

**VERNON TOWNSHIP SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive  
Financial Report**

**of the**

**VERNON TOWNSHIP BOARD OF EDUCATION**

**Vernon, New Jersey**

**For the Fiscal Year Ended June 30, 2023**

**Prepared by**

**Vernon Township Board of Education  
Business Office**

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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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Schools  
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Business Administrator/  
Board Secretary  
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November 9, 2023

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 annual comprehensive financial report of the Vernon Township School District (District) for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 annual comprehensive 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 2022-2023 school year with an Average Daily Enrollment (ADE) of 2,935, which is 21 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.

The District has experienced large cuts in State Aid revenue as a result of the implementation of the State's Senate Bill 2 (S-2) Funding Formula. This has resulted in decisions related to staffing and other District expenditures in order to adapt to lower available revenue. The upcoming 2024-2025 School Year is the last year with a planned S2 Funding Formula State Aid cut. This coincides with the last year of American Rescue Plan Elementary and Secondary Schools Emergency Relief (ARP ESSER) funding availability. The District has low debt and has no plans to issue additional debt. The District's Moody's credit rating was increased this year to A2 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. 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 Lounsbury Hollow has grades 4-5. Glen Meadow has middle school grades 6-8, and Vernon Township High School has grades 9-12.

## **3) MAJOR INITIATIVES:**

During the 2022-23 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, HMH Into Reading in grades K-5 and Commonlit in grades 6-8.. Specific to math, in K-4, the new Innovamat has been implemented and will continue to be reviewed. In 5-8 Math in Focus curriculum will continue to be a priority.



Moreover, in all content areas the usage of benchmark assessments and focus standards to create and measure student growth will continue to 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 2022-23 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 an 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, we continue major academic initiatives which 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, district clinicians, and SAEBERS to identify and support our students who are struggling.

#### **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, 2023.

**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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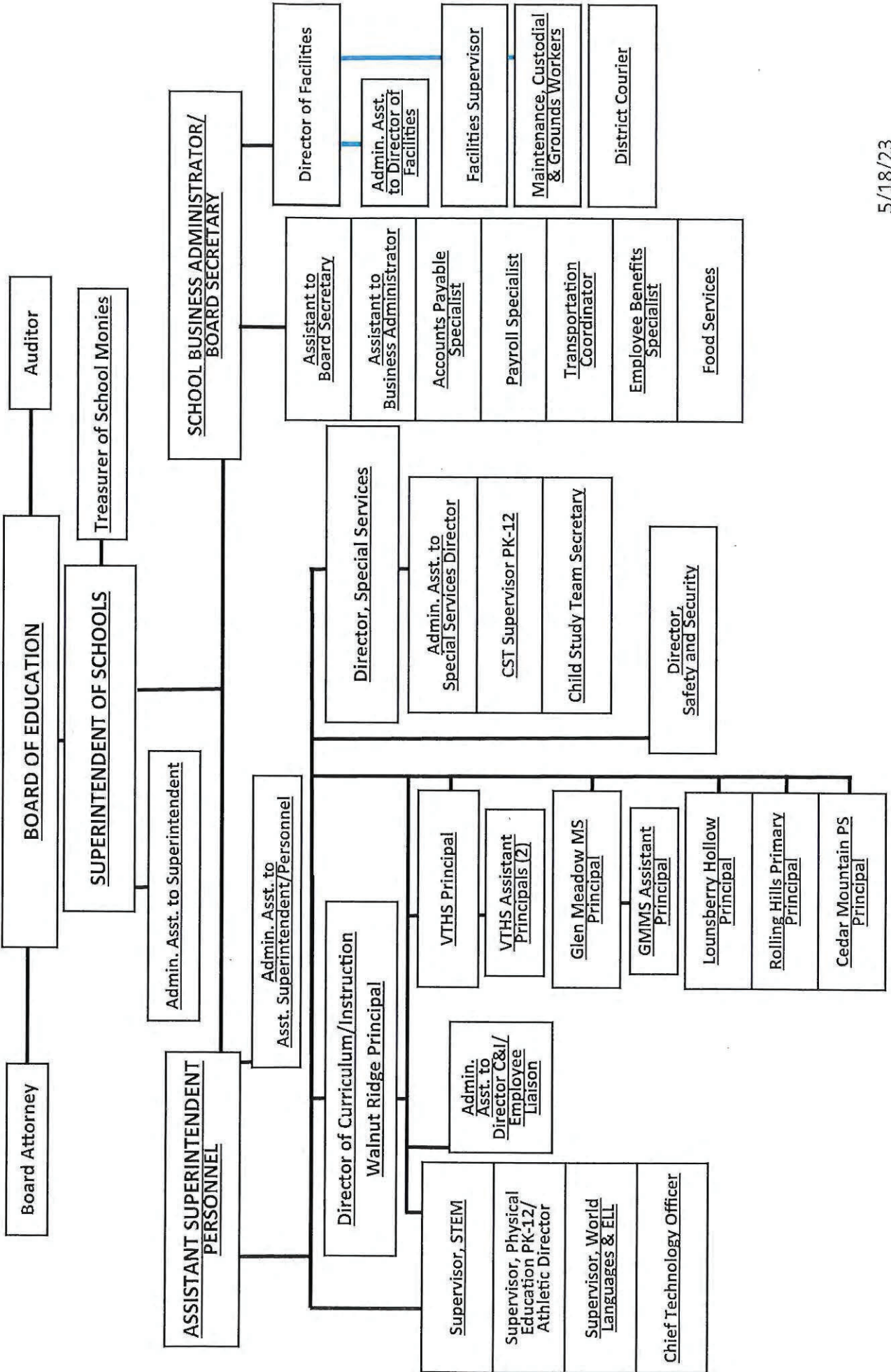
Business Administrator  
Raymond Slamb



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Superintendent  
Russell Rogers

**VERNON TOWNSHIP BOARD OF EDUCATION ORGANIZATIONAL CHART  
2022-2023 SCHOOL YEAR**





**VERNON TOWNSHIP BOARD OF EDUCATION  
VERNON, NEW JERSEY  
ROSTER OF OFFICIALS  
JUNE 30, 2023**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Kelly Mitchell, President	2025
Justin Annunziata, Vice President	2023
Charles Cimaglia ( <b>Filled Vacant Seat</b> )	2023
Carl Contino ( <b>Filled Vacant Seat</b> )	2023
Theresa Scura Coughlin ( <b>Resigned 2/7/2023</b> )	2024
John Kraus	2024
Adina Hope (Leuthner)	2023
Martin O'Donnell ( <b>Resigned 2/8/2023</b> )	2023
Jennifer Pellet	2025
Joseph A. Sweeney	2025
Raymond Zimmerman	2024

**Administration**

Karen D'Avino, Superintendent of Schools (**Leave of Absence 8/9/2022 – 9/30/2022, Retired 10/1/2022**)

Russell Rogers, Acting Superintendent (**Started 8/9/2022 through 1/6/2023**)

Russell Rogers, Superintendent (**Started 1/9/2023**)

Russell Rogers, Assistant Superintendent (**Started 7/22/2022 – 9/15/2022**)

Rosemary Gebhardt, Acting Assistant Superintendent (**Started 9/16/2022 through 1/6/2023**)

Rosemary Gebhardt, Assistant Superintendent (**Started 1/9/2023**)

Patricia Ratcliffe-Lee, Business Administrator/Board Secretary



**VERNON TOWNSHIP BOARD OF EDUCATION**

Consultants and Advisors – 2022/2023 School Year

**Audit Firm**

Nisivoccia LLP, CPAs  
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Mount Arlington, NJ 07856

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150 Clove Road  
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Little Falls, New Jersey 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**

#### ***Opinions***

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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements 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 audit opinions.

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

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

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.

***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.

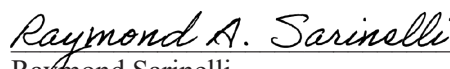
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

November 9, 2023  
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, 2023. 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.

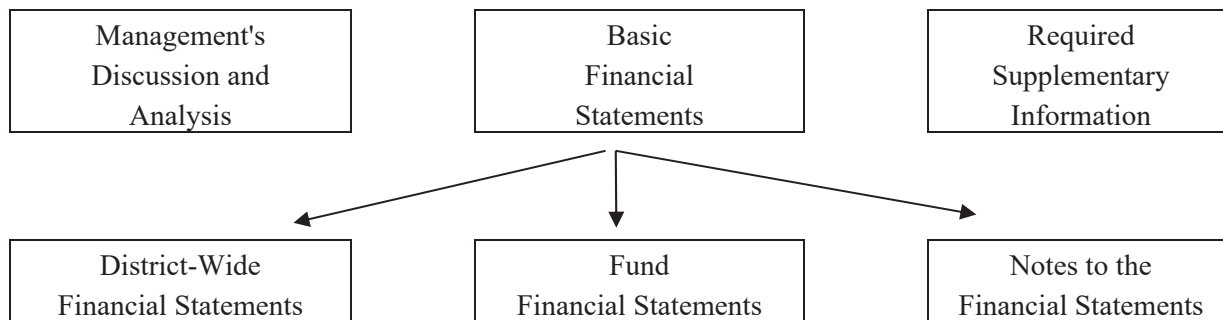
### Overview of the Financial Statements

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, subscription 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 liabilities) 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 decreased by \$1,299,494. Net position from governmental activities decreased by \$1,392,974 and business-type activities increased by \$93,480.

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Current and Other Assets	\$ 11,468,540	\$ 14,700,258	\$ 1,654,152	\$ 1,540,861	\$ 13,122,692	\$ 16,241,119	
Capital Assets, Net	20,972,723	21,151,472	140,554	180,305	21,113,277	21,331,777	
Total Assets	<u>32,441,263</u>	<u>35,851,730</u>	<u>1,794,706</u>	<u>1,721,166</u>	<u>34,235,969</u>	<u>37,572,896</u>	-8.88%
Deferred Outflows of Resources	<u>1,755,577</u>	<u>1,440,584</u>			<u>1,755,577</u>	<u>1,440,584</u>	21.87%
Other Liabilities	3,192,240	1,859,621	104,860	124,800	3,297,100	1,984,421	
Long-Term Liabilities	16,719,421	16,057,461			16,719,421	16,057,461	
Total Liabilities	<u>19,911,661</u>	<u>17,917,082</u>	<u>104,860</u>	<u>124,800</u>	<u>20,016,521</u>	<u>18,041,882</u>	10.94%
Deferred Inflows of Resources	<u>2,873,099</u>	<u>6,570,178</u>			<u>2,873,099</u>	<u>6,570,178</u>	-56.27%
Net Position:							
Net Investment in Capital Assets	16,817,105	16,153,080	140,554	180,305	16,957,659	16,333,385	
Restricted	6,368,961	6,343,687			6,368,961	6,343,687	
Unrestricted/(Deficit)	<u>(11,773,986)</u>	<u>(9,691,713)</u>	<u>1,549,292</u>	<u>1,416,061</u>	<u>(10,224,694)</u>	<u>(8,275,652)</u>	
Total Net Position	<u>\$ 11,412,080</u>	<u>\$ 12,805,054</u>	<u>\$ 1,689,846</u>	<u>\$ 1,596,366</u>	<u>\$ 13,101,926</u>	<u>\$ 14,401,420</u>	-9.02%

*Changes in Net Position.* The District's combined net position was \$13,101,926 at June 30, 2023, or \$1,299,494 less than it was the year before. (See Figure A-3). Net position from governmental activities decreased by \$1,392,974 and business-type activities increased by \$93,480 (See Figure A-4).

**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
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Revenue:							
Program Revenue:							
Charges for Services	\$ 718,565	\$ 652,156	\$ 821,517	\$ 126,664	\$ 1,540,082	\$ 778,820	
Operating Grants & Contributions	15,794,134	20,750,037	577,580	2,112,460	16,371,714	22,862,497	
General Revenue:							
Property Taxes	44,938,708	44,023,527			44,938,708	44,023,527	
Unrestricted Federal & State Aid	12,720,473	18,344,455			12,720,473	18,344,455	
Other	204,273	146,784	2,295	1,132	206,568	147,916	
Total Revenue	<u>74,376,153</u>	<u>83,916,959</u>	<u>1,401,392</u>	<u>2,240,256</u>	<u>75,777,545</u>	<u>86,157,215</u>	-12.05%
Expenses:							
Instruction	38,941,311	41,270,728			38,941,311	41,270,728	
Pupil and Instruction Services	16,708,511	15,309,896			16,708,511	15,309,896	
Administrative and Business	5,630,484	5,800,098			5,630,484	5,800,098	
Maintenance and Operations	6,494,110	6,251,729			6,494,110	6,251,729	
Transportation	5,802,795	5,790,541			5,802,795	5,790,541	
Other	2,191,916	2,634,215	1,281,675	1,273,045	3,473,591	3,907,260	
Total Expenses	<u>75,769,127</u>	<u>77,057,207</u>	<u>1,281,675</u>	<u>1,273,045</u>	<u>77,050,802</u>	<u>78,330,252</u>	-1.63%
Transfers/Other Items		(20,986)	(26,237)	20,986	(26,237)		100.00%
Increase/(Decrease) in Net Position	<u>\$ (1,392,974)</u>	<u>\$ 6,838,766</u>	<u>\$ 93,480</u>	<u>\$ 988,197</u>	<u>\$ (1,299,494)</u>	<u>\$ 7,826,963</u>	-116.60%

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District decreased in fiscal year 2023. 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 demands 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	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 38,941,311	\$ 41,270,728	\$ 27,232,887	\$ 26,027,103
Pupil and Instruction Services	16,708,511	15,309,896	14,678,092	12,375,424
Administrative and Business	5,630,484	5,800,098	5,079,936	4,793,619
Maintenance and Operations	6,494,110	6,251,729	6,494,110	6,251,729
Transportation	5,802,795	5,790,541	3,579,487	3,572,925
Other	2,191,916	2,634,215	2,191,916	2,634,214
	<u>\$ 75,769,127</u>	<u>\$ 77,057,207</u>	<u>\$ 59,256,428</u>	<u>\$ 55,655,014</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 \$93,480, (Refer to Figure A-4). Factors contributing to these results included:

- The District had higher revenues than expenses, 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 declined during the year due to difficult economic times and continued State Aid cuts due to the Senate Bill 2 (S2) Funding Formula. As the demographics of our geographic area change, additional student needs and expenditures arise.

State Aid cuts will continue into the 2024-2025 School Year which is the last planned S2 Funding Formula State Aid cut. Beyond 2024-2025, the status of future State Aid in terms of potential cuts or increases remains uncertain. 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 which the Board is now drawing down on. 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
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Land	\$ 1,935,348	\$ 1,935,348			\$ 1,935,348	\$ 1,935,348	
Construction in Progress	1,304,553	132,675			1,304,553	132,675	
Site Improvements	886,764	962,974			886,764	962,974	
Building and Building Improvements	15,693,978	16,955,211			15,693,978	16,955,211	
Machinery and Equipment	1,152,080	1,165,264	\$ 140,554	\$180,305	1,292,634	1,345,569	
<b>Total Capital Assets (Net)</b>	<b>\$20,972,723</b>	<b>\$21,151,472</b>	<b>\$ 140,554</b>	<b>\$180,305</b>	<b>\$21,113,277</b>	<b>\$21,331,777</b>	<b>-1.02%</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 \$1,623,856 offset by depreciation expense and adjustments of \$1,802,065.

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

**Long-term Liabilities**

At year-end, the District had a net of \$3,925,000 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
	2022/2023	2021/2022	
School Bonds (including energy savings)	\$ 3,925,000	\$ 4,675,000	
Net Pension Liability	10,793,502	8,939,011	
Other Long-Term Liabilities	2,000,919	2,443,450	
	<u>\$ 16,719,421</u>	<u>\$ 16,057,461</u>	4.12%

**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, however, tax levy increases are currently capped at 2%.
- 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 continuously rising energy prices. The District plans to explore potential future ESIP projects that will help limit the impact of these energy cost increases.
- The District continues to apply for available grant funding in order to increase resources available to our students.
- The Board will continue to assess the budget to determine ways in which spending can be decreased, with a goal of not negatively impacting District personnel.
- The Board of Education contracted with an architect to complete a 5 year Long Range Facility Plan (LRFP) to identify and prioritize the ever increasing facility needs of the District. The Plan was approved by the State in 2021-2022. The LRFP will be utilized to plan projects in future budgets as Capital Reserve funding allows.
- Higher interest rates have allowed the District to renegotiate its Banking Services agreement which has resulted in a large increase in Bank interest revenue in the 2023-2024 School Year. The District will continue to monitor interest rates as these will fluctuate based on monetary policy decisions made at the Federal Reserve.
- The costs of required expenditures have increased and will continue to increase at a rate greater than the District’s 2% cap on allowable tax levy increases. Additionally, State Aid has decreased approximately \$8.5 million since 2017. It is anticipated that 2024-2025 will be the last year of planned S2 Funding Formula State aid cuts. As a result of the above limitations, the Board of Education has applied budgeted fund balance over the past several years. It is important that the amount of budgeted fund balance utilized is gradually decreased in order reduce the District’s reliance on budgeted fund balance as a revenue source. This will reduce the District’s financial risk and eventually lead to the ability to resume deposits into the District’s Capital and Maintenance Reserves.

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

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, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 6,968,375	\$ 1,548,641	\$ 8,517,016
Receivables from Federal Government	260,836	38,957	299,793
Receivables from State Government	942,680	2,579	945,259
Other Accounts Receivable	8,776	52,035	60,811
Inventory		11,940	11,940
Restricted Assets			
Cash and Cash Equivalents	3,287,873		3,287,873
Capital Assets:			
Sites (Land) and Construction in Progress	3,239,901		3,239,901
Depreciable Site Improvements, Building and Building Improvements and Machinery and Equipment	17,732,822	140,554	17,873,376
Total Assets	<u>32,441,263</u>	<u>1,794,706</u>	<u>34,235,969</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Amount on Refunding	90,311		90,311
Deferred Outflows Related to Pensions	1,665,266		1,665,266
Total Deferred Outflows of Resources	<u>1,755,577</u>		<u>1,755,577</u>
<u>LIABILITIES:</u>			
Accounts Payable	2,114,637	82,469	2,197,106
Payable to State Government	959,844		959,844
Unearned Revenue	117,759	22,391	140,150
Noncurrent Liabilities:			
Due Within One Year	920,397		920,397
Due Beyond One Year	15,799,024		15,799,024
Total Liabilities	<u>19,911,661</u>	<u>104,860</u>	<u>20,016,521</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pensions	2,873,099		2,873,099
Total Deferred Inflows of Resources	<u>2,873,099</u>		<u>2,873,099</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	16,817,105	140,554	16,957,659
Restricted for:			
Capital Projects	2,549,728		2,549,728
Maintenance	2,470		2,470
Excess Surplus	3,081,088		3,081,088
Unemployment Compensation	364,682		364,682
Scholarships	71,348		71,348
Student Activities	299,645		299,645
Unrestricted/(Deficit)	<u>(11,773,986)</u>	<u>1,549,292</u>	<u>(10,224,694)</u>
Total Net Position	<u>\$ 11,412,080</u>	<u>\$ 1,689,846</u>	<u>\$ 13,101,926</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, 2023

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	\$ 28,579,213	\$ 186,374	\$ 6,084,638	\$ (22,308,201)		\$ (22,308,201)
Special Education	9,082,316	47,500	5,372,754	(3,662,062)		(3,662,062)
Other Instruction	152,836		17,158	(135,678)		(135,678)
School -Sponsored Instruction	1,126,946			(1,126,946)		(1,126,946)
Support Services:						
Tuition	2,629,983			(2,629,983)		(2,629,983)
Student and Instruction Related Services	14,078,528	484,691	1,545,728	(12,048,109)		(12,048,109)
General Administration Services	1,699,324		188,722	(1,510,602)		(1,510,602)
School Administration Services	2,776,125		246,774	(2,529,351)		(2,529,351)
Central Services	936,618		115,052	(821,566)		(821,566)
Administrative Information Technology	218,417			(218,417)		(218,417)
Plant Operations and Maintenance	6,494,110			(6,494,110)		(6,494,110)
Pupil Transportation	5,802,795		2,223,308	(3,579,487)		(3,579,487)
Interest on Long-Term Debt	28,155			(28,155)		(28,155)
Unallocated Depreciation	1,522,261			(1,522,261)		(1,522,261)
Capital Outlay	1,193			(1,193)		(1,193)
Transfer to Charter School	640,307			(640,307)		(640,307)
Total Governmental Activities	75,769,127	718,565	15,794,134	(59,256,428)		(59,256,428)
Business-Type Activities:						
Food Service	1,281,675	821,517	577,580		\$ 117,422	117,422
Total Business-Type Activities	1,281,675	821,517	577,580		117,422	117,422
Total Primary Government	77,050,802	1,540,082	16,371,714	(59,256,428)	117,422	(59,139,006)

VERNON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Other Items:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 44,737,965		\$ 44,737,965
Taxes Levied for Debt Service	200,743		200,743
Federal and State Aid not Restricted	12,720,473		12,720,473
Investment Earnings	21,783	\$ 2,295	24,078
Miscellaneous Income	182,490		182,490
Disposal of Capital Assets		(26,237)	
Total General Revenue and Other Items	57,863,454	(23,942)	57,865,749
Change in Net Position	(1,392,974)	93,480	(1,273,257)
Net Position - Beginning	12,805,054	1,596,366	14,401,420
Net Position - Ending	\$ 11,412,080	\$ 1,689,846	\$ 13,128,163

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 6,950,119		\$ 18,256	\$ 6,968,375
Interfund Receivable	142,206			142,206
Receivables From Federal Government		\$ 260,836		260,836
Receivables From State Government	930,109	12,571		942,680
Other Accounts Receivables		8,776		8,776
Restricted Cash and Cash Equivalents	2,916,880	370,993		3,287,873
Total Assets	\$ 10,939,314	\$ 653,176	\$ 18,256	\$ 11,610,746
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Interfund Payable		\$ 142,206		\$ 142,206
Accounts Payable	\$ 2,098,933	15,704		2,114,637
Payable to State Government		6,514	\$ 18,256	24,770
Unearned Revenue		117,759		117,759
Total Liabilities	2,098,933	282,183	18,256	2,399,372
Fund Balances:				
Restricted for:				
Excess Surplus - 2023-2024	899,325			899,325
Excess Surplus - 2024-2025	2,181,763			2,181,763
Capital Reserve Account	2,549,728			2,549,728
Maintenance Reserve Account	2,470			2,470
Unemployment Compensation	364,682			364,682
Scholarships		71,348		71,348
Student Activities		299,645		299,645
Assigned for:				
Subsequent Year's Expenditures	2,169,729			2,169,729
Year End Encumbrances	672,684			672,684
Total Fund Balances	8,840,381	370,993		9,211,374
Total Liabilities and Fund Balances	\$ 10,939,314	\$ 653,176	\$ 18,256	\$ 11,610,746

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.	\$ 20,972,723
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.	(141,199)
The Deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure	90,311

VERNON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

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.	\$ (10,793,502)
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	730,191
Deferred Inflows	(2,873,099)
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 6)	<u>(5,784,719)</u>
Net Position of Governmental Activities	<u>\$ 11,412,080</u>

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>				
<b>Local Sources:</b>				
Local Tax Levy	\$ 44,737,965		\$ 200,743	\$ 44,938,708
Tuition	233,875			233,875
Interest Earned	21,783			21,783
Restricted Miscellaneous Revenue		\$ 504,674		504,674
Unrestricted Miscellaneous Revenue	182,490			182,490
<b>Total - Local Sources</b>	<b>45,176,113</b>	<b>504,674</b>	<b>200,743</b>	<b>45,881,530</b>
State Sources	32,606,469	16,520	145,132	32,768,121
Federal Sources	97,510	3,475,996		3,573,506
<b>Total Revenues</b>	<b>77,880,092</b>	<b>3,997,190</b>	<b>345,875</b>	<b>82,223,157</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	18,435,177	2,626,167		21,061,344
Special Education Instruction	5,729,772	807,441		6,537,213
Other Special Instruction	87,618			87,618
School-Sponsored/Other Instruction	1,114,799			1,114,799
<b>Support Services and Undistributed Costs:</b>				
Tuition	2,629,983			2,629,983
Student and Other Instruction Related Services	9,887,307	524,641		10,411,948
General Administration Services	1,290,084			1,290,084
School Administration Services	2,318,379			2,318,379
Central Services	675,422			675,422
Administrative Information Technology	211,000			211,000
Plant Operations and Maintenance	6,637,394			6,637,394
Student Transportation	5,797,724			5,797,724
Unallocated Benefits	25,458,629			25,458,629
<b>Debt Service:</b>				
Principal			305,000	305,000
Interest and Other Charges			40,875	40,875
Capital Outlay	1,455,810	78,891		1,534,701
Transfer of Funds to Charter School	640,307			640,307
<b>Total Expenditures</b>	<b>82,369,405</b>	<b>4,037,140</b>	<b>345,875</b>	<b>86,752,420</b>
<b>Excess/(Deficit) of Revenue Over/(Under) Expenditures</b>	<b>(4,489,313)</b>	<b>(39,950)</b>		<b>(4,529,263)</b>
<b>Fund Balance - July 1</b>	<b>13,329,694</b>	<b>410,943</b>		<b>13,740,637</b>
<b>Fund Balance - June 30</b>	<b>\$ 8,840,381</b>	<b>\$ 370,993</b>	<b>\$ -0-</b>	<b>\$ 9,211,374</b>

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, 2023

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (4,529,263)

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 and Adjustments	\$ (1,667,621)	
Capital outlays, net of deletions	<u>1,488,872</u>	

(178,749)

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 (+).

291,880

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.

750,000

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.

115,353

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		(1,854,491)
Change in Deferred Outflows		302,497
Change in Deferred Inflows		3,697,079

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. (+)

35,299

Change in Net Position - Governmental

\$ (1,392,974)

VERNON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	Business-type Activities - Enterprise Funds Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,548,641
Intergovernmental Accounts Receivable:	
State	2,579
Federal	38,957
Other Accounts Receivable	52,035
Inventories	11,940
	1,654,152
Total Current Assets	1,654,152
Non-Current Assets:	
Capital Assets	668,145
Less: Accumulated Depreciation	(527,591)
	140,554
Total Non-Current Assets	140,554
Total Assets	1,794,706
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	82,469
Unearned Revenue - Prepaid Sales	21,012
Unearned Revenue - Donated Commodities	1,379
	104,860
Total Liabilities	104,860
<u>NET POSITION:</u>	
Investment in Capital Assets	140,554
Unrestricted	1,549,292
	1,689,846
Total Net Position	\$ 1,689,846

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, 2023

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 470,740
Daily Sales - Non-Reimbursable Programs	271,438
Special Events	20,348
Miscellaneous Revenue	58,991
Total Operating Revenue	821,517
Operating Expenses:	
Cost of Sales - Reimbursable Programs	287,043
Cost of Sales - Non-Reimbursable Programs	168,580
Salaries, Benefits & Payroll Taxes	449,251
Supplies, Insurance & Other Costs	60,423
Management Fee	121,550
Miscellaneous Expenditures	171,296
Depreciation Expense	23,532
Total Operating Expenses	1,281,675
Operating Loss	(460,158)
Non-Operating Revenue:	
Local Sources:	
Interest Earnings	2,295
State Sources:	
State School Lunch Program	18,288
State After the Bell Program	5,168
State School Breakfast Program	1,946
Federal Sources:	
National School Lunch Program	342,137
School Breakfast Program	70,426
Other Nutrition Programs - Supply Chain Assistance	80,993
Food Distribution Program	58,622
Total Non-Operating Revenue	579,875
Change in Net Position Before Other Item	119,717
Other:	
Disposal of Capital Assets	(26,237)
Change in Net Position After Other Item	93,480
Net Position - Beginning of Year	1,596,366
Net Position - End of Year	\$ 1,689,846

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, 2023

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 763,993
Payments to Food Service Contractor	(1,069,340)
Payments to Suppliers	(135,231)
Net Cash Used for Operating Activities	(440,578)
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(10,018)
Net Cash Used for Capital and Related Financing Activities	(10,018)
Cash Flows from Noncapital Financing Activities:	
State Sources	25,797
Federal Sources	640,089
Net Cash Provided by Noncapital Financing Activities	665,886
Cash Flows from Investing Activities:	
Interest Income	2,295
Net Cash Provided by Investing Activities	2,295
Net Increase in Cash and Cash Equivalents	217,585
Cash and Cash Equivalents, July 1	1,331,056
Cash and Cash Equivalents, June 30	\$ 1,548,641
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (460,158)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	23,532
Food Distribution Program	58,622
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(52,035)
Decrease in Inventory	9,401
(Decrease) in Accounts Payable	(14,907)
(Decrease) in Unearned Revenue - Prepaid Sales	(5,489)
Increase in Unearned Revenue - Donated Commodities	456
Net Cash Used for Operating Activities	\$ (440,578)

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 \$58,622 and Utilized Commodities Valued at \$59,078.

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, 2023

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, 2023

(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, lease assets or subscription 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, 2023

(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, lease asset or subscription 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, 2023  
(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	\$ 77,735,558	\$ 3,985,219
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		(68,519)
Prior Year Encumbrances, Net of Cancellations		80,490
Prior Year State Aid Payments Recognized for GAAP Statements	1,835,598	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,691,064)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 77,880,092	\$ 3,997,190

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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	\$ 82,369,405	\$ 4,025,169
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		(68,519)
Prior Year Encumbrances, Net of Cancellations		80,490
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 82,369,405	\$ 4,037,140

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, 2023  
(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, 2023.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
 (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. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. 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.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

O. 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, 2023

P. 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.

Q. 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.

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. 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.

T. Fund Balance Appropriated:

General Fund: Of the \$8,840,381 General Fund fund balance at June 30, 2023, \$672,684 is assigned for year-end encumbrances; \$2,169,729 is assigned for subsequent year's expenditures, which is \$40,967 less than the budgetary basis due to the final two state aid payments; \$2,549,728 is restricted in the capital reserve account; \$2,470 is restricted in the maintenance reserve account; \$364,682 is restricted in the unemployment compensation reserve account; \$3,081,088 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$899,325 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$2,181,763 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending



VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

June 30, 2025); and \$-0- is unassigned fund balance, which is \$1,650,097 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, 2024.

Special Revenue Fund: Of the \$370,993 Special Revenue Fund fund balance at June 30, 2023, \$71,348 is restricted for Scholarships and \$299,645 is restricted for student activities.

Debt Service Fund: The Debt Service Fund has \$-0- of fund balance at June 30, 2023.

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 \$3,081,088 in excess surplus as detailed above.

Unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis in the amount of \$1,691,064. 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.

U. Deficit Net Position

The District has a deficit in unrestricted net position from governmental activities in the amount of \$11,773,986. This is primarily due to \$10,793,502 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.

V. 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, 2023 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, 2023 related to pensions.

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

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

V. Net Position (Cont'd)

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization, and subscription 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.

W. 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, 2023.

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, 2023.

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, 2023.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

X. 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.

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.

Y. 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.

Z. 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.

AA. 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.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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.

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%.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

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;
- (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

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Investments: (Cont'd)

- (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;
  - (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, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents					Total
		Capital Reserve Account	Maintenance Reserve Account	Unemployment Compensation	Scholarships	Student Activities	
Checking Accounts	\$ 8,517,016	\$ 2,549,728	\$ 2,470	\$ 364,682	\$ 71,348	\$ 299,645	\$ 11,804,889
	<u>\$ 8,517,016</u>	<u>\$ 2,549,728</u>	<u>\$ 2,470</u>	<u>\$ 364,682</u>	<u>\$ 71,348</u>	<u>\$ 299,645</u>	<u>\$ 11,804,889</u>

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$11,804,889 and the bank balance was \$12,472,233.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,935,348			\$ 1,935,348
Construction in Progress	132,675	\$ 1,171,878		1,304,553
Total Capital Assets Not Being Depreciated	<u>2,068,023</u>	<u>1,171,878</u>		<u>3,239,901</u>
Capital Assets Being Depreciated:				
Site Improvements	2,191,073	67,432		2,258,505
Buildings and Building Improvements	56,777,796	23,565	\$ (3,590)	56,797,771
Machinery and Equipment	4,575,427	270,633	(41,046)	4,805,014
Total Capital Assets Being Depreciated	<u>63,544,296</u>	<u>361,630</u>	<u>(44,636)</u>	<u>63,861,290</u>
Governmental Activities Capital Assets	<u>65,612,319</u>	<u>1,533,508</u>	<u>(44,636)</u>	<u>67,101,191</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,228,099)	(146,415)	2,773	(1,371,741)
Buildings and Building Improvements	(39,822,585)	(1,375,847)	94,639	(41,103,793)
Machinery and Equipment	(3,410,163)	(280,343)	37,572	(3,652,934)
	<u>(44,460,847)</u>	<u>(1,802,605)</u>	<u>134,984</u>	<u>(46,128,468)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,151,472</u>	<u>\$ (269,097)</u>	<u>\$ 90,348</u>	<u>\$ 20,972,723</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 682,076	\$ 10,018	\$ (23,949)	\$ 668,145
Less Accumulated Depreciation	<u>(501,771)</u>	<u>(23,532)</u>	<u>(2,288)</u>	<u>(527,591)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 180,305</u>	<u>\$ (13,514)</u>	<u>\$ (26,237)</u>	<u>\$ 140,554</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 142,490
Special Education	1,780
Other Instruction	26,264
Student and Instruction Related Services	12,147
School Administration	94,249
Operations and Maintenance of Plant	3,414
Unallocated	<u>1,522,261</u>
	<u>\$ 1,802,605</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022		\$ 3,524,472
Add:		
Unexpended Funds - Capital Outlay	\$ 2,222,669	2,222,669
		5,747,141
Less:		
Budgeted Withdrawal	(3,197,413)	(3,197,413)
Ending Balance, June 30, 2023		\$ 2,549,728

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects at June 30, 2023 exceeds the balance in the capital reserve account as of June 30, 2023. 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, 2023, the following changes occurred in liabilities reported in the District-wide financial statements:

	Beginning Balance	Issued	Retired	Ending Balance
Serial Bonds Payable	\$ 4,675,000		\$ 750,000	\$ 3,925,000
Financed Purchases Payable	436,282		115,353	320,929
Net Pension Liability	8,939,011	\$ 1,854,491		10,793,502
Unamortized Bond Premium	176,498		35,299	141,199
Compensated Absences Payable	1,830,670	151,601	443,481	1,538,790
	\$ 16,057,461	\$ 2,006,092	\$ 1,344,133	\$ 16,719,420



VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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, 2023 as follows:

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Final Date of Maturity</u>	<u>Balance 6/30/2023</u>
School Refunding Bonds	09/15/15	3.00%	12/01/26	\$ 1,210,000
Energy Savings Obligation Refunding Bonds	07/19/12	3.50%	07/15/27	2,715,000
				<u>\$ 3,925,000</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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	
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>\$ 1,210,000</u>	<u>\$ 77,925</u>	<u>\$ 1,287,925</u>	<u>\$ 2,715,000</u>	<u>\$ 249,287</u>	<u>\$ 2,964,287</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board had no bonds authorized but not issued.

C. Financed Purchase Payable:

The District has finance purchase agreements for copiers and laptops valued at \$474,988, of which \$154,059 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, 2023.

<u>Year</u>	<u>Amount</u>
2024	\$ 121,689
2025	123,647
2026	98,193
Total Minimum Financed Purchases Payments	343,529
Less: Amount Representing Interest	(22,600)
Present Value Net of Minimum Financed Purchases Payments	<u>\$ 320,929</u>

The current portion of the finance purchase payable at June 30, 2023 is \$110,098 and the long term portion is \$210,831. 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 portion of compensated absences is \$1,538,790. There is no current portion.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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, 2023, 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 \$105,900.

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, 2023 is \$-0- and the long-term portion is \$10,793,502. 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, 2023  
(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. 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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 \$901,914 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$22,710 to the PERS for normal pension benefits on behalf of the District.

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, 2023

(Continued)

NOTE 7. PENSIONS PLANS (Cont'd)

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District reported a liability of \$10,793,502 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.0715%, which was a decrease of 0.0039% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit of \$1,243,171 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$22,710 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023

At June 30, 2023, the District reported 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, 2023

(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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ (259,454)
	2019	5.21		(324,231)
	2020	5.16		(953,415)
	2021	5.13		(79,114)
	2022	5.04	\$ 33,442	
			<u>33,442</u>	<u>(1,616,214)</u>
Difference Between Expected and Actual Experience	2018	5.63		(9,880)
	2019	5.21	24,784	
	2020	5.16	53,118	
	2021	5.13		(26,595)
	2022	5.04		(32,224)
			<u>77,902</u>	<u>(68,699)</u>
Changes in Proportion	2018	5.63	10,299	
	2019	5.21		(133,058)
	2020	5.16		(455,010)
	2021	5.13	161,814	
	2022	5.04		(600,118)
			<u>172,113</u>	<u>(1,188,186)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	10,678	
	2020	5.00	320,857	
	2021	5.00	(2,001,298)	
	2022	5.00	211,649	
			<u>446,734</u>	
District Contribution Subsequent to the Measurement Date	2022	1.00	935,075	
			<u>\$ 1,665,266</u>	<u>\$ (2,873,099)</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 7. PENSION 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)

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 benefit as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (925,856)
2024	(471,692)
2025	(230,035)
2026	501,850
2027	(1,102)
	\$ (1,126,835)

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based 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, 2023  
(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, 2022 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, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 13,866,488	\$ 10,793,502	\$ 8,178,267

Pension Plan Fiduciary Net Position

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, 2023

(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 2023, the State of New Jersey contributed \$9,727,681 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$3,464,633.

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, 2023  
(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, 2023, the State's proportionate share of the net pension liability associated with the District was \$128,735,533. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The 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, 2022, the District's proportion was 0.250%, which was a decrease of 0.021% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		128,735,833
Total	\$	128,735,833

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$3,464,633 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 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, 2023  
(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	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			3,013,097,864	19,441,140,477
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			699,820,974	122,664,916
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			1,172,371,073	
			\$ 4,885,289,911	\$ 19,563,805,393

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

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

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

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

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the 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, 2023  
(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, 2022 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, 2022		
	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	\$ 150,945,148	\$ 128,735,533	\$ 110,026,723

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 \$109,689 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$65,493 for the fiscal year ended June 30, 2023.

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, 2023  
(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, 2023 was not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2022 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 52,198,217
Net Position	\$ 20,990,635
Total Revenue	\$ 46,988,143
Total Expenses	\$ 46,989,023
Change in Net Position	\$ (880)
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, 2023  
(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>
2023	\$ 151,627	\$ 78,302	\$ 364,682
2022	168,403	119,201	291,357
2021	143,051	127,948	242,155

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, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 142,206	
Special Revenue Fund		\$ 142,206
	<u>\$ 142,206</u>	<u>\$ 142,206</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, 2023  
(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, 2023, if any, is unknown.

Encumbrances

At June 30, 2023, 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
\$ 672,684	\$ 68,519	\$ 741,203

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$68,519 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	\$ 1,591,814	\$ 6,513	\$ 18,256	\$ 935,075	\$ 959,844	\$ 82,469
Payroll Deductions and Withholdings	493,568	15,704			493,568	
Accrued Salaries and Wages	13,551				13,551	
	<u>\$ 2,098,933</u>	<u>\$ 22,217</u>	<u>\$ 18,256</u>	<u>\$ -0-</u>	<u>\$ 3,074,481</u>	<u>\$ 82,469</u>

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District did not make any transfers into capital outlay accounts.

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 30,2023  
(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, 2022	\$ 502,470
Less:	
Withdrawal made by Board Resolution	(500,000)
Ending Balance, June 30, 2023	\$ 2,470

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employees 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 paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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, 2023  
(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, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	<u>213,148</u>
Total	<u><u>364,817</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

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.

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rates used to measure the total OPEB liability was 3.54%. 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, 2021	\$ 175,556,643
Changes for Year:	
Service Cost	5,867,603
Interest	3,939,190
Differences between Expected and Actual Experience	6,930,437
Changes in Assumptions	(39,874,680)
Member Contributions	125,174
Gross Benefit Payments	(3,901,884)
Net Changes	(26,914,160)
Balance at June 30, 2022	\$ 148,642,483

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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, 2022, 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, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 174,713,603	\$ 148,642,483	\$ 127,747,784

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, 2022, 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, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 122,862,098	\$ 148,642,483	\$ 182,506,585

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$1,006,936 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, 2022 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, 2023  
(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		\$ 7,717,677
	2018	9.51		7,364,859
	2019	9.29	\$ 1,039,807	
	2020	9.24	24,550,300	
	2021	9.24	136,144	
	2022	9.13		35,507,245
				<u>25,726,251</u>
Differences between Expected and Actual Experience	2018	9.51		6,962,084
	2019	9.29		12,238,584
	2020	9.24	22,881,843	
	2021	9.24		26,181,601
	2022	9.13	3,656,736	
				<u>26,538,579</u>
Changes in Proportion	N/A	N/A	<u>542,083</u>	<u>8,312,719</u>
			<u>\$ 52,806,913</u>	<u>\$ 104,284,769</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
2023	\$ (7,387,597)
2024	(7,387,597)
2025	(7,387,597)
2026	(6,384,735)
2027	(3,650,877)
Thereafter	<u>(11,508,815)</u>
	<u>\$ (43,707,218)</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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
District's proportion of the net pension liability	0.0843885458%	0.0827624379%	0.0843519868%	0.0811901478%	0.0815982541%	0.0790689526%	0.0742099130%	0.0754569855%	0.07152099%	
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	\$ 10,793,502	
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	\$ 5,245,456	
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%	205.77%	
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%	32.29%	

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 695,687	\$ 711,535	\$ 776,271	\$ 773,643	\$ 811,639	\$ 792,576	\$ 812,160	\$ 883,797	\$ 901,914
Contributions in relation to the contractually required contribution	(695,687)	(711,535)	(776,271)	(773,643)	(811,639)	(792,576)	(812,160)	(883,797)	(901,914)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 5,415,548
Contributions as a percentage of covered employee payroll	12.04%	12.33%	13.74%	14.13%	14.82%	14.42%	15.65%	16.85%	16.65%

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability attributable to the District	0.3231557554%	0.3083771978%	0.2876495285%	0.2948349248%	0.2875889222%	0.2745498342%	0.2712664661%	0.2704074372%	0.249514469%
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	\$ 178,625,704	\$ 129,998,886	\$ 128,735,533
District's covered employee payroll	\$ 29,705,360	\$ 29,704,883	\$ 29,611,739	\$ 29,505,022	\$ 28,676,340	\$ 29,252,559	\$ 28,301,687	\$ 26,778,453	\$ 26,872,442.00
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%	631.15%	485.46%	479.06%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ 3,464,633
Contributions in relation to the contractually required contribution	(1,657,302)	(2,303,034)	(3,200,356)	(4,235,170)	(5,399,731)	(5,949,913)	(7,860,416)	(10,271,652)	(9,862,642)
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>	<u>\$ (6,398,009)</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	\$ 27,775,037
Contributions as a percentage of covered employee payroll	5.58%	7.78%	10.85%	14.77%	18.46%	21.02%	29.35%	38.22%	35.51%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Service Cost	\$ 5,532,798	\$ 4,601,980	\$ 3,856,668	\$ 3,910,049	\$ 7,172,335	\$ 5,867,603
Interest	5,303,018	6,124,726	5,580,878	4,464,622	4,554,124	3,939,190
Changes of Benefit Terms					(186,859)	
Differences between Expected and Actual Experience		(16,835,347)	(24,429,922)	35,102,283	(35,056,092)	6,930,437
Changes in Assumptions	(21,184,243)	(16,318,295)	1,868,890	36,966,206	173,200	(39,874,680)
Member Contributions	143,540	131,417	114,056	106,785	116,427	125,174
Gross Benefit Payments	(3,898,164)	(3,802,409)	(3,847,689)	(3,523,110)	(3,587,374)	(3,901,884)
Net Change in Total OPEB Liability	(14,103,051)	(26,097,928)	(16,857,119)	77,026,835	(26,814,239)	(26,914,160)
Total OPEB Liability - Beginning	182,402,145	168,299,094	142,201,166	125,344,047	202,370,882	175,556,643
Total OPEB Liability - Ending	\$ 168,299,094	\$ 142,201,166	\$ 125,344,047	\$ 202,370,882	\$ 175,556,643	\$ 148,642,483
District's Covered Employee Payroll *	\$ 35,154,926	\$ 34,150,067	\$ 34,727,704	\$ 33,798,087	\$ 32,117,898	\$ 33,190,585
Total OPEB Liability as a Percentage of Covered Employee Payroll	479%	416%	361%	599%	547%	448%

\* - Covered payroll for the fiscal years ending June 30, 2017-2022 are based on the payroll on the June 30, 2016-2021

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, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

VERNON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023

(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% 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 rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.



BUDGETARY COMPARISON SCHEDULES

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues from Local Sources:</b>					
Local Tax Levy	\$ 44,737,965		\$ 44,737,965	\$ 44,737,965	
Tuition From Individuals	115,500		115,500	186,374	\$ 70,874
Tuition From Other Sources				47,500	47,500
Interest Earned on Current Expense	18,000		18,000	21,783	3,783
Interest Earned on Capital Reserve Funds	500		500		(500)
Other Restricted Miscellaneous Revenues	34,780		34,780	182,490	147,710
<b>Total Revenues from Local Sources</b>	<b>44,906,745</b>		<b>44,906,745</b>	<b>45,176,113</b>	<b>269,368</b>
<b>Revenues from State Sources:</b>					
School Choice Aid	89,792		89,792	89,792	
Categorical Transportation Aid	2,202,151		2,202,151	2,202,151	
Extraordinary Aid	850,000		850,000	905,461	55,461
Categorical Special Education Aid	2,545,581		2,545,581	2,545,581	
Equalization Aid	11,587,288		11,587,288	11,587,288	
Categorical Security Aid	341,922		341,922	341,922	
Water Bond Act Aid				13,198	13,198
Non- Public Transportation Grant				24,648	24,648
Supplemental Stabilization Aid				211,766	211,766
Securing Our Children's Future Bond Act				77,228	77,228
State Reimbursement for Lead Testing of Drinking Water				4,575	4,575
TPAF Post Retirement Contributions (Non-Budgeted)				2,590,892	2,590,892
TPAF Pension Contributions (Non-Budgeted)				9,727,681	9,727,681
TPAF Non-Contributory Insurance (Non-Budgeted)				134,961	134,961
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,982	2,982
Reimbursed TPAF Social Security Contributions				2,001,809	2,001,809
<b>Total Revenues from State Sources</b>	<b>17,616,734</b>		<b>17,616,734</b>	<b>32,461,935</b>	<b>14,845,201</b>
<b>Revenues from Federal Sources:</b>					
Medicaid Reimbursement	101,223		101,223	97,510	(3,713)
<b>Total Revenues from Federal Sources</b>	<b>101,223</b>		<b>101,223</b>	<b>97,510</b>	<b>(3,713)</b>
<b>TOTAL REVENUE</b>	<b>62,624,702</b>		<b>62,624,702</b>	<b>77,735,558</b>	<b>15,110,856</b>

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>GENERAL CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 961,337	\$ (113,847)	\$ 847,490	\$ 846,840	\$ 650
Grades 1-5 - Salaries of Teachers	5,665,377	230,095	5,895,472	5,867,626	27,846
Grades 6-8 - Salaries of Teachers	3,937,171	(184,507)	3,752,664	3,732,409	20,255
Grades 9-12 - Salaries of Teachers	7,118,412	(279,111)	6,839,301	6,804,913	34,388
Regular Programs - Home Instruction:					
Salaries of Teachers	19,510	(12,020)	7,490	5,390	2,100
Purchased Professional-Educational Services	15,970	(4,312)	11,658	6,092	5,566
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	48,910	(39,703)	9,207	1,397	7,810
Other Purchased Services (400-500 series)	198,528	33,581	232,109	230,765	1,344
General Supplies	686,283	(138,023)	548,260	514,691	33,569
Textbooks	369,787	(219,394)	150,393	136,641	13,752
Other Objects	753,060	(380,968)	372,092	288,413	83,679
<b>Total Regular Programs - Instruction</b>	<b>19,774,345</b>	<b>(1,108,209)</b>	<b>18,666,136</b>	<b>18,435,177</b>	<b>230,959</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	566,242	(99,507)	466,735	465,541	1,194
General Supplies	5,000	5,611	10,611	9,953	658
<b>Total Learning and/or Language Disabilities</b>	<b>571,242</b>	<b>(93,896)</b>	<b>477,346</b>	<b>475,494</b>	<b>1,852</b>
Behavioral Disabilities:					
Salaries of Teachers		102,407	102,407	102,407	
General Supplies		344	344	322	22
<b>Total Behavioral Disabilities</b>		<b>102,751</b>	<b>102,751</b>	<b>102,729</b>	<b>22</b>
Resource Room/Resource Center:					
Salaries of Teachers	4,393,989	206,124	4,600,113	4,589,307	10,806
<b>Total Resource Room/Resource Center</b>	<b>4,393,989</b>	<b>206,124</b>	<b>4,600,113</b>	<b>4,589,307</b>	<b>10,806</b>

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers		\$ 99,817	\$ 99,817	\$ 99,817	
General Supplies	12,744	(6,875)	5,869	5,869	
Other Objects	400	(400)			
Total Autism	13,144	92,542	105,686	105,686	
Preschool Disabilities - Part-Time:					
Salaries of Teachers	359,623	1,790	361,413	361,413	
General Supplies	4,000	(3,835)	165	165	
Total Preschool Disabilities - Part-Time	363,623	(2,045)	361,578	361,578	
Preschool Disabilities - Full-Time:					
Salaries of Teachers	55,000	563	55,563	55,563	
Total Preschool Disabilities - Full-Time	55,000	563	55,563	55,563	
Home Instruction:					
Salaries of Teachers	30,610	7,460	38,070	36,390	\$ 1,680
Purchased Professional-Educational Services	21,745	(17,245)	4,500	3,025	1,475
Total Home Instruction	52,355	(9,785)	42,570	39,415	3,155
TOTAL SPECIAL EDUCATION - INSTRUCTION	5,449,353	296,254	5,745,607	5,729,772	15,835
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	110,000	(54,898)	55,102	39,271	15,831
General Supplies	200	(200)			
Total Basic Skills/Remedial - Instruction	110,200	(55,098)	55,102	39,271	15,831
Bilingual Education - Instruction:					
Salaries of Teachers	55,000	(3,020)	51,980	48,347	3,633
Total Bilingual Education - Instruction	55,000	(3,020)	51,980	48,347	3,633

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 292,639	\$ 114,819	\$ 407,458	\$ 358,323	\$ 49,135
Purchased Services (300-500 series)	1,675	(1,000)	675	675	
Supplies and Materials	3,600	(578)	3,022	3,022	
Other Objects	21,660	(5,596)	16,064	15,916	148
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	319,574	107,645	427,219	377,936	49,283
School-Sponsored Athletics - Instruction:					
Salaries	496,252	12,002	508,254	495,309	12,945
Supplies and Materials	105,518	(23,845)	81,673	80,791	882
Other Objects	151,066	4,605	155,671	155,438	233
Total School-Sponsored Athletics - Instruction	752,836	(1,913)	750,923	736,863	14,060
TOTAL INSTRUCTION	26,461,308	(764,341)	25,696,967	25,367,366	329,601
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special		8,761	8,761	8,761	
Tuition to County Voc. School Dist.-Regular	188,960	34,958	223,918	223,918	
Tuition to County Voc. School Dist.-Special	47,240		47,240	47,240	
Tuition to CSSD & Reg. Day Schools	71,956	(32,700)	39,256	16,440	22,816
Tuition to Priv. Sch. for the Handicap. W/I State	2,814,702	(77,441)	2,737,261	2,333,624	403,637
Tuition to Priv Sch Handicap & Oth LEAs-Spl/O/S St	157,458	(157,458)			
Total Undistributed Expenditures - Instruction	3,280,316	(223,880)	3,056,436	2,629,983	426,453
Undistributed Expenditures - Health Services:					
Salaries	626,790	21,926	648,716	620,508	28,208
Purchased Professional and Technical Services	20,450	2,300	22,750	22,625	125
Supplies and Materials	25,500	(7,437)	18,063	17,938	125
Total Undist. Expenditures - Health Services	672,740	16,789	689,529	661,071	28,458

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 830,439	\$ (26,018)	\$ 804,421	\$ 804,109	\$ 312
Purchased Professional - Educational Services	44,000	(29,950)	14,050	14,050	
Supplies and Materials	4,001	3,053	7,054	4,318	2,736
Total Undist. Expend. - Speech, OT, PT, Related Svcs	878,440	(52,915)	825,525	822,477	3,048
Undist. Expend.-Other Supp. Serv. Students-Extra. Serv.:					
Salaries	2,639,056	694,595	3,333,651	3,272,117	61,534
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	2,639,056	694,595	3,333,651	3,272,117	61,534
Undist. Expend.-Guidance:					
Salaries of Other Professional Staff	1,061,473	(8,879)	1,052,594	1,052,191	403
Salaries of Secretarial and Clerical Assistants	45,128	(4,714)	40,414	40,414	
Purchased Professional - Educational Services	1,594	(454)	1,140	1,140	
Supplies and Materials	6,679	31,666	38,345	38,345	
Total Undist. Expend. - Guidance	1,114,874	17,619	1,132,493	1,132,090	403
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	1,735,495	101,502	1,836,997	1,820,413	16,584
Salaries of Secretarial and Clerical Assistants	110,408	(16,807)	93,601	92,746	855
Purchased Professional - Educational Services	399,888	180,293	580,181	552,675	27,506
Other Purchased Prof. and Tech. Services		21,616	21,616	21,616	
Supplies and Materials	14,112	(11,677)	2,435	2,435	
Other Objects	20,475	(5,845)	14,630	14,090	540
Total Undist. Expend. - Child Study Team	2,280,378	269,082	2,549,460	2,503,975	45,485
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	893,416	10,391	903,807	894,640	9,167
Salaries of Other Professional Staff	49,998	14,988	64,986	63,657	1,329
Other Objects	12,750	(988)	11,762	11,762	
Total Undist. Expend.-Improv. of Inst. Serv.	956,164	24,391	980,555	970,059	10,496

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 408,135	\$ 12,377	\$ 420,512	\$ 420,499	\$ 13
Salaries of Technology Coordinators		72,812	72,812	72,812	
Purchased Professional and Technical Services	8,750	(2,013)	6,737	6,737	
Supplies and Materials	19,307	(4,526)	14,781	14,532	249
Other Objects	6,669	(4,489)	2,180	2,180	
Total Undist Expend-Edu. Media Serv./Sch. Library	442,861	74,161	517,022	516,760	262
Undist. Expend.- Instructional Staff Training Services:					
Purchased Professional - Educational Service	1,028	3,972	5,000	5,000	
Other Purchased Services (400-500 series)	3,966	(72)	3,894	3,758	136
Total Undist. Expend.-Instructional Staff Training Services	4,994	3,900	8,894	8,758	136
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	670,116	316,144	986,260	963,676	22,584
Legal Services	65,000	651	65,651	48,604	17,047
Audit Fees	68,000		68,000	68,000	
Other Purchased Professional Services	10,000	(8,900)	1,100	1,100	
Communications / Telephone	130,624	(95,923)	34,701	25,566	9,135
BOE Other Purchased Services	1,000	108,647	109,647	109,647	
Other Purch. Serv. (400-500 series other than 530 & 585)	201,032	(164,263)	36,769	36,103	666
General Supplies	13,968	(8,959)	5,009	4,564	445
BOE In-house training/ Meeting Supplies	846	(846)			
Miscellaneous Expenditures	7,900	(1,441)	6,459	6,161	298
BOE Membership Dues and Fees	27,000	(337)	26,663	26,663	
Total Undist. Expend.-Support Serv.-Gen. Admin.	1,195,486	144,773	1,340,259	1,290,084	50,175

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 1,346,029	\$ (85,912)	\$ 1,260,117	\$ 1,260,104	\$ 13
Salaries of Secretarial and Clerical Assistants	1,026,160	(2,158)	1,024,002	1,005,642	18,360
Other Salaries	14,284	17,971	32,255	32,255	
Purchased Professional and Technical Services	1,850	(1,850)			
Other Purchased Services (400-500 series)	1,689	509	2,198	2,000	198
Supplies and Materials	8,100	(4,507)	3,593	3,031	562
Other Objects	44,037	(27,231)	16,806	15,347	1,459
Total Undist. Expend.-Support Serv.-School Adm.	2,442,149	(103,178)	2,338,971	2,318,379	20,592
Undist. Expend. - Central Services:					
Salaries	680,320	(91,178)	589,142	587,493	1,649
Purchased Professional Services	24,000	8,259	32,259	29,168	3,091
Purchased Technical Services	20,000	997	20,997	20,762	235
Miscellaneous Purchased Services (400-500 series other than 594)	11,750	(1,910)	9,840	4,462	5,378
Supplies and Materials	11,000	19,674	30,674	30,570	104
Interest on Current Loans		1,012	1,012		
Other Objects	400	1,555	1,955	1,955	
Total Undist. Expend. - Central Services	747,470	(61,591)	685,879	675,422	10,457
Undist. Expend. - Admin. Info. Technology:					
Salaries	116,979	2,948	119,927	110,891	9,036
Other Purchased Services (400-500 series)	371	100,299	100,670	100,109	561
Supplies and Materials	100		100		100
Total Undist. Expend. - Admin. Info. Technology	117,450	103,247	220,697	211,000	9,697
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	991,458	99,753	1,091,211	1,070,663	20,548
Cleaning, Repair, and Maintenance Services	224,307	137,240	361,547	292,611	68,936
General Supplies	178,671	16,285	194,956	173,987	20,969
Other Objects	6,000	(2,196)	3,804	3,804	
Total Undist. Expend.- Required Maint. for School Facilities	1,400,436	251,082	1,651,518	1,541,065	110,453



VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 1,893,534	\$ (37,417)	\$ 1,856,117	\$ 1,793,117	\$ 63,000
Purchased Professional and Technical Services	9,100	1,039	10,139	9,315	824
Cleaning, Repair, and Maintenance Services	70,000	13,123	83,123	83,123	
Other Purchased Property Services	119,000	21,269	140,269	134,157	6,112
Insurance	450,000	212,297	662,297	659,296	3,001
Miscellaneous Purchased Services	2,000		2,000		2,000
General Supplies	96,955	(59,861)	37,094	34,407	2,687
Energy (Natural Gas)	27,500	10,164	37,664	35,988	1,676
Energy (Electricity)	944,877	(58,553)	886,324	810,712	75,612
Energy (Oil)	235,000	30,780	265,780	254,434	11,346
Energy (Gasoline)	18,000		18,000	8,991	9,009
Other Objects	6,000	703	6,703	6,703	
Interest - Energy Savings Impr Prog Bonds	103,925		103,925	103,925	
Principal - Energy Savings Impr Prog Bonds	445,000		445,000	445,000	
Total Undist. Expend.-Custodial Services	4,420,891	133,544	4,554,435	4,379,168	175,267
Care and Upkeep of Grounds:					
Salaries	165,498	(216)	165,282	165,282	
Cleaning, Repair, and Maintenance Services	82,000	(4,680)	77,320	31,380	45,940
General Supplies	26,014	(17,218)	8,796	3,827	4,969
Total Care And Upkeep Of Grounds	273,512	(22,114)	251,398	200,489	50,909
Security:					
Salaries	481,957	23,962	505,919	499,432	6,487
General Supplies	3,000	8,865	11,865	11,165	700
Other Objects	1,500	4,575	6,075	6,075	
Total Security	486,457	37,402	523,859	516,672	7,187
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	6,581,296	399,914	6,981,210	6,637,394	343,816

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	\$ 75,180	\$ 635	\$ 75,815	\$ 75,815	
Other Purchased Professional and Technical Services	4,300	(200)	4,100	4,100	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	35,000	56,980	91,980	78,830	\$ 13,150
Contract. Serv.(Bet. Home & Sch.)-Vendors	3,004,201	(199,385)	2,804,816	2,632,129	172,687
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	447,000		447,000	414,653	32,347
Contract. Serv.(Spl. Ed. Students)-Vendors	2,255,158	25,200	2,280,358	1,936,516	343,842
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAs	770,000		770,000	654,754	115,246
Transportation Supplies	5,000		5,000	927	4,073
Total Undist. Expend.-Student Trans. Serv.	6,595,839	(116,770)	6,479,069	5,797,724	681,345
ALLOCATED BENEFITS					
Health Services:					
Other Employee Benefits	600	(100)	500	500	
Total Health Services	600	(100)	500	500	
TOTAL ALLOCATED BENEFITS	600	(100)	500	500	
UNALLOCATED BENEFITS					
Group Insurance		172	172	172	
Social Security Contributions	873,374	173,897	1,047,271	1,016,219	31,052.00
Other Retirement Contributions - PERS	900,000	1,914	901,914	901,914	
Other Retirement Contributions - Regular	85,000	24,813	109,813	109,689	124.00
Workers Compensation	500,000	(11,137)	488,863	418,191	70,672
Health Benefits	8,953,226	(492,891)	8,460,335	7,682,805	777,530
Tuition Reimbursement	308,271	(2,140)	306,131	298,133	7,998
Other Employee Benefits	404,701	317,241	721,942	572,681	149,261
TOTAL UNALLOCATED BENEFITS	12,024,572	11,869	12,036,441	10,999,804	1,036,637

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>					
TPAF Post Retirement Contributions (Non-Budgeted)			\$	2,590,892	\$ (2,590,892)
TPAF Pension Contributions (Non-Budgeted)				9,727,681	(9,727,681)
TPAF Non-Contributory Insurance (Non-Budgeted)				134,961	(134,961)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,982	(2,982)
Reimbursed TPAF Social Security Contributions				2,001,809	(2,001,809)
<b>TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>				<u>14,458,325</u>	<u>(14,458,325)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	\$ 12,025,172	\$ 11,769	\$ 12,036,941	25,458,629	(13,421,688)
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	41,974,685	1,201,906	43,176,591	54,905,922	(11,729,331)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	68,435,993	437,565	68,873,558	80,273,288	(11,399,730)
<b>CAPITAL OUTLAY</b>					
Undistributed:					
Undist. Expend. - Required Maint for School Fac.	148,007		148,007	145,656	2,351
Undist. Expend. - Security	126,090		126,090	126,090	
Total Equipment	274,097		274,097	271,746	2,351
Facilities Acquisition and Construction Serv.:					
Legal Services		4,117	4,117	4,117	
Architectural/Engineering Services	91,425	54,150	145,575	65,040	80,535
Other Purchased Prof. and Tech. Services	328,213	(328,213)			
Construction Services	3,197,413	269,946	3,467,359	1,105,488	2,361,871
Assessment for Debt Service on SDA Funding	9,419		9,419	9,419	
Total Facilities Acquisition and Const. Serv.	3,626,470		3,626,470	1,184,064	2,442,406
<b>TOTAL CAPITAL OUTLAY</b>	3,900,567		3,900,567	1,455,810	2,444,757

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfer of Funds to Charter Schools	\$ 662,916	\$ 62,435	\$ 725,351	\$ 640,307	\$ 85,044
<b>TOTAL EXPENDITURES</b>	<u>72,999,476</u>	<u>500,000</u>	<u>73,499,476</u>	<u>82,369,405</u>	<u>(8,869,929)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(10,374,774)	(500,000)	(10,874,774)	(4,633,847)	6,240,927
Fund Balance, July 1	<u>15,165,292</u>		<u>15,165,292</u>	<u>15,165,292</u>	
Fund Balance, June 30	<u>\$ 4,790,518</u>	<u>\$ (500,000)</u>	<u>\$ 4,290,518</u>	<u>\$ 10,531,445</u>	<u>\$ 6,240,927</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2024-2025				\$ 2,181,763	
Excess Surplus - Restricted For 2023-2024				899,325	
Capital Reserve				2,549,728	
Maintenance Reserve				2,470	
Unemployment Compensation				364,682	
Assigned Fund Balance:					
Year End Encumbrances				672,684	
Designated for Subsequent Year's Expenditures				2,210,696	
Unassigned Fund Balance				<u>1,650,097</u>	
				<u>10,531,445</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(1,691,064)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 8,840,381</u>	

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 507,441	\$ 507,441	\$ 504,914	\$ (2,527)
State Sources	4,100	98,541	102,641	17,207	(85,434)
Federal Sources	1,012,750	2,955,456	3,968,206	3,463,098	(505,108)
<b>Total Revenues</b>	<b>1,016,850</b>	<b>3,561,438</b>	<b>4,578,288</b>	<b>3,985,219</b>	<b>(593,069)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers		456,540	456,540	304,902	151,638
Purchased Professional and Technical Services	12,750	43,824	56,574	37,051	19,523
Other Purchased Professional Services	700,000	372,405	1,072,405	1,065,344	7,061
General Supplies	255,000	456,614	711,614	626,514	85,100
Textbooks	600	654	1,254	1,246	8
Other Objects		226,653	226,653	215,920	10,733
<b>Total Instruction</b>	<b>968,350</b>	<b>1,556,690</b>	<b>2,525,040</b>	<b>2,250,977</b>	<b>274,063</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff		242,140	242,140	190,066	52,074
Personal Services - Employee Benefits		40,614	40,614	30,841	9,773
Purchased Professional and Technical Services		205,114	205,114	197,411	7,703
Other Purchased Services	45,000	690,058	735,058	613,956	121,102
Supplies and Materials	3,500	121,354	124,854	113,286	11,568
Scholarships		16,250	16,250	16,250	
Student Activities		508,391	508,391	508,391	
<b>Total Support Services</b>	<b>48,500</b>	<b>1,823,921</b>	<b>1,872,421</b>	<b>1,670,201</b>	<b>202,220</b>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment		220,777	220,777	103,991	116,786
<b>Total Facilities Acquisition and Construction Services</b>		<b>220,777</b>	<b>220,777</b>	<b>103,991</b>	<b>116,786</b>
<b>Total Expenditures</b>	<b>\$ 1,016,850</b>	<b>\$ 3,601,388</b>	<b>\$ 4,618,238</b>	<b>\$ 4,025,169</b>	<b>\$ 593,069</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ (39,950)</b>	<b>\$ (39,950)</b>	<b>\$ (39,950)</b>	<b>\$ -0-</b>

VERNON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 77,735,558	\$ 3,985,219
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(68,519)
Prior Year Encumbrances, Net of Cancellations		80,490
Prior Year State Aid Payments Recognized for GAAP Statements	1,835,598	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,691,064)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 77,880,092	\$ 3,997,190
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 82,369,405	\$ 4,025,169
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		(68,519)
Prior Year Encumbrances, Net of Cancellations		80,490
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 82,369,405	\$ 4,037,140

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, 2023

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, 2023

	Nita M. Lowey 21st CCLC Year 1	Nita M. Lowey 21st CCLC Year 2	Elementary and Secondary Education Act Title I - SIA	Title IIA	Title IV
<b>REVENUE:</b>					
Local Sources					
State Sources					
Federal Sources	\$ 78,972	\$ 242,513	\$ 47,699	\$ 52,108	\$ 10,400
Total Revenue	<u>78,972</u>	<u>242,513</u>	<u>47,699</u>	<u>52,108</u>	<u>10,400</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	23,045	88,982			10,400
Purchased Professional and Technical Services	300		800		
Other Purchased Services		2,000			
General Supplies	17,811	31,335	46,899		
Textbooks					
Other Objects		6,068			
Total Instruction	<u>41,156</u>	<u>128,385</u>	<u>47,699</u>		<u>10,400</u>
Support Services:					
Salaries of Other Professional Staff	23,504	71,241		1,339	
Personal Services - Employee Benefits	4,211	11,564			
Purchased Professional & Technical Services		20,720	55,879	50,769	
Other Purchased Services	1,711	3,621	14,880		
Supplies and Materials	727	4,284			
Scholarships Awarded					
Student Activities					
Total Support Services	<u>30,153</u>	<u>111,430</u>	<u>70,759</u>	<u>52,108</u>	
Facilities Acquisition:					
Instructional Equipment	7,663	2,698			
Total Facilities Acquisition	<u>7,663</u>	<u>2,698</u>			
Total Expenditures	<u>\$ 78,972</u>	<u>\$ 242,513</u>	<u>\$ 47,699</u>	<u>\$ 52,108</u>	<u>\$ 10,400</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	IDEA					Carl D Perkins Secondary Education	Local Grants
	Basic	Preschool	ARP Basic	ARP Preschool			
<b>REVENUE:</b>							
Local Sources						\$	20,223
State Sources							
Federal Sources	\$ 786,351	\$ 39,292	\$ 3,219	\$ 3,559	\$ 71,043		
Total Revenue	<u>786,351</u>	<u>39,292</u>	<u>3,219</u>	<u>3,559</u>	<u>71,043</u>		<u>20,223</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers					15,609		
Purchased Professional and Technical Services					25,551		
Other Purchased Services	786,351		3,219				8,723
General Supplies		8,845		3,559			
Textbooks							
Other Objects							
Total Instruction	<u>786,351</u>	<u>8,845</u>	<u>3,219</u>	<u>3,559</u>	<u>65,500</u>		<u>8,723</u>
Support Services:							
Salaries of Other Professional Staff						1,195	
Personal Services - Employee Benefits						1,287	11,500
Purchased Professional & Technical Services		5,347					
Other Purchased Services						3,061	
Supplies and Materials							
Scholarships Awarded							
Student Activities							
Total Support Services		<u>5,347</u>			<u>5,543</u>		<u>11,500</u>
Facilities Acquisition:							
Instructional Equipment		25,100					
Total Facilities Acquisition		<u>25,100</u>					
Total Expenditures	<u>\$ 786,351</u>	<u>\$ 39,292</u>	<u>\$ 3,219</u>	<u>\$ 3,559</u>	<u>\$ 71,043</u>	<u>\$</u>	<u>\$ 20,223</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	CRRSA Learning Acceleration	ESSER III	Education Stabilization Fund				Beyond the School Day
			Accelerated Learning Coaching and Educator Support	Mental Health Support Staffing	Summer Learning and Enrichment		
REVENUE:							
Local Sources							
State Sources							
Federal Sources	\$ 750	\$ 1,205,676	\$ 194,818	\$ 10,000	\$ 24,058	\$ 1,380	
Total Revenue	750	1,205,676	194,818	10,000	24,058	1,380	
EXPENDITURES:							
Instruction:							
Salaries of Teachers		34,333	71,738		17,400		
Purchased Professional and Technical Services							
Other Purchased Professional Services							
General Supplies	750	323,218	26,441				
Textbooks							
Other Objects		138,546	71,306				
Total Instruction	750	496,097	169,485		17,400		
Support Services:							
Salaries of Other Professional Staff		61,991	25,333		6,658		
Personal Services - Employee Benefits		13,871					
Purchased Professional/Technical Services		41,909		10,000			
Other Purchased Professional Services		494,044					
Supplies and Materials		96,500				1,380	
Scholarships Awarded							
Student Activities							
Total Support Services		708,315	25,333	10,000	6,658	1,380	
Facilities Acquisition:							
Instructional Equipment		1,264					
Total Facilities Acquisition		1,264					
Total Expenditures	\$ 750	\$ 1,205,676	\$ 194,818	\$ 10,000	\$ 24,058	\$ 1,380	

VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Education Stabilization Aid ARP-Homeless Children and Youth Program	Additional or Compensatory Special Education And Related Services	Climate Change Education Grant	Pre-School and Charter School Security Compliance	Student Activities	Private Purpose Scholarship
REVENUE:						
Local Sources						
State Sources	\$ 7,603	\$ 419,666	\$ 6,551	\$ 2,076	\$ 476,575	\$ 8,116
Federal Sources						
Total Revenue	<u>7,603</u>	<u>419,666</u>	<u>6,551</u>	<u>2,076</u>	<u>476,575</u>	<u>8,116</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers		53,795				
Purchased Professional and Technical Services						
Other Purchased Professional Services		273,774	6,551			
General Supplies						
Textbooks						
Other Objects						
Total Instruction		<u>327,569</u>	<u>6,551</u>			
Support Services:						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						
Purchased Professional & Technical Services						
Purchased Professional - Educational Services						
Other Purchased Services	7,603	92,097				
Travel						
Supplies and Materials						
Scholarships Awarded						16,250
Student Activities					508,391	
Total Support Services	<u>7,603</u>	<u>92,097</u>			<u>508,391</u>	<u>16,250</u>
Facilities Acquisition:						
Instructional Equipment				2,076		
Total Facilities Acquisition				<u>2,076</u>		
Total Expenditures	<u>\$ 7,603</u>	<u>\$ 419,666</u>	<u>\$ 6,551</u>	<u>\$ 2,076</u>	<u>\$ 508,391</u>	<u>\$ 16,250</u>

VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Nonpublic				Totals 6/30/2023
	Textbook	Nursing	Security	Technology	
<b>REVENUE:</b>					
Local Sources					\$ 504,914
State Sources	\$ 1,246	\$ 2,342	\$ 4,305	\$ 687	17,207
Federal Sources					3,463,098
Total Revenue	1,246	2,342	4,305	687	3,985,219
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers					304,902
Purchased Professional and Technical Services					37,051
Other Purchased Professional Services					1,065,344
General Supplies					626,514
Textbooks	1,246				1,246
Other Objects					215,920
Total Instruction	1,246				2,250,977
Support Services:					
Salaries of Other Professional Staff					190,066
Personal Services - Employee Benefits					30,841
Purchased Professional & Technical Services					197,411
Other Purchased Services					613,956
Supplies and Materials		2,342	4,305	687	113,286
Scholarships Awarded					16,250
Student Activities					508,391
Total Support Services		2,342	4,305	687	1,670,201
Facilities Acquisition:					
Instructional Equipment					103,991
Total Facilities Acquisition					103,991
Total Expenditures	\$ 1,246	\$ 2,342	\$ 4,305	\$ 687	\$ 4,025,169

VERNON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

CAPITAL PROJECTS FUND  
NOT APPLICABLE



PROPRIETARY FUNDS

VERNON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2023

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 1,548,641
Intergovernmental Accounts Receivable:	
State	2,579
Federal	38,957
Other Accounts Receivable	52,035
Inventories	11,940
	11,940

## Total Current Assets

1,654,152

## Non-Current Assets:

Capital Assets	668,145
Less: Accumulated Depreciation	(527,591)
	(527,591)

## Total Non-Current Assets

140,554

## Total Assets

1,794,706

LIABILITIES:

Accounts Payable - Vendors	82,469
Unearned Revenue - Prepaid Sales	21,012
Unearned Revenue - Donated Commodities	1,379
	1,379

## Total Liabilities

104,860

NET POSITION:

Investment in Capital Assets	140,554
Unrestricted	1,549,292
	1,549,292

## Total Net Position

\$ 1,689,846

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, 2023

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 470,740
Daily Sales - Non-Reimbursable Programs	271,438
Special Events	20,348
Miscellaneous Revenue	58,991
	<hr/>
Total Operating Revenue	821,517
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	287,043
Cost of Sales - Non-Reimbursable Programs	168,580
Salaries, Benefits & Payroll Taxes	449,251
Supplies, Insurance & Other Costs	60,423
Management Fee	121,550
Miscellaneous Expenditures	171,296
Depreciation Expense	23,532
	<hr/>
Total Operating Expenses	1,281,675
	<hr/>
Operating Loss	(460,158)
Non-Operating Revenue:	
Local Sources:	
Interest Earnings	2,295
State Sources:	
State School Lunch Program	18,288
State After the Bell Program	5,168
State School Breakfast Program	1,946
Federal Sources:	
National School Lunch Program	342,137
School Breakfast Program	70,426
Other Nutrition Programs -	
Supply Chain Assistance	80,993
Food Distribution Program	58,622
	<hr/>
Total Non-Operating Revenue	579,875
	<hr/>
Change in Net Position Before Other Item	119,717
Other:	
Disposal of Capital Assets	(26,237)
	<hr/>
Change in Net Position After Other Item	93,480
Net Position - Beginning of Year	1,596,366
	<hr/>
Net Position - End of Year	\$ 1,689,846
	<hr/> <hr/>

VERNON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 763,993
Payments to Food Service Contractor	(1,069,340)
Payments to Suppliers	(135,231)
	<hr/>
Net Cash Used for Operating Activities	(440,578)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(10,018)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(10,018)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources	25,797
Federal Sources	640,089
	<hr/>
Net Cash Provided by Noncapital Financing Activities	665,886
	<hr/>
Cash Flows from Investing Activities:	
Interest Income	2,295
	<hr/>
Net Cash Provided by Investing Activities	2,295
	<hr/>
Net Increase in Cash and Cash Equivalents	217,585
	<hr/>
Cash and Cash Equivalents, July 1	1,331,056
	<hr/>
Cash and Cash Equivalents, June 30	\$ 1,548,641
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (460,158)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	23,532
Food Distribution Program	58,622
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(52,035)
Decrease in Inventory	9,401
(Decrease) in Accounts Payable	(14,907)
(Decrease) in Unearned Revenue - Prepaid Sales	(5,489)
Increase in Unearned Revenue - Donated Commodities	456
	<hr/>
Net Cash Used for Operating Activities	\$ (440,578)
	<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 \$58,622 and Utilized Commodities Valued at \$59,078.

FIDUCIARY ACTIVITIES  
NOT APPLICABLE

LONG-TERM LIABILITIES

VERNON TOWNSHIP SCHOOL DISTRICT  
LONG TERM LIABILITIES  
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2022	Retired or Matured	Balance June 30, 2023
			Date	Outstanding June 30, 2023 Amount				
School Refunding Bonds	09/15/15	\$ 7,490,000	12/01/23	\$ 300,000	3.00%	\$ 1,515,000	\$ 305,000	\$ 1,210,000
			12/01/24	300,000	3.00%			
			12/01/25	295,000	3.00%			
			12/01/26	315,000	3.00%			
						\$ 1,515,000	\$ 305,000	\$ 1,210,000
						<u>\$ 1,515,000</u>	<u>\$ 305,000</u>	<u>\$ 1,210,000</u>

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2022	Retired or Matured	Balance June 30, 2023
			Date	Amount				
Energy Savings Obligation Refunding Bonds	07/19/12	\$ 5,645,000	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%	\$ 3,160,000	\$ 445,000	\$ 2,715,000
					\$ 3,160,000	\$ 445,000	\$ 2,715,000	



VERNON TOWNSHIP SCHOOL DISTRICT  
LONG TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Purpose	Interest Rate	Original Issue	Balance July 1, 2022	Matured	Balance June 30, 2023
Copiers	3.719%	\$ 107,053	\$ 68,347	\$ 21,315	\$ 47,032
Laptops	3.702%	367,935	367,935	94,038	273,897
			\$ 436,282	\$ 115,353	\$ 320,929

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SCHEDULE OF OBLIGATIONS UNDER LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED  
INFORMATION TECHNOLOGY ARRANGEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

VERNON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 200,743		\$ 200,743	\$ 200,743	
State Sources:					
Debt Service Aid Type II	145,132		145,132	145,132	
<b>Total Revenues</b>	<b>345,875</b>		<b>345,875</b>	<b>345,875</b>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	40,875		40,875	40,875	
Redemption of Principal	305,000		305,000	305,000	
<b>Total Regular Debt Service</b>	<b>345,875</b>		<b>345,875</b>	<b>345,875</b>	
<b>Total Expenditures</b>	<b>345,875</b>		<b>345,875</b>	<b>345,875</b>	
<b>Excess/(Deficit) of Revenues Over/(Under) Expenditures</b>	<b>-0-</b>		<b>-0-</b>	<b>-0-</b>	
<b>Fund Balance, July 1</b>					
<b>Fund Balance, June 30</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

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

This part of the School's annual comprehensive 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 annual comprehensive 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 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	\$ 16,817,105
Restricted	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	6,368,961
Unrestricted/(Deficit)	(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)	(11,773,986)
<b>Total Governmental Activities Net Position/ (Deficit)</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>\$ 11,412,080</b>
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 132,537	\$ 157,574	\$ 174,878	\$ 178,628	\$ 188,268	\$ 196,548	\$ 189,085	\$ 167,812	\$ 180,305	\$ 140,554
Unrestricted	199,347	188,283	230,718	279,167	287,267	297,323	299,739	440,357	1,416,061	1,549,292
<b>Total Business-Type Activities Net Position</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>\$ 1,689,846</b>
<b>District-Wide:</b>										
Investment in Capital Assets	\$ 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	\$ 16,957,659
Restricted	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	6,368,961
Unrestricted/(Deficit)	(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)	(10,224,694)
<b>Total District Net Position/ (Deficit)</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>	<b>\$ 13,101,926</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses:</b>										
Governmental Activities										
Instruction:										
Regular	\$ 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	\$ 28,579,213
Special Education	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	9,082,316
Other Education	388,167	630,218	727,615	806,339	919,284	712,813	799,743	629,557	98,495	152,836
School-Sponsored Instruction	1,044,875	1,090,451	963,140	1,006,631	1,012,077	974,333	1,009,403	896,863	983,787	1,126,946
Support Services:										
Tuition	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	2,629,983
Student & Instructional Related Services	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	14,078,528
General Administrative Services	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	1,699,324
School Administrative Services	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	2,776,125
Central Services	923,412	935,407	799,748	1,083,749	1,280,554	1,094,633	1,092,052	1,192,487	1,091,103	936,618
Administrative Information Technology	79,866	134,592	125,848	171,186	150,152	151,205	145,559	119,100	109,683	218,417
Plant Operations and Maintenance	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	6,494,110
Pupil Transportation	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	5,802,795
Interest on Long-term Debt	554,464	490,691	446,365	236,018	180,405	127,880	78,180	50,080	37,305	28,155
Unallocated Depreciation	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	1,522,261
Capital Outlay	523,829	9,419	19,022	10,233	45,716	34,828	34,847	72,635	374,983	1,193
Charter Schools	522,027	582,486	553,247	608,990	649,408	914,188	916,927	759,251	676,648	640,307
Total Governmental Activities Expenses	75,885,721	83,665,262	85,905,597	90,900,781	91,556,992	86,214,163	83,706,219	75,552,556	77,057,207	75,769,127
Business-Type Activities:										
Food Service	1,113,829	1,044,813	1,029,984	1,050,237	1,066,842	998,384	810,033	696,497	1,273,045	1,281,675
Total Business-type Activities Expense	1,113,829	1,044,813	1,029,984	1,050,237	1,066,842	998,384	810,033	696,497	1,273,045	1,281,675
Total District Expenses	\$ 76,999,550	\$ 84,710,075	\$ 86,935,581	\$ 91,951,018	\$ 92,623,834	\$ 87,212,547	\$ 84,516,252	\$ 76,249,053	\$ 78,330,252	\$ 77,050,802
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services	\$ 174,403	\$ 155,666	\$ 172,397	\$ 244,295	\$ 223,277	\$ 234,526	\$ 132,811	\$ 313,530	\$ 652,156	\$ 718,565
Operating Grants and Contributions	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	15,794,134
Total Governmental Activities Program Revenues	13,413,590	12,596,522	20,628,119	28,518,081	30,802,356	25,056,926	25,165,011	20,786,781	21,402,193	16,512,699

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues										
Business-Type Activities:										
Changes for Services	\$ 737,588	\$ 718,885	\$ 772,307	\$ 762,892	\$ 730,611	\$ 697,555	\$ 530,066	\$ 27,834	\$ 12,664	\$ 821,517
Operating Grants and Contributions	333,018	339,416	316,936	338,958	336,197	318,524	274,230	787,505	2,112,460	577,580
Total Business-type Activities Program Revenues	1,070,606	1,058,301	1,089,243	1,101,850	1,066,808	1,016,079	804,296	815,339	2,125,124	1,399,097
Total District Program Revenues	\$ 14,484,196	\$ 13,654,823	\$ 21,717,362	\$ 29,619,931	\$ 31,869,164	\$ 26,073,005	\$ 25,969,307	\$ 21,602,120	\$ 23,527,317	\$ 17,911,796
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (59,256,428)
Business-type Activities	(43,223)	13,488	59,259	51,613	(34)	17,695	(5,737)	118,842	966,079	117,422
Total District-wide Net Expense/Revenues	\$ (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)	\$ (59,139,006)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 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	\$ 44,737,965
Taxes Levied for Debt Service	1,267,403	1,236,886	1,203,019	1,097,365	1,037,323	989,945	651,880	274,409	206,055	200,743
Unrestricted Grants and Contributions	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	12,720,473
Investment Earnings	18,929	19,459	24,768	12,489	13,160	10,346	11,524	397	379	21,783
Miscellaneous Income	436,289	60,721	225,614	251,725	478,235	79,494	251,458	104,282	146,405	182,490
Transfers									(20,986)	
Total Governmental Activities	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	57,863,454
Business-Type Activities:										
Investment Earnings	580	485	480	586	558	641	690	503	1,132	2,295
Miscellaneous Income					17,216					
Transfers									20,986	
Total Business-Type Activities	580	485	480	586	17,774	641	690	503	22,118	2,295
Total District-Wide	\$ 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	\$ 57,865,749
Change in Net Position:										
Governmental Activities	\$ 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	\$ (1,392,974)
Business-type Activities	(42,643)	13,973	59,739	52,199	17,740	18,336	(5,047)	119,345	988,197	119,717
Total District	\$ 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	\$ (1,273,257)

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 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	\$ 5,997,968
Assigned	1,088,754	339,718	394,082	374,241	1,000,079	(300,468)	(290,137)	283,502	6,462,240	2,842,413
Unassigned/(Deficit)								700,071	934,710	
Total General Fund	\$ 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	\$ 8,840,381
All Other Governmental Funds:										
Restricted	\$ 341,841	\$ 1	\$ 30,238	\$ 1				\$ 381,052	\$ 410,943	\$ 370,993
Total All Other Governmental Funds	\$ 341,841	\$ 1	\$ 30,238	\$ 1	\$ -0-	\$ -0-	\$ -0-	\$ 381,052	\$ 410,943	\$ 370,993

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Tax Levy	\$ 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	\$ 44,938,708
Tuition Charges	155,666	172,397	104,575	244,295	223,277	234,526	132,811	116,676	211,757	233,875
Interest Earnings on Capital Reserve Funds	1,703	1,831								
Miscellaneous	459,616	79,857	267,885	269,953	499,835	96,811	269,372	310,475	617,894	708,947
State Sources	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	32,768,121
Federal Sources	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	3,573,506
<b>Total Revenue</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>82,223,157</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	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	21,061,344
Special Education Instruction	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	6,537,213
Other Instruction	67,975	70,766	72,840	76,265	80,250	85,245	89,795	87,670	49,295	87,618
School - Sponsored Instruction	1,037,370	1,083,638	955,010	996,623	1,003,947	966,203	1,003,612	891,025	978,231	1,114,799
<b>Support Services:</b>										
Tuition	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	2,629,983
Student & Instruction Related Services	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	10,411,948
General Administrative Services	1,316,306	1,171,592	935,350	1,015,442	1,030,162	1,071,791	1,128,017	1,101,221	1,216,442	1,290,084
School Administrative Services	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	2,318,379
Central Services and Administrative Information Technology	784,727	697,832	716,817	721,087	813,359	769,072	743,316	844,720	798,436	886,422
Plant Operations and Maintenance	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	6,637,394
Student Transportation	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	5,797,724
Allocated Benefits		5,132,623								
Unallocated Benefits	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	25,458,629
Charter Schools	522,027	582,486	553,247	608,990	649,408	914,188	916,927	759,251	676,648	640,307
Capital Outlay	5,035,272	830,469	326,466	248,391	468,863	256,153	275,958	215,916	1,792,013	1,534,701
<b>Debt Service:</b>										
Principal	1,565,000	1,580,000	1,645,000	1,580,000	1,515,000	1,490,000	995,000	410,000	305,000	305,000
Interest and Other Charges	520,428	456,654	288,897	248,738	193,125	140,600	90,900	62,800	50,025	40,875
<b>Total Expenditures</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>86,752,420</b>
<b>Excess/(Deficiency) of Revenue Over/(Under) Expenditures</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>	<b>(4,529,263)</b>

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources/(Uses):										
Bond Sale Proceeds			\$ 7,490,000							
Bond Premium			423,591							
Serial Bonds Defeased			(7,522,000)							
Bond Issuance Costs			(120,648)							
Deferred Interest			(270,943)							
Financed Purchases	\$ 500,000			\$ 158,763			\$ 107,053	\$ 367,935		
Transfers In	1,892	317								
Transfers Out	(1,892)	(317)							(20,986)	
Total Other Financing Sources/(Uses)	500,000				158,763			107,053	346,949	
Net Change in Fund Balances	\$ (4,032,957)	\$ (942,715)	\$ (19,037)	\$ (900,066)	\$ (75,714)	\$ (1,977,743)	\$ 2,926,600	\$ 4,859,549	\$ 4,319,912	\$ (4,529,263)
Debt Service as a Percentage of Noncapital Expenditures	2.86%	2.75%	2.67%	2.55%	2.41%	2.24%	1.44%	0.63%	0.44%	0.41%

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
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
2023	21,783	233,875	48,840		133,650	438,148

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)
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
2022	57,834,100	2,530,421,100	36,433,200	1,190,700	145,785,900	30,974,400	2,542,200	2,805,181,600	201,371,900	2,526,708	2,807,508,308	1.601	2,789,719,264

\* 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>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Vernon	Sussex County	
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
2022	1.59	0.01	1.60	0.68	0.56	2.83

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	2022		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mountain Creek	\$ 14,266,100	1	0.51%
Vernon Valley Investors	13,672,600	2	0.49%
Tennessee Pipe Line Co.	1,166,900	3	0.04%
Metairie Corp.	11,523,100	4	0.41%
City of Newark Division Sewer/Water	7,358,700	5	0.26%
Minerals Resort & Spa Spe, LLC	4,944,600	6	0.18%
DGS Vernon Vortex, LLC	4,428,200	7	0.16%
Vernon Valley Reserve	4,074,000	8	0.15%
HM GG, LLC	3,208,000	9	0.11%
Highland Lakes Country Club	3,172,700	10	0.11%
Total	<u>\$ 67,814,900</u>		<u>2.42%</u>

Taxpayer	2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mountain Creek	\$ 41,013,000	1	1.52%
Metairie Corp, ETC	24,730,000	2	0.92%
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%
Tennessee Pipe Line Co.	8,661,400	6	0.32%
SES American, Inc.	6,595,700	7	0.24%
Glenwood Management	5,756,000	8	0.21%
Warwick Valley Telephone Company	4,210,404	9	0.16%
Individual Taxpayer #1	3,800,000	10	0.14%
Total	<u>\$ 129,852,404</u>		<u>4.82%</u>

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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-
2023	44,938,708	44,938,708	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			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases	Bond Anticipation Notes (BANs)	Financed Purchases				
2014	\$ 16,672,000	\$ 699,797	-0-	-0-	\$ 17,371,797	1.47%	755.62	
2015	14,922,000	438,977	-0-	-0-	15,360,977	1.25%	674.41	
2016	13,065,000	260,410	-0-	-0-	13,325,410	1.04%	596.80	
2017	11,200,000	127,886	-0-	-0-	11,327,886	0.86%	510.15	
2018	9,375,000	127,010	-0-	-0-	9,502,010	0.70%	429.41	
2019	7,550,000	95,257	-0-	-0-	7,645,257	0.54%	347.05	
2020	6,195,000	63,505	-0-	-0-	6,258,505	0.42%	286.05	
2021	5,400,000	120,638	-0-	-0-	5,520,638	0.35%	245.95	
2022	4,675,000	436,282	-0-	-0-	5,111,282	0.32%	226.25	
2023	3,925,000	320,731	-0-	-0-	4,245,731	0.26%	187.94	

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		
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%	206.94
2023	3,925,000	-0-	3,925,000	0.14%	173.74

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, 2022  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Vernon	\$ 28,270,047	100.00%	\$ 28,270,047
Sussex County General Obligation Debt	95,444,925	13.91% <sup>a</sup>	<u>13,280,468</u>
Subtotal, Overlapping Debt			41,550,515
Vernon Township School District Direct Debt			<u>4,675,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 46,225,515</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 2023

	2022	2021	2020	Vernon Township
Equalized Valuation Basis:	\$ 3,102,733,768	2,755,011,324	2,546,666,349	
	<u>\$ 8,404,411,441</u>			
Average Equalized Valuation of Taxable Property				2,801,470,480
Debt Limit (4% of average equalization value) <sup>a</sup>				112,058,819
Net Bonded School Debt as of June 30, 2023				<u>3,925,000</u>
Legal Debt Margin				<u>\$ 108,133,819</u>

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 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	\$ 112,058,819
Total Net Debt Applicable to Limit	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	3,925,000
Legal Debt Margin	<u>\$ 91,288,058</u>	<u>\$ 87,565,816</u>	<u>\$ 85,283,479</u>	<u>\$ 84,192,704</u>	<u>\$ 85,623,788</u>	<u>\$ 88,658,601</u>	<u>\$ 92,114,495</u>	<u>\$ 94,677,266</u>	<u>\$ 99,409,536</u>	<u>\$ 108,133,819</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	15.44%	14.56%	13.28%	11.74%	9.87%	7.85%	6.30%	5.40%	4.49%	3.50%

<sup>a</sup> a Limit set by NJS A 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>
2014	22,777	\$ 1,232,600,132	\$ 54,116	8.80%
2015	22,506	1,254,079,332	55,722	6.60%
2016	22,328	1,279,997,256	57,327	5.50%
2017	22,205	1,313,292,520	59,144	4.50%
2018	22,128	1,361,557,968	61,531	4.20%
2019	22,029	1,416,112,236	64,284	3.60%
2020	21,879	1,483,702,506	67,814	10.20%
2021	22,446	1,594,990,314	71,059	6.40%
2022	22,591	1,605,293,869	71,059 *	3.90%
2023	22,591 **	1,605,293,869	71,059 *	N/A

\* - Sussex County per capita personal income for 2021 was used for calculation purposes.

\*\* - Latest population data available (2022) 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	2022		
	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>
Total Employment - Sussex County	<u>74,747</u>		
Employer	2013		
	Employees	Rank (Optional)	Percentage of Total Employment
Crystal Springs Golf & Spa Resort	2,000	1	2.66%
Newton Memorial Hospital	1,200	2	1.59%
Selective Insurance	900	3	1.20%
County of Sussex	830	4	1.10%
Mountain Creek Resort	800	5	1.06%
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>9.78%</u>
Total Employment	<u>75,252</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Instruction:</b>										
Regular	249.0	238.0	228.0	214.0	220.0	216.0	196.0	182.0	192.0	193.0
Special Education	146.0	157.0	144.0	156.0	149.0	171.0	170.0	125.0	151.0	164.0
Other Instruction	5.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	1.0
<b>Support Services:</b>										
Student & Instruction Related Services	71.0	67.0	69.0	67.0	64.0	59.0	59.0	57.0	61.0	69.0
School Administrative Services	44.0	43.0	46.0	47.0	46.0	46.0	45.0	53.0	47.0	38.0
General Administrative Services	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0	5.0	3.0
Plant Operations and Maintenance	54.0	56.0	65.0	65.0	65.0	53.0	53.0	49.0	56.0	38.0
Pupil Transportation	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Business and Other Support Services	9.0	9.0	8.0	8.0	8.0	9.0	9.0	8.0	9.0	9.0
<b>Total</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>	<b>516.0</b>

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				
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%
2023	2,935	84,871,844	28,917.15	9.17%	267	1:10.18	1:7.77	1:9.36	2,935	2,713	0.71%	92.44%

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

<u>District Building</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Walnut Ridge Primary School (1957,1964,1992)</u>										
Square Feet	49,683	49,683	49,683	49,683	49,683	49,683	49,683	49,683	43,693	49,683
Capacity (students)	610	610	610	610	610	610	610	610	62	610
Enrollment	528	467	456	508	110	101	87	N/A	106	118
<u>Cedar Mountain Primary School (1985)</u>										
Square Feet	49,899	49,899	49,899	49,899	49,899	49,899	49,899	49,899	49,874	49,899
Capacity (students)	563	563	563	563	563	563	563	563	518	563
Enrollment	356	333	337	313	407	374	409	450	387	438
<u>Rolling Hills Primary School (1972,1991)</u>										
Square Feet	46,814	46,814	46,814	46,814	46,814	46,814	46,814	46,814	45,284	46,814
Capacity (students)	615	615	615	615	615	615	615	615	449	615
Enrollment	385	393	356	338	399	430	424	383	411	415
<u>Lounsberry Hollow Middle School (1968,1977,1992)</u>										
Square Feet	83,515	83,515	83,515	83,515	83,515	83,515	83,515	83,515	84,535	83,515
Capacity (students)	875	875	875	875	875	875	875	875	659	875
Enrollment	538	525	485	473	470	407	411	440	423	403
<u>Glen Meadow Middle School (1982)</u>										
Square Feet	85,452	85,452	85,452	85,452	85,452	85,452	85,452	85,452	85,773	85,452
Capacity (students)	876	876	876	876	876	876	876	876	633	876
Enrollment	549	528	511	513	713	680	679	645	635	645
<u>Vernon Township High School (1973,1985,1992,1996,1997)</u>										
Square Feet	218,392	218,392	218,392	218,392	218,392	218,392	218,392	218,392	245,288	218,392
Capacity (students)	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	954	1,800
Enrollment	1,131	1,070	1,020	1,001	995	980	953	959	952	917
<u>Child Study Team Office</u>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Board Office</u>										
Square Feet	3,765	3,765	3,765	3,765	N/A	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

Facility	Project #(s)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>School Facilities:</u>											
Walnut Ridge	N/A	\$ 152,282	\$ 293,274	\$ 288,686	\$ 184,744	\$ 136,198	\$ 28,440	\$ 25,295	\$ 84,660	\$ 124,416	\$ 66,683
Cedar Mountain	N/A	153,592	187,195	191,783	151,971	182,412	184,861	164,417	138,710	148,630	203,289
Rolling Hills	N/A	127,074	176,271	168,105	106,329	128,266	212,752	164,417	115,110	140,469	297,251
Lounsberry Hollow	N/A	189,412	184,327	192,493	225,663	170,730	213,301	189,712	203,250	216,538	209,249
Glen Meadow	N/A	458,231	313,791	309,269	221,671	335,759	341,282	303,539	193,789	204,813	186,742
Vernon Township High School	N/A	515,421	399,960	407,740	532,219	467,022	469,263	417,191	534,990	540,177	509,196
<b>Total School Facilities</b>		<b>1,596,012</b>	<b>1,554,818</b>	<b>1,558,076</b>	<b>1,422,597</b>	<b>1,420,387</b>	<b>1,449,899</b>	<b>1,264,571</b>	<b>1,270,509</b>	<b>1,375,043</b>	<b>1,472,410</b>
<u>Other Facilities:</u>											
Child Study Team and Board Office	N/A	120,779	121,359	140,800	127,405	84,650		12,647	86,637	8,328	68,655
<b>Grand Total</b>		<b>\$ 1,716,791</b>	<b>\$ 1,676,177</b>	<b>\$ 1,698,876</b>	<b>\$ 1,550,002</b>	<b>\$ 1,505,037</b>	<b>\$ 1,449,899</b>	<b>\$ 1,277,218</b>	<b>\$ 1,357,146</b>	<b>\$ 1,383,371</b>	<b>\$ 1,541,065</b>

N/A - Not Applicable

Source: District records

VERNON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2023  
UNAUDITED

	Coverage		Deductible
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 See	1,000,000/25,000,000	Fund Aggregate	10,000
PFAS Exclusion/No Coverage		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	750,000		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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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**

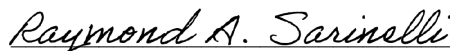
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

November 9, 2023  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
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Raymond Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant

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, 2023. 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, 2023.

***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.

The Honorable President and Members  
of the Board of Education  
Vernon Township School District  
Page 2

### ***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.



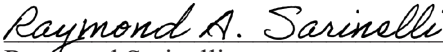
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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.

November 9, 2023  
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, 2023

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, 2022			Balance at June 30, 2023			
					Budgetary Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	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	7/1/22-6/30/23	\$ 97,510				\$ 97,510	\$ (97,510)		
Total General Fund								97,510	(97,510)		
<b>Special Revenue Fund:</b>											
U.S. Department of Education Passed-through State Department of Education: Elementary and Secondary Education Act											
Title I											
Title I	84.010	ESEA536023	7/1/22-9/30/23	299,523				263,991	(263,991)		
Title I - SIA	84.010	ESEA536022	7/1/21-9/30/22	168,103	\$ (7,154)			7,154			
Title I - SIA	84.010	ESEA536023	7/1/22-9/30/23	48,500				46,899	(47,699)	\$ (800)	
Title I - SIA	84.010	ESEA536022	7/1/21-9/30/22	23,415	(561)			561			
Total Title I					(7,715)			318,605	(311,690)	(800)	
Title II, Part A	84.367	ESEA536023	7/1/22-9/30/23	72,691				40,433	(52,108)	(11,675)	
Title II, Part A	84.367	ESEA536022	7/1/21-9/30/22	89,172	(48,426)			47,257			
Total Title II, Part A					(48,426)			87,690	(52,108)	(11,675)	
Title IV	84.424	ESEA536023	7/1/22-9/30/23	13,954				10,400	(10,400)		
Total Title IV								10,400	(10,400)		
<b>Education Stabilization Fund</b>											
COVID-19 CARES- Emergency Relief	84.425D	N/A	3/13/20-9/30/22	166,864	(1,305)			1,305			
COVID-19 CRRSA- ESSER II	84.425D	N/A	3/13/20-9/30/22	649,747	(134,528)			134,528			
COVID-19 CRRSA- Learning Acceleration	84.425D	N/A	3/13/20-9/30/22	41,698	(1,200)			1,200			
COVID-19 ARP - ESSER III	84.425U	N/A	3/13/20-9/30/22	1,460,264	(76,375)			1,325,642	(750)	43,591	
COVID-19 ARP - Accelerated Learning Coach and Educator Support	84.425U	N/A	3/13/20-9/30/22	246,563	(6,518)			201,336	(1,205,676)		
COVID-19 ARP - Mental Health Support Staffing	84.425U	N/A	3/13/20-9/30/22	45,000				10,000	(194,818)		
COVID-19 ARP - Summer Learning and Enrichment	84.425U	N/A	3/13/20-9/30/22	40,000				24,058	(10,000)		
COVID-19 ARP - Beyond the School Day	84.425U	N/A	3/13/20-9/30/22	40,000				1,380	(24,058)		
COVID-19 ARP - Homeless Children and Youth Program	84.425W	N/A	4/23/21-9/30/23	7,603				7,603	(7,603)		
Total Education Stabilization Fund					(219,926)			1,707,052	(1,444,285)	(750)	43,591
<b>Special Education Cluster:</b>											
I.D.E.A. Part B, Basic	84.027	IDEA536023	7/1/22-9/30/23	803,305				769,688	(786,351)	(16,663)	
I.D.E.A. Part B, Basic	84.027	IDEA536022	7/1/21-9/30/22	769,620	(48,525)		1,443	47,082			
COVID 19 I.D.E.A. Part B, Basic - American Rescue Plan	85.027X	IDEA536022	7/1/21-9/30/22	131,877	(2,850)			6,069	(3,219)		
I.D.E.A. Part B, Preschool	84.173	IDEA536023	7/1/22-9/30/23	40,031				14,043	(39,292)	(25,249)	
COVID 19 I.D.E.A. Part B, Preschool - American Rescue Plan	84.173X	IDEA536022	7/1/21-9/30/22	30,248	(2,642)			6,201	(3,559)		
I.D.E.A. Part B, Preschool	88.173	IDEA536022	7/1/21-9/30/22	11,236	(2,180)			2,180			
Special Education Cluster Subtotal					(56,197)			845,263	(832,421)	1,443	(41,912)
Carl D. Perkins Secondary Education	84.048	PERK536023	7/1/22-6/30/23	113,974				45,591	(71,043)		
Carl D. Perkins Secondary Education	84.048	PERK536022	7/1/21-9/30/22	113,974	(37,546)			37,546		(25,452)	
					(37,546)			83,137	(71,043)		
Nita A. Lowey 21st Century Community Learning Centers	84.287	N/A	9/1/21-8/31/22	400,000	(67,060)			146,032	(78,972)		
Nita A. Lowey 21st Century Community Learning Centers	84.287	N/A	9/1/22-8/31/23	350,000				154,904	(282,513)	(87,609)	
Total U.S. Department of Education					(67,060)			300,936	(321,485)		
					(436,870)			3,353,083	(3,043,432)	2,612	(168,198)
											43,591
<b>U.S. Department of Treasury Passed-through State Department of Education: COVID-19 Additional or Comensatory Special Education and Related Services - American Rescue Plan</b>											
	21.027	N/A	7/1/22-6/30/23	419,666				259,196	(419,666)	(160,470)	
Total U.S. Department of Treasury								259,196	(419,666)	(160,470)	
Total Special Revenue Fund								3,612,279	(3,463,098)	2,612	(328,668)
											43,591

VERNON TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Enterprise Fund	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Encumbrances	Balance at June 30, 2023		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amount Paid to Subrecipient
U.S. Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	\$ 59,078			\$ 59,078	\$ (57,699)			\$ 1,379		
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	80,050	923			(923)					
National School Lunch Program	10.550	N/A	7/1/21-6/30/22	342,137			309,723	(342,137)				\$ (32,414)	
School Breakfast Program	10.553	N/A	7/1/21-6/30/22	70,426			63,883	(70,426)				(6,543)	
COVID-19 Seamless Summer Option - Lunch	10.555	N/A	7/1/21-6/30/22	1,416,930	(129,224)		129,224						
COVID-19 Seamless Summer Option - Breakfast	10.553	N/A	7/1/21-6/30/22	542,004	(55,958)		55,958						
COVID-19 After School Snack	10.555	N/A	7/1/21-6/30/22	4,123	(308)		308						
COVID-19 Supply Chain Assistance Funding (Round 1 & 2)	10.555	N/A	1/1/22-9/30/23	53,926			53,926	(53,926)					
COVID-19 Supply Chain Assistance Funding (Round 3)	10.555	N/A	10/1/22-9/30/24	27,067			27,067	(27,067)					
Child Nutrition Program Cluster Subtotal					(184,567)		699,167	(552,178)			(38,957)		
Total Enterprise Fund					(184,567)		699,167	(552,178)			(38,957)		
Total Federal Awards					\$ (621,437)	\$ -0-	\$ 4,408,956	\$ (4,112,786)	\$ 2,612	\$ (367,625)	\$ 44,970	\$ -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, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2023		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	23-495-034-5120-078	7/1/22-6/30/23	\$ 11,587,288			\$ 10,418,614	\$ (11,587,288)			\$ (1,168,674)	\$ 11,587,288	
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	2,545,581			2,288,838	(2,545,581)			(256,743)	2,545,581	
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	341,922			307,436	(341,922)			(34,486)	341,922	
School Choice Aid	23-495-034-5120-068	7/1/22-6/30/23	89,792			80,736	(89,792)			(9,056)	89,792	
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	2,202,151			1,980,046	(2,202,151)			(222,105)	2,202,151	
Extraordinary Special Education Costs	23-495-034-5120-044	7/1/22-6/30/23	905,461				(905,461)			(905,461)	905,461	
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/22-6/30/23	2,001,809			2,001,809	(2,001,809)				2,001,809	
Supplemental Stabilization Aid	23-495-034-5120-078	7/1/22-6/30/23	211,766			211,766						
Nonpublic Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	24,648				(24,648)			(24,648)	24,648	
Stabilization Aid	22-495-034-5120-078	7/1/21-6/30/23	4,070,000	\$ 3,854,770			(3,814,098)			40,672	4,029,328	
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	13,268,993	(1,317,251)		1,317,251	(252,707)				13,268,993	
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	2,545,581	(252,707)		252,707					2,545,581	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	341,922	(33,943)		33,943					341,922	
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	131,794	(13,083)		13,083					131,794	
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	2,202,151	(218,614)		218,614					2,202,151	
Extraordinary Special Education Costs	22-100-034-5120-473	7/1/21-6/30/22	888,261	(888,261)		888,261					888,261	
Nonpublic Transportation Aid	22-495-034-5120-473	7/1/21-6/30/22	15,708	(15,708)		15,708					15,708	
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	7/1/19-6/30/22	1,928,893	(106,117)		106,117					1,928,893	
On-Behalf TPAF Post Retirement Contribution	23-495-034-5094-001	7/1/22-6/30/23	2,590,892			2,590,892	(2,590,892)				2,590,892	
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	7/1/22-6/30/23	9,727,681			9,727,681	(9,727,681)				9,727,681	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	134,961			134,961	(134,961)				134,961	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	2,982			2,982	(2,982)				2,982	
<b>Total General Fund State Aid</b>				1,009,086		32,591,445	(35,969,266)			252,438	(930,109)	57,507,799
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Nonpublic Auxiliary Services: Compensatory Education	23-100-034-5120-067	7/1/22-6/30/23	1,977			1,977		\$ 2,330				
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	3,584						\$ 1,977			
Nonpublic Handicapped Services: Examination and Classification	23-100-034-5120-066	7/1/22-6/30/23	2,652			2,652				2,652		372
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	3,412					1,706				
Supplementary Instruction	23-100-034-5120-066	7/1/22-6/30/23	826			826				826		13,194
Supplementary Instruction	22-100-034-5120-066	7/1/21-6/30/22	1,652					826				
Corrective Speech	23-100-034-5120-066	7/1/22-6/30/23	930			930				930		416
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	1,860					930				
Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	1,254			1,254	(1,246)					1,246
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	660					29				631
Nursing Services	23-100-034-5120-070	7/1/22-6/30/23	2,352			2,352	(2,342)					560
Nursing Services	22-100-034-5120-070	7/1/21-6/30/22	1,792					2				
Technology Initiative	23-100-034-5120-373	7/1/22-6/30/23	798			798	(687)					687
Security Aid	23-100-034-5120-070	7/1/22-6/30/23	4,305			4,305	(4,305)					1,015
Security Aid	23-100-034-5120-070	10/13/21-6/30/23	2,076			2,076	(2,076)					2,076
Preschool and Charter School Security Comp.	N/A		100,000	(13,258)						(13,258)	100,000	
Career Pathways	20E00039	3/1/19-2/28/20	6,660			6,551	(6,551)					6,551
Climate Awareness Education	N/A	4/1/23-6/30/23						5,823			(13,258)	126,748
<b>Total Special Revenue Fund</b>				5,823		23,721	(17,207)	5,823		6,514	(13,258)	

VERNON TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2023		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				Unearned Revenue	GAAP Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total Expenditures
<b>Debt Service Fund:</b>												
Debt Service Aid - State Support	23-495-034-5120-125	7/1/22-6/30/23	\$ 145,132			\$ 145,132	\$ (145,132)					\$ 145,132
<b>Total Debt Service Fund</b>												
<b>Enterprise Fund</b>												
Covid 19 Seamless Summer Program	22-100-010-3350-023	7/1/21-6/30/22	33,346	\$ (2,974)		2,974						33,346
After the School Bell	23-100-010-3350-023	7/1/22-6/30/23	5,168			4,586	(5,168)		\$ (582)			5,168
State School Breakfast Program	23-100-010-3350-023	7/1/22-6/30/23	1,946			1,731	(1,946)		(215)			1,946
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	18,288			16,507	(18,288)		(1,781)			18,288
<b>Total Enterprise Fund</b>												
<b>School Development Authority:</b>												
Securing Our Children's Future Bond Act	N/A	4/1/20-6/30/24	166,160			77,228	(77,228)					166,160
Securing Our Children's Future Bond Act - Water infrastructure	N/A	4/1/20-6/30/24	13,198			13,198	(13,198)					13,198
Emergent and Capital Maintenance Needs	N/A	11/19/21-6/30/22	72,030			90,426	(90,426)			\$ 72,030		72,030
<b>Total State Awards Subject to Single Audit Determination</b>												
Less: State Awards Not Subject to Single Audit Major Program Determination												
<b>On-Behalf TPAF Pension System Contributions:</b>												
On-Behalf TPAF Post Retirement Contribution	23-495-034-5094-001	7/1/22-6/30/23	2,590,892				2,590,892					2,590,892
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	7/1/22-6/30/23	9,727,681				9,727,681					9,727,681
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	134,961				134,961					134,961
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	2,982				2,982					2,982
<b>Subtotal - On-Behalf TPAF Pension System Contributions</b>												
\$ 12,456,516												
<b>Total State Awards Subject to Single Audit Major Program Determination</b>												
\$ (23,790,917)												

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, 2023

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, 2023. 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 \$144,534 for the general fund and \$12,211 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, 2023

(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:

	Federal	State	Total
General Fund	\$ 97,510	\$ 32,606,469	\$ 32,703,979
Special Revenue Fund	3,475,996	16,520	3,492,516
Debt Service Fund		145,132	145,132
Food Service Fund	552,177	25,402	577,579
Total Financial Assistance	\$ 4,125,683	\$ 32,793,523	\$ 36,919,206

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, 2023.

VERNON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 was not determined to be a "low-risk" auditee for the state and federal programs.
- 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, 2023

(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:				
I.D.E.A. Part B, Basic	84.027	7/1/22-9/30/23	\$ 803,305	\$ 786,351
COVID-19 I.D.E.A. Part B, Basic - ARP	84.027X	7/1/21-9/30/22	131,877	3,219
I.D.E.A. Part B, Preschool	84.173	7/1/22-9/30/23	40,031	39,292
COVID-19 I.D.E.A. Part B, Preschool- ARP	84.173X	7/1/21-9/30/22	30,248	3,559
Education Stabilization Fund:				
COVID-19 - CRRSA - Learning Acceleration	84.425D	3/13/20-9/30/23	41,698	750
COVID-19 - ARP - ESSER III	84.425U	3/13/20-9/30/24	1,460,264	1,205,676
COVID-19 - ARP - Accelerated Learning Coaching and Educator Support	84.425U	3/13/20-9/30/24	246,563	194,818
COVID-19 - ARP - Mental Health Support Staffing	84.425U	3/13/20-9/30/24	45,000	10,000
COVID-19 - ARP - Summer Learning and Enrichment	84.425U	3/13/20-9/30/24	40,000	24,058
COVID-19 - ARP - Beyond the School Day	84.425U	3/13/20-9/30/24	40,000	1,380
COVID-19 - ARP - Homeless Children and Youth Program	84.425W	4/23/21-9/30/23	7,603	7,603
<u>State:</u>				
State Aid - Public:				
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	11,587,288	11,587,288
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	2,545,581	2,545,581
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	341,922	341,922
School Choice Aid	23-495-034-5120-068	7/1/22-6/30/23	89,792	89,792
Reimbursed TPAF Social				
Security Contributions	23-495-034-5095-003	7/1/22-6/30/23	2,001,809	2,001,809

- 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 state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey’s OMB Circular 15-08.

Findings and Questioned Costs for Federal 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.

VERNON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

There were no prior year findings.