,899	1,264,571	1,270,509	1,375,043
<u>Other Facilities:</u>											
Child Study Team and Board Office	N/A	83,409	120,779	121,359	140,800	127,405	84,650		12,647	86,637	8,328
Grand Total		\$ 1,498,979	\$ 1,716,791	\$ 1,676,177	\$ 1,698,876	\$ 1,550,002	\$ 1,505,037	\$ 1,449,899	\$ 1,277,218	\$ 1,357,146	\$ 1,383,371

N/A - Not Applicable

Source: District records

VERNON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2022  
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund:	\$500,000,000	Occurrence	
Property:			
Building & Personal Property			\$ 2,500
Inland Marine - Auto Physical Damage			\$ 1,000
Comprehensive General Liability including Auto Liability:	\$ 5,000,000		
Per Occurrence			
General Aggregate		agreed upon based on membership	
Product - Completed Operations			
Personal Injury			
Fire Damage	2,500,000		
Medical Expenses (excluding students taking part in athletics)	10,000		
Automobile Coverage	5,000,000	occurrence	
Employee Benefits			
Security Guard Liability			
Environmental Impairment Liability	1,000,000/25,000,000	Fund Aggregate	10,000
		First party Fungi & Legionella	100,000
		Third party Fungi & Legionella	50,000
Comprehensive Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler and Machinery - Property Damage	100,000,000		2,500
Excess Liability	5,000,000		
School Board Legal Liability	5,000,000		15,000
Cyber Liability			10,000
Workers' Compensation:	Statutory		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
Bollinger Insurance:			
Student Accident	6,000,000	Students and athletes	
Selective Insurance:			
Public Official Bond - Treasurer of School Monies	500,000		
Public Official Bond - Business Administrator/Board Secretary	500,000		

Source: School District of Vernon Township Records



SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Vernon Township School District  
County of Sussex, New Jersey

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), 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 Vernon Township School District, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

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

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

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

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


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

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

October 31, 2022  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
\_\_\_\_\_  
Raymond Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program;  
 Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Vernon Township School District  
 County of Sussex, New Jersey

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

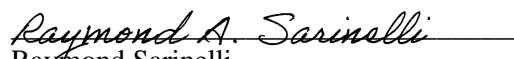
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

October 31, 2022  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
Raymond Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant

VERNON TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Balance at June 30, 2022			
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amount Paid to Subrecipient	
<b>General Fund:</b>											
U.S. Department of Health and Human Services:											
Medicaid Cluster:											
Medicaid Assistance Program	93.778	N/A	7/1/21-6/30/22	\$ 78,040			\$ 78,040				
Total General Fund											
<b>Special Revenue Fund:</b>											
U.S. Department of Education Passed-through State Department of Education:											
Elementary and Secondary Education Act											
Title I											
Title 1 - SIA	84.010	ESEA536022	7/1/21-9/30/22	168,103			153,875				
Title 1 - SIA	84.010	ESEA536021	7/1/20-9/30/21	34,978	\$ (3,233)		3,233				
Title 1 - SIA	84.010	ESEA536022	7/1/21-9/30/22	23,415			(23,415)				
Total Title I											
Title II, Part A	84.367	ESEA536021	7/1/20-9/30/21	62,354			24,132				
Title II, Part A	84.367	ESEA536022	7/1/21-9/30/22	89,172			30,175				
Total Title II, Part A											
Title IV	84.424	ESEA536021	7/1/20-9/30/21	22,006			1,250				
Title IV	84.424	ESEA536021	7/1/21-9/30/22	15,919			15,919				
Total Title IV											
Education Stabilization Fund											
COVID-19 CARES- Emergency Relief	84.425D	N/A	3/18/20-9/30/22	166,864			25,206				
COVID-19 CRRSA ESSER II	84.425D	N/A	3/18/20-9/30/22	649,747			492,016				
COVID-19 CRRSA Learning Acceleration	84.425D	N/A	3/18/20-9/30/22	41,698			34,005				
COVID-19 CRRSA Mental Health	84.425D	N/A	3/18/20-9/30/22	45,000			40,500				
COVID-19 ARP - ESSER III	84.425U	N/A	3/11/21-9/30/24	1,460,264			75,656				
COVID-19 ARP - Accelerated Learning Coach and Educator Support	84.425U	N/A	3/11/21-9/30/24	246,563			(6,518)				
COVID-19 ARP - Mental Health	84.425U	N/A	3/11/21-9/30/24	45,000			35,000				
Total Education Stabilization Fund											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA536021	7/1/20-9/30/21	760,949			7,857				
I.D.E.A. Part B, Basic	84.027	IDEA536022	7/1/21-9/30/22	769,620			719,277				
I.D.E.A. Part B, Basic - American Rescue Plan	85.027X	IDEA536023	7/1/21-9/30/22	131,877			125,808				
I.D.E.A. Part B, Preschool	84.173	IDEA536021	7/1/20-9/30/21	42,322			2,239				
I.D.E.A. Part B, Preschool - American Rescue Plan	84.173X	IDEA536022	7/1/21-9/30/22	30,248			20,376				
I.D.E.A. Part B, Preschool	88.173	IDEA536026	7/1/21-9/30/22	11,236			5,031				
Total Special Education Cluster Subtotal											
Carl D. Perkins Secondary Education	84.048	PERK536021	7/1/20-6/30/21	100,894			11,134				
Carl D. Perkins Secondary Education	84.048	PERK536022	7/1/21-9/30/22	113,974			57,547				
Total U.S. Department of Education											
Nita A. Lowey 21st Century Community Learning Centers	84.287	N/A	9/1/21-8/31/22	400,000			157,894				
Total U.S. Department of Education											
U.S. Department of Treasury Passed-through State Department of Education:											
COVID-19 Additional or Consensatory Special Education and Related Services - American Rescue Plan											
Total U.S. Department of Treasury	21.027	N/A	7/1/21-6/30/22	227,187			227,187				
Total Special Revenue Fund											

VERNON TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Balance at June 30, 2022		
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amount Paid to Subrecipient
<b>Enterprise Fund</b>									
U.S. Department of Agriculture:									
Child Nutrition Cluster:									
Food Distribution Program									
10.555	N/A	7/1/21-6/30/22	80,050			\$ 80,050	\$ (79,127)	\$ 923	
10.555	N/A	7/1/20-6/30/21	701,980			87,085			
10.555	N/A	7/1/21-6/30/22	1,416,930			1,287,706	(1,416,930)		\$ (129,224)
10.553	N/A	7/1/21-6/30/22	542,004			486,046	(542,004)		(55,958)
10.555	N/A	7/1/21-6/30/22	4,123			3,815	(4,123)		(308)
Child Nutrition Program Cluster Subtotal									
				(87,085)		1,944,702	(2,042,184)	923	(185,490)
10.558	N/A	7/1/21-6/30/22	35,393			35,393	(35,393)		
10.649	N/A	7/1/20-6/30/21	614			614	(614)		
Total Enterprise Fund									
				(87,085)		1,980,709	(2,078,191)	923	(185,490)
Total Federal Awards									
				\$ (303,343)	\$ -0-	\$ 4,346,920	\$ (4,684,249)	\$ 923	\$ (622,360)
									\$ 19,235
									\$ -0-

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS



VERNON TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				Budgetary Unearned Revenue	GAAP Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	\$ 14,888,366	\$ (1,476,371)		\$ 1,476,371	\$ (13,268,993)				\$ (1,317,251)	\$ 14,888,366
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	2,545,581	(252,427)	252,427	(2,545,581)	(252,707)				(252,707)	2,545,581
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	341,922	(33,906)	33,906	(341,922)	(33,943)				(33,943)	341,922
Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21	580,955	(57,609)	57,609	(580,955)	(57,609)				(57,609)	580,955
School Choice Aid	21-495-034-5120-068	7/1/20-6/30/21	122,980	(12,195)	12,195	(122,980)	(12,195)				(12,195)	122,980
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	2,202,151	(218,371)	218,371	(2,202,151)	(218,371)				(218,371)	2,202,151
Extraordinary Special Education Costs	21-495-034-5120-044	7/1/20-6/30/21	1,154,107	(1,154,107)	1,154,107	(1,154,107)						1,154,107
Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	23,810	(23,810)	23,810	(23,810)						23,810
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	13,268,993		11,951,742	\$ (13,268,993)					\$ (1,317,251)	13,268,993
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	2,545,581		2,292,874	(2,545,581)					(252,707)	2,545,581
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	341,922		307,979	(341,922)					(33,943)	341,922
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	131,794		118,711	(131,794)					(13,083)	131,794
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	2,202,151		1,983,537	(2,202,151)					(218,614)	2,202,151
Extraordinary Special Education Costs	22-100-034-5120-473	7/1/21-6/30/22	888,261		2,022,151	(888,261)					(888,261)	888,261
Nonpublic Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	15,708		4,070,000	(15,708)					(15,708)	15,708
Stabilization Aid	N/A	7/1/21-6/30/23	4,070,000			(4,070,000)						215,230
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	7/1/21-6/30/23	1,928,893		1,822,776	(1,928,893)					(106,117)	1,928,893
On-Behalf TPAF Post Retirement Contribution	21-495-034-5094-001	7/1/19-6/30/22	2,433,732		2,433,732	(2,433,732)						2,433,732
On-Behalf TPAF Pension Contribution	21-495-034-5094-002	7/1/19-6/30/22	10,271,652		10,271,652	(10,271,652)						10,271,652
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/19-6/30/22	144,919		144,919	(144,919)						144,919
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/19-6/30/22	3,233		3,233	(3,233)						3,233
Total General Fund State Aid				(3,228,796)	38,629,951		(34,392,069)			3,854,770	(1,010,086)	56,262,622
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	1,421									
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	3,584		3,584	(1,254)						1,254
Nonpublic Handicapped Services:												
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	745									
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	3,412		3,412	(1,706)						372
Supplementary Instruction	21-100-034-5120-066	7/1/20-6/30/21	13,761									
Supplementary Instruction	22-100-034-5120-066	7/1/21-6/30/22	1,652		1,652	(826)						826
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	1,054									
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	1,860		1,860	(930)						416
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	660		660	(631)						930
Nursing Services	21-100-034-5120-070	7/1/21-6/30/22	611									631
Nursing Services	22-100-034-5120-070	7/1/21-6/30/22	1,792		1,792	(1,790)						560
Technology Initiative	22-100-034-5120-373	7/1/21-6/30/22	462		462	(462)						462
Security Aid	22-100-034-5120-070	7/1/21-6/30/22	2,800		2,800	(2,800)						2,800
Security Aid	21-100-034-5120-070	7/1/20-6/30/21	1,100									1,015
Career Pathways	20E00039	3/1/19-2/28/20	100,000								(13,258)	100,000
Career Pathways	21E00039	3/1/20-2/28/21	100,000		3,796							100,000
Total Special Revenue Fund				(17,054)	20,018		(10,399)			3,854,770	(13,258)	225,956

VERNON TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				Unearned Revenue	GAAP Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total Expenditures
Debt Service Fund												
Debt Service Aid - State Support	20-495-034-5120-125	7/1/20-6/30/21	\$ 148,970			\$ 148,970	\$ (148,970)					\$ 148,970
Total Debt Service Fund						148,970	(148,970)					148,970
Enterprise Fund												
Covid-19 Seamless Summer Option	22-100-010-33350-023	7/1/21-6/30/22	33,346			30,372	(33,346)			\$ (2,974)	\$ (2,974)	33,346
Total Enterprise Fund						30,372	(33,346)			(2,974)	(2,974)	41,584
School Development Authority:												
Securing Our Children's Future Bond Act	N/A	4/1/20-6/30/24	166,160			88,932	(88,932)					88,932
Emergent and Capital Maintenance Needs	N/A	11/19/21-6/30/22	72,030			72,030				\$ 72,030		72,030
Total State Awards Subject to Single Audit Determination						160,962	(88,932)			72,030		88,932
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contribution	21-495-034-5094-001	7/1/19-6/30/20	2,433,732				\$ 2,433,732					
On-Behalf TPAF Pension Contribution	21-495-034-5094-002	7/1/19-6/30/20	10,271,652				10,271,652					
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/19-6/30/20	144,919				144,919					
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/19-6/30/20	3,233				3,233					
Subtotal - On-Behalf TPAF Pension System Contributions							12,853,536					
Total State Awards Subject to Single Audit Major Program Determination							\$ (21,820,180)					

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Vernon Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC 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 two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$215,281 for the general fund and (\$53,826) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 78,040	\$ 38,551,052	\$ 38,629,092
Special Revenue Fund	2,472,780	11,811	2,484,591
Debt Service Fund		148,970	148,970
Food Service Fund	<u>2,078,191</u>	<u>33,346</u>	<u>2,111,537</u>
Total Financial Assistance	<u>\$ 4,629,011</u>	<u>\$ 38,745,179</u>	<u>\$ 43,374,190</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2022.

VERNON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

VERNON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
Child Nutrition Program Cluster:				
Food Distribution Program	10.555	7/1/21-6/30/22	80,050	79,127
COVID-19 Emergency Operational Cost Reimbursement				
COVID-19 Seamless Summer Option - Lunch	10.555	7/1/21-6/30/22	1,416,930	1,416,930
COVID-19 Seamless Summer Option - Breakfast	10.553	7/1/21-6/30/22	542,004	542,004
COVID-19 After School Snack	10.553	7/1/21-6/30/22	4,123	4,123
Education Stabilization Fund:				
COVID-19 - CARES - Emergency Relief	84.425D	3/18/20-9/30/22	166,894	9,185
COVID-19 - CRRSA - ESSER II	84.425D	3/13/20-9/30/23	649,747	497,192
COVID-19 - CRRSA - Learning Acceleration	84.425D	3/13/20-9/30/23	41,698	34,705
COVID-19 - CRRSA - Mental Health	84.425D	3/13/20-9/30/23	45,000	40,500
COVID-19 - ARP - ESSER III	84.425U	7/1/21-9/30/24	1,460,264	152,031
COVID-19 - ARP - Accelerated Learning				
Coaching and Educator Support	84.425U	7/1/21-9/30/24	246,563	6,518
COVID-19 - ARP - Mental Health				
Support Staffing	84.425U	7/1/21-9/30/24	45,000	35,000
<u>State:</u>				
State Aid - Public:				
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	13,268,993	13,268,993
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	2,545,581	2,545,581
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	341,922	341,922
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	131,794	131,794
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	2,202,151	2,202,151
Extraordinary Aid - Speical Education Costs	22-495-034-5120-473	7/1/21-6/30/22	888,261	888,261

- The threshold for distinguishing Type A and Type B federal programs was \$750,000.
- The threshold for distinguishing Type A and Type B state programs was \$750,000.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

VERNON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022

Status of Prior Year Findings:

There were no prior year findings.