

VERNON TOWNSHIP SCHOOL DISTRICT

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

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

Annual Comprehensive Financial Report

of the

VERNON TOWNSHIP SCHOOL DISTRICT

Vernon, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

**Vernon Township Board of Education
Business Office**

VERNON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors.....	8

FINANCIAL SECTION.....9

Independent Auditors' Report.....	10
-----------------------------------	----

Required Supplementary Information	13
Management's Discussion and Analysis	14

Basic Financial Statements (Sections A. and B.)	22
---	----

A. District-Wide Financial Statements	23
A-1 Statement of Net Position	24
A-2 Statement of Activities.....	25

B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
B-4 Statement of Net Position – Proprietary Funds.....	31
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds.....	32
B-6 Statement of Cash Flows – Proprietary Funds.....	33

Notes to the Basic Financial Statements.....	34
--	----

Required Supplementary Information	77
--	----

L. Schedules Related to Accounting and Reporting for Pensions and Post-Employment Benefits Other Than Pensions	78
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	78
L-2 Schedule of District Contributions – Public Employees Retirement System	79
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Attributable to the District – Teachers' Pension and Annuity Fund	80
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund	81
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the District and Related Ratios	82
Notes to Required Supplementary Information	83

VERNON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

FINANCIAL SECTION (Cont'd)

C.	Budgetary Comparison Schedules.....	84
C-1	Budgetary Comparison Schedule – General Fund.....	85
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	97
C-3	Budgetary Comparison Schedule – Note to RSI.....	98
Other Supplementary Schedules (D.-I.)		
D.	School Level Schedules (Not Applicable)	100
E.	Special Revenue Fund	101
E-1	Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis.....	102
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis	105
F.	Capital Projects Fund.....	106
F-1	Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis.....	107
F-1a	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Window Replacement at Glen Meadow Middle School	108
G.	Proprietary Funds.....	109
G-1	Statement of Net Position Food Service Enterprise Fund.....	110
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position Food Service Enterprise Fund	111
G-3	Statement of Cash Flows Food Service Enterprise Fund.....	112
H.	Fiduciary Activities (Not Applicable)	113
I.	Long-Term Liabilities.....	114
I-1	Schedule of Serial Bonds	115
I-2	Schedule of Serial Bonds – Energy Savings Improvement Program Refunding Bonds.....	116
I-3	Schedule of Obligations Under Financed Purchases	117
I-4	Schedule of Obligations Under Leases (Not Applicable).....	118
I-5	Schedule of Obligations Under Subscription-Based Information Technology Arrangements (Not Applicable)	119
I-6	Debt Service Fund Budgetary Comparison Schedule.....	120
J.	STATISTICAL SECTION (Unaudited)	121
J-1	Net Position by Component.....	122
J-2	Changes in Net Position.....	123
J-3	Fund Balances - Governmental Funds	125
J-4	Changes in Fund Balances - Governmental Funds	126
J-5	General Fund Other Local Revenue by Source	128
J-6	Assessed Value and Actual Value of Taxable Property	129
J-7	Direct and Overlapping Property Tax Rates	130
J-8	Principal Property Taxpayers, Current and Nine Years Ago.....	131
J-9	Property Tax Levies and Collections	132

VERNON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

J. STATISTICAL SECTION (Unaudited) (Cont'd)	
J-10 Ratios of Net Outstanding Debt by Type.....	133
J-11 Ratios of Net General Bonded Debt Outstanding.....	134
J-12 Ratios of Overlapping Governmental Activities Debt.....	135
J-13 Legal Debt Margin Information.....	136
J-14 Demographic and Economic Statistics	137
J-15 Principal Employers, Current and Nine Years Ago	138
J-16 Full-time Equivalent District Employees by Function/Program.....	139
J-17 Operating Statistics	140
J-18 General Fund - School Building Information	141
J-19 Schedule of Allowable Maintenance Expenditures by School Facility	142
J-20 Insurance Schedule	143
K. SINGLE AUDIT SECTION.....	144
K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	145
K-2 Independent Auditors' Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance Required by the Uniform Guidance and NJOMB 15-08	147
K-3 Schedule of Expenditures of Federal Awards.....	150
K-4 Schedule of Expenditures of State Awards.....	152
K-5 Notes to the Schedules of Expenditures of Federal and State Awards	154
K-6 Schedule of Findings and Questioned Costs.....	156
K-7 Summary Schedule of Prior Audit Findings	158

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

Eveny de Mendez
Superintendent of
Schools
edemendez@vtsd.com

Raymond Slamb
Business Administrator/
Board Secretary
rslamb@vtsd.com

November 20, 2025

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, 2025, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 2024-2025 school year with an Average Daily Enrollment (ADE) of 2,937, which is 44 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 District experienced a slight increase in State Aid in the 2024-2025 School Year (last year of the S2 Funding Formula implementation) due to the State Aid formula being fully funded. This slight increase helped offset the ending of American Rescue Plan Elementary and Secondary Schools Emergency Relief (ARP ESSER) funding and allowed the District to avoid further staffing cuts. Additionally, the Board of Education passed a revised budget in accordance with P.L.2024, c.12 and P.L.2024, c.13. The tax levy cap flexibility offered through these laws should stabilize the District's financial outlook both in terms of future budgets and maintaining the necessary District capital and maintenance reserves. 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 Lounsberry 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 2024-25 school year, the Vernon Township School District continued to work with instruction, based on 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. Additional Chromebooks and BenQ Boards were purchased for students and teachers. Also, the District continued to replace wireless access points with those of newer technology, upgraded door access controls, and purchased additional security cameras.

The budget implemented by the Directors and Supervisors reflects a clear commitment to student achievement. Across academic areas, initiatives and programs were selected based on identified student needs. In the assessed areas of English language arts and mathematics, the district will continue to monitor and adjust implementation to ensure effectiveness. For English Language Arts (ELA), HMH Into Reading is implemented for grades K-1, Core Knowledge Language Arts (CKLA) is used for grades 2-3, and Units of Study is utilized for grades 4-5. CommonLit is used for instruction in grades 6-8. In mathematics, Innovamat has been implemented in grades K-3, and Illustrative Mathematics was adopted this year for grades 4-8. These investments will continue to be reviewed and refined to support improved outcomes for all students.

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 2024-25 school year, 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. The programs were dealing 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. Technology training continues to be an ongoing in-house effort to keep all staff up-to-date with the changes in the industry.

The District was also able to start addressing various safety and security-related maintenance tasks. These maintenance projects included repaving and re-striping of the Glen Meadow Middle School parking lot, repaving and re-striping of the Vernon Township High School (VTHS) athletic parking lot, retaining wall repairs/replacements at VTHS and Cedar Mountain Primary School (CM), boiler and oil tank repairs at multiple buildings, replacement of the Cosmetology Building ramp and stairs, replacement of the CM stairs, and addition of a security vestibule at Walnut Ridge School. The District will continue to address necessary maintenance and repairs in the 2025-2026 budget.

We continue major academic initiatives, including assessing students for unfinished learning across all content areas and grade levels. Assessment results inform a continuum of academic supports, such as academic mentoring and targeted interventions. In parallel, the district is modernizing its Intervention and Referral Services (I&RS) structures to align with Multi-Tiered System of Supports (MTSS) best practices, streamline referral pathways, and strengthen data-driven problem-solving and progress monitoring. Another primary focus is supporting social-emotional learning through MindUP, services from district clinicians, and the use of Social, Academic, and Emotional Behavior Risk Screener (SAEBERS) to identify and support 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 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, 2025.

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 and *Government Auditing Standards* are included in the single audit section of this report.

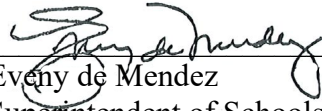
10) ACKNOWLEDGEMENTS:

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,



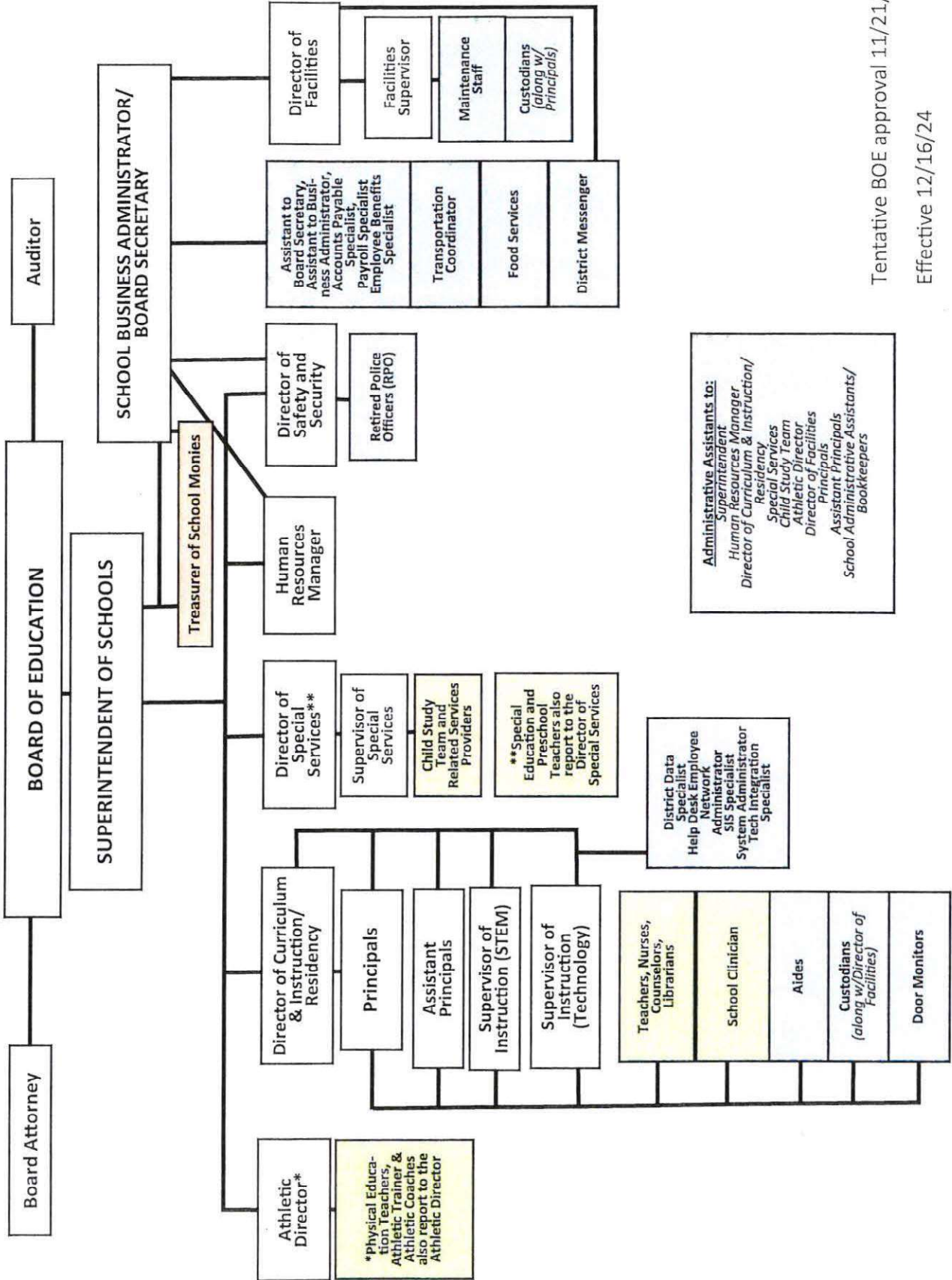
Raymond Slamb
Business Administrator/Board Secretary



Evelyn de Mendez
Superintendent of Schools

VERNON TOWNSHIP BOARD OF EDUCATION ORGANIZATIONAL CHART

2024-2025 SCHOOL YEAR



Tentative BOE approval 11/21/24

Effective 12/16/24



**VERNON TOWNSHIP BOARD OF EDUCATION
VERNON, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2025**

Members of the Board of Education

Term Expires

Jennifer Pellet, President	2025
Charles Cimaglia , Vice President	2026
Melissa Brock (Resigned May 2025)	2025
Carl Contino	2026
Brian Fisher	2027
John Kraus	2027
Joseph A. Sweeney	2025
Stephanie Vecharello	2025
Raymond Zimmerman	2026

Administration

Russell Rodgers, Superintendent of Schools (to July 31, 2025)
Eveny de Mendez, Superintendent of Schools (from August 1, 2025)
Karen Dever, Manager of Human Resources
Raymond Slamb, Business Administrator/Board Secretary



VERNON TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors – 2024/2025 School Year

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road – Suite 300
Mount Arlington, NJ 07856

Attorneys

Gary Kraemer, Attorney at Law
328D Sparta Avenue
Sparta, NJ 07871

Porzio, Bromberg & Newman, P.C.
100 Southgate Pkwy
P.O. Box 1997
Morristown, NJ 07962

Official Depositories

Lakeland Bank
529 Route 515
Vernon, NJ 07462

Provident Bank
529 Route 515
Vernon, NJ 07462

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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2025, 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.

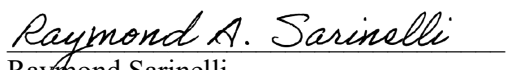
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 20 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

November 20 2025
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, 2025. 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.

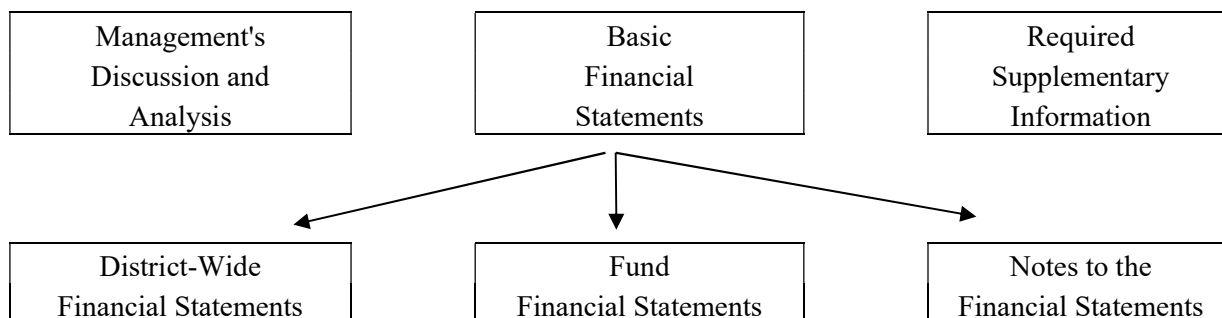
Overview of the Financial Statements

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	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current 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 \$1,609,613. Net position from governmental activities decreased by \$1,281,230 and business-type activities decreased by \$328,383.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2024/2025	2023/2024 *	2024/2025	2023/2024 *	2024/2025	2023/2024 *	
Current and Other Assets	\$ 11,837,321	\$ 13,129,457	\$ 1,619,500	\$ 1,742,378	\$ 13,456,821	\$ 14,871,835	
Capital Assets, Net	12,309,792	13,828,998	317,383	342,939	12,627,175	14,171,937	
Total Assets	24,147,113	26,958,455	1,936,883	2,085,317	26,083,996	29,043,772	-10.19%
Deferred Outflows of Resources	1,211,868	1,303,670			1,211,868	1,303,670	-7.04%
Other Liabilities	3,424,317	2,611,440	306,275	126,326	3,730,592	2,737,766	
Long-Term Liabilities	13,237,930	15,706,879			13,237,930	15,706,879	
Total Liabilities	16,662,247	18,318,319	306,275	126,326	16,968,522	18,444,645	-8.00%
Deferred Inflows of Resources	1,617,301	1,583,143			1,617,301	1,583,143	2.16%
Net Position:							
Net Investment in							
Capital Assets	9,719,782	10,292,311	317,383	342,939	10,037,165	10,635,250	
Restricted	7,261,645	7,890,113			7,261,645	7,890,113	
Unrestricted/(Deficit)	(9,901,994)	(9,821,761)	1,313,225	1,616,052	(8,588,769)	(8,205,709)	
Total Net Position	\$ 7,079,433	\$ 8,360,663	\$ 1,630,608	\$ 1,958,991	\$ 8,710,041	\$ 10,319,654	-15.60%

* Restated

Changes in Net Position. The District's combined net position was \$8,710,041 at June 30, 2025, or \$1,609,613 less than it was the year before. (See Figure A-3). Net position from governmental activities decreased by \$1,281,230, primarily due to the deletions of capital assets offset by the maturity of debt, and business-type activities decreased by \$328,383 (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
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	
Revenue:							
Program Revenue:							
Charges for Services	\$ 773,977	\$ 807,534	\$ 696,736	\$ 781,536	\$ 1,470,713	\$ 1,589,070	
Operating Grants & Contributions	14,567,465	14,169,688	856,413	625,508	15,423,878	14,795,196	
General Revenue:							
Property Taxes	50,118,806	45,729,125			50,118,806	45,729,125	
Unrestricted Federal & State Aid	12,106,104	12,090,497			12,106,104	12,090,497	
Other	845,757	656,823	64,408	60,582	910,165	717,405	
Total Revenue	78,412,109	73,453,667	1,617,557	1,467,626	80,029,666	74,921,293	6.82%
Expenses:							
Instruction	46,034,584	36,203,644			46,034,584	36,203,644	
Pupil and Instruction Services	12,444,803	13,767,937			12,444,803	13,767,937	
Administrative and Business	5,842,701	5,452,144			5,842,701	5,452,144	
Maintenance and Operations	8,344,074	6,762,105			8,344,074	6,762,105	
Transportation	6,363,957	6,132,352			6,363,957	6,132,352	
Other	663,220	2,218,559	1,945,940	1,373,749	2,609,160	3,592,308	
Total Expenses	79,693,339	70,536,741	1,945,940	1,373,749	81,639,279	71,910,490	13.53%
Increase/(Decrease) in Net Position	\$ (1,281,230)	\$ 2,916,926	\$ (328,383)	\$ 93,877	\$ (1,609,613)	\$ 3,010,803	-153.46%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District decreased in fiscal year 2025. 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	
	2024/2025	2023/2024	2024/2025	2023/2024
Instruction	\$ 46,034,584	\$ 36,203,644	\$ 34,579,142	\$ 25,566,404
Pupil and Instruction Services	12,444,803	13,767,937	11,157,948	12,189,870
Administrative and Business	5,842,701	5,452,144	5,463,749	4,934,291
Maintenance and Operations	8,344,074	6,762,105	8,344,074	6,762,105
Transportation	6,363,957	6,132,352	4,143,764	3,888,290
Other	663,220	2,218,559	663,220	2,218,559
	<u>\$ 79,693,339</u>	<u>\$ 70,536,741</u>	<u>\$ 64,351,897</u>	<u>\$ 55,559,519</u>

Vernon Township Board of Education Management's Discussion and Analysis

Business-Type Activities

Net position from the District's business-type activity decreased by \$328,383, (Refer to Figure A-4). Factors contributing to these results included:

- The District had significant increased costs from the food service management company to operate during the year, accounting for the decrease in the net position of the business-type activities.

Financial Analysis of the District's Funds

The District's financial position did not improve during the year. As the demographics of our geographic area change, additional student needs and expenditures arise.

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
	2024/2025	2023/2024 *	2024/2025	2023/2024 *	2024/2025	2023/2024 *	
Land	\$ 497,348	\$ 497,348			\$ 497,348	\$ 497,348	
Construction in Progress	22,350	337,692			22,350	337,692	
Site Improvements	1,168,068	472,510			1,168,068	472,510	
Building and Building Improvements	9,571,198	9,431,078			9,571,198	9,431,078	
Machinery and Equipment	1,047,828	3,090,370	\$ 317,383	\$ 342,939	1,365,211	3,433,309	
Total Capital Assets (Net)	<u>\$ 12,306,792</u>	<u>\$ 13,828,998</u>	<u>\$ 317,383</u>	<u>\$ 342,939</u>	<u>\$ 12,624,175</u>	<u>\$ 14,171,937</u>	-10.92%

* Restated

- The change in Capital Assets is a result of the acquisition of capital assets in the amount of \$1,363,240 offset by deletions of \$1,906,426, and depreciation expense of \$976,020.

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

Long-term Liabilities

At year-end, the District had a net of \$2,340,000 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
	2024/2025	2023/2024	
School Bonds (including energy savings)	\$ 2,340,000	\$ 3,150,000	
Net Pension Liability	8,850,930	10,133,707	
Other Long-Term Liabilities	2,047,000	2,423,172	
	<u>\$ 13,237,930</u>	<u>\$ 15,706,879</u>	-15.72%

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 sold \$5,455,000 of Energy Savings Obligation Bonds on July 15, 2025. The bonds will be paid back over 20 years with final installments being paid in 2045 with interest rates ranging from 4-5%.
- 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 2024-2025 School Year. The District will continue to monitor interest rates as these will fluctuate based on monetary policy decisions made at the Federal Reserve.

**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, 2025

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 7,537,938	\$ 1,406,370	\$ 8,944,308
Receivables from Federal Government	116,179	44,121	160,300
Receivables from State Government	1,097,193	4,591	1,101,784
Receivables from Other Governments	8,776		8,776
Other Accounts Receivable	295,548	144,872	440,420
Inventory		19,546	19,546
Restricted Assets			
Cash and Cash Equivalents	2,781,687		2,781,687
Capital Assets:			
Sites (Land) and Construction in Progress	519,698		519,698
Depreciable Site Improvements, Building and Building Improvements and Machinery and Equipment	11,790,094	317,383	12,107,477
Total Assets	24,147,113	1,936,883	26,083,996
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Amount on Refunding	45,155		45,155
Deferred Outflows Related to Pensions	1,166,713		1,166,713
Total Deferred Outflows of Resources	1,211,868		1,211,868
<u>LIABILITIES:</u>			
Accounts Payable	2,901,861	262,803	3,164,664
Unearned Revenue	522,456	43,472	565,928
Noncurrent Liabilities:			
Due Within One Year	1,020,696		1,020,696
Due Beyond One Year	12,217,234		12,217,234
Total Liabilities	16,662,247	306,275	16,968,522
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pensions	1,617,301		1,617,301
Total Deferred Inflows of Resources	1,617,301		1,617,301
<u>NET POSITION</u>			
Net Investment in Capital Assets	9,719,782	317,383	10,037,165
Restricted for:			
Capital Projects	1,799,536		1,799,536
Maintenance	402,470		402,470
Excess Surplus	4,479,958		4,479,958
Unemployment Compensation	143,629		143,629
Scholarships	68,617		68,617
Student Activities	367,435		367,435
Unrestricted/(Deficit)	(9,901,994)	1,313,225	(8,588,769)
Total Net Position	\$ 7,079,433	\$ 1,630,608	\$ 8,710,041

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, 2025

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 30,194,302	\$ 207,050	\$ 5,178,936	\$ (24,808,316)		\$ (24,808,316)
Special Education	14,467,568		6,069,456	(8,398,112)		(8,398,112)
School -Sponsored Instruction	1,372,714			(1,372,714)		(1,372,714)
Support Services:						
Tuition	1,930,740			(1,930,740)		(1,930,740)
Student and Instruction Related Services	10,514,063	566,927	719,928	(9,227,208)		(9,227,208)
General Administration Services	1,681,981		100,741	(1,581,240)		(1,581,240)
School Administration Services	3,086,338		195,726	(2,890,612)		(2,890,612)
Central Services	939,424		82,485	(856,939)		(856,939)
Administrative Information Technology	134,958			(134,958)		(134,958)
Plant Operations and Maintenance	8,344,074			(8,344,074)		(8,344,074)
Pupil Transportation	6,363,957			(4,143,764)		(4,143,764)
Interest on Long-Term Debt	10,078		2,220,193	(10,078)		(10,078)
Capital Outlay	9,419			(9,419)		(9,419)
Transfer to Charter School	643,723			(643,723)		(643,723)
Total Governmental Activities	79,693,339	773,977	14,567,465	(64,351,897)		(64,351,897)
Business-Type Activities:						
Food Service	1,945,940	696,736	856,413		\$ (392,791)	(392,791)
Total Business-Type Activities	1,945,940	696,736	856,413		(392,791)	(392,791)
Total Primary Government	81,639,279	1,470,713	15,423,878	(64,351,897)	(392,791)	(64,744,688)

VERNON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 49,931,455		\$ 49,931,455
Taxes Levied for Debt Service	187,351		187,351
Federal and State Aid not Restricted	12,106,104		12,106,104
Investment Earnings	551,960	\$ 64,408	616,368
Miscellaneous Income	293,797		293,797
Total General Revenue	63,070,667	64,408	63,135,075
Change in Net Position	(1,281,230)	(328,383)	(1,609,613)
Net Position - Beginning (Restated)			
	8,360,663	1,958,991	10,319,654
Net Position - Ending	<u>\$ 7,079,433</u>	<u>\$ 1,630,608</u>	<u>\$ 8,710,041</u>

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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 6,329,248	\$ 135,440	\$ 1,073,250	\$ 7,537,938
Receivables From Federal Government		116,179		116,179
Receivables From State Government	1,083,936	13,257		1,097,193
Receivables From Other Governments		8,776		8,776
Other Accounts Receivables	295,548			295,548
Restricted Cash and Cash Equivalents	2,345,635	436,052		2,781,687
Total Assets	<u>\$ 10,054,367</u>	<u>\$ 709,704</u>	<u>\$ 1,073,250</u>	<u>\$ 11,837,321</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts Payable	\$ 1,949,135	\$ 32,726		\$ 1,981,861
Unearned Revenue		522,456		522,456
Total Liabilities	<u>1,949,135</u>	<u>555,182</u>		<u>2,504,317</u>
Fund Balances:				
Restricted for:				
Excess Surplus - 2025-2026	2,268,526			2,268,526
Excess Surplus - 2026-2027	2,211,432			2,211,432
Capital Reserve Account	1,799,536			1,799,536
Maintenance Reserve Account	402,470			402,470
Unemployment Compensation	143,629			143,629
Scholarships		68,617		68,617
Student Activities		367,435		367,435
Committed:				
Capital Projects			\$ 1,073,250	1,073,250
Assigned for:				
Subsequent Year's Expenditures	91,172			91,172
Year End Encumbrances	1,188,467			1,188,467
Unassigned/(Deficit)		(281,530)		(281,530)
Total Fund Balances	<u>8,105,232</u>	<u>154,522</u>	<u>1,073,250</u>	<u>9,333,004</u>
Total Liabilities and Fund Balances	<u>\$ 10,054,367</u>	<u>\$ 709,704</u>	<u>\$ 1,073,250</u>	<u>\$ 11,837,321</u>
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.				\$ 12,309,792
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.				(70,600)
The Deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.				45,155
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.				(8,850,930)
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				246,713
Deferred Inflows				(1,617,301)
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)				(4,316,400)
Net Position of Governmental Activities				<u>\$ 7,079,433</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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 49,931,455			\$ 187,351	\$ 50,118,806
Tuition	207,050				207,050
Restricted Miscellaneous Revenue		\$ 566,927			566,927
Unrestricted Miscellaneous Revenue	845,757	11,350			857,107
Total - Local Sources	50,984,262	578,277		187,351	51,749,890
State Sources	32,869,829	2,083,384		135,449	35,088,662
Federal Sources	47,963	1,727,206			1,775,169
Total Revenues	83,902,054	4,388,867		322,800	88,613,721
EXPENDITURES:					
Current:					
Regular Instruction	16,943,937	3,511,165			20,455,102
Special Education Instruction	9,812,384	864,586			10,676,970
School-Sponsored/Other Instruction	1,177,510				1,177,510
Support Services and Undistributed Costs:					
Tuition	1,930,740				1,930,740
Student and Other Instruction Related Services	7,084,373	571,983			7,656,356
General Administration Services	1,340,920				1,340,920
School Administration Services	2,174,032				2,174,032
Central Services	661,433				661,433
Administrative Information Technology	90,133				90,133
Plant Operations and Maintenance	7,785,422				7,785,422
Student Transportation	6,294,612				6,294,612
Unallocated Benefits	27,666,229				27,666,229
Debt Service:					
Principal				300,000	300,000
Interest and Other Charges				22,800	22,800
Capital Outlay	1,455,259	405,143	\$ 22,350		1,882,752
Transfer of Funds to Charter School	643,723				643,723
Total Expenditures	85,060,707	5,352,877	22,350	322,800	90,758,734
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(1,158,653)	(964,010)	(22,350)		(2,145,013)
OTHER FINANCING SOURCES/(USES):					
Transfers	(1,773,024)	677,424	1,095,600		
Total Other Financing Sources/(Uses)	(1,773,024)	677,424	1,095,600		
Net Change in Fund Balances	(2,931,677)	(286,586)	1,073,250		(2,145,013)
Fund Balance - July 1	11,036,909	441,108			11,478,017
Fund Balance - June 30	\$ 8,105,232	\$ 154,522	\$ 1,073,250	\$ -0-	\$ 9,333,004

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

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, 2025

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (2,145,013)

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 and deletions, net of related depreciation expense differs from capital outlays in the period.

Depreciation Expense	\$	(976,020)	
Deletions, Net of Related Depreciation Expense		(1,906,426)	
Capital outlays		1,363,240	
			(1,519,206)

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 (+).

181,617

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.

810,000

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.

159,255

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.

(22,578)

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		1,282,777	
Change in Deferred Outflows		(29,224)	
Change in Deferred Inflows		(34,158)	

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. (+)

35,300

Change in Net Position - Governmental

\$ (1,281,230)

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

VERNON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	<u>Business-type Activities - Enterprise Funds Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,406,370
Intergovernmental Accounts Receivable:	
State	4,591
Federal	44,121
Other Accounts Receivable	144,872
Inventories	19,546
Total Current Assets	1,619,500
Non-Current Assets:	
Capital Assets	583,572
Less: Accumulated Depreciation	(266,189)
Total Non-Current Assets	317,383
Total Assets	1,936,883
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	262,803
Unearned Revenue - Prepaid Sales	42,126
Unearned Revenue - Donated Commodities	1,346
Total Liabilities	306,275
<u>NET POSITION:</u>	
Investment in Capital Assets	317,383
Unrestricted	1,313,225
Total Net Position	\$ 1,630,608

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, 2025

	Business-type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 563,585
Daily Sales - Non-Reimbursable Programs	236,801
Miscellaneous Revenue	<u>56,027</u>
Total Operating Revenue	<u>856,413</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	975,731
Purchased Services (Including Fixed Price Contract)	404,454
Miscellaneous Expenses	532,777
Depreciation Expense	<u>32,978</u>
Total Operating Expenses	<u>1,945,940</u>
Operating Loss	(1,089,527)
Non-Operating Revenue:	
Local Sources:	
Interest Earnings	64,408
State Sources:	
State School Lunch Program	41,189
State After the Bell Program	8,437
State School Breakfast Program	10,274
Federal Sources:	
National School Lunch Program	413,229
School Breakfast Program	130,150
Food Distribution Program	<u>93,457</u>
Total Non-Operating Revenue	<u>761,144</u>
Change in Net Position	(328,383)
Net Position - Beginning of Year (Restated)	<u>1,958,991</u>
Net Position - End of Year	<u><u>\$ 1,630,608</u></u>

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, 2025

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 817,629
Payments to Food Service Contractor	(1,101,462)
Payments to Suppliers	(540,199)
Net Cash (Used for) Operating Activities	(824,032)
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(7,422)
Net Cash (Used for) Capital and Related Financing Activities	(7,422)
Cash Flows from Noncapital Financing Activities:	
State Sources	57,947
Federal Sources	529,774
Net Cash Provided by Noncapital Financing Activities	587,721
Cash Flows from Investing Activities:	
Interest Income	64,408
Net Cash Provided by Investing Activities	64,408
Net Decrease in Cash and Cash Equivalents	(179,325)
Cash and Cash Equivalents, July 1	1,585,695
Cash and Cash Equivalents, June 30	\$ 1,406,370
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (1,089,527)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	32,978
Food Distribution Program	93,457
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(43,303)
Decrease in Inventory	2,414
Increase in Accounts Payable	181,744
Increase in Unearned Revenue - Prepaid Sales	4,519
(Decrease) in Unearned Revenue - Donated Commodities	(6,314)
Net Cash (Used for) Operating Activities	\$ (824,032)

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 \$87,143 and Utilized Commodities Valued at \$93,457.

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, 2025

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, 2025
(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, 2025
(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, 2025
(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.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

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	\$ 84,086,253	\$ 5,087,039
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		(534,733)
Prior Year Encumbrances, Net of Cancellations		118,091
Prior Year State Aid Payments Recognized for GAAP Statements	1,630,720	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,814,919)</u>	<u>(281,530)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 83,902,054</u>	<u>\$ 4,388,867</u>

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(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	\$ 85,060,707	\$ 5,769,519
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		(534,733)
Prior Year Encumbrances, Net of Cancellations		118,091
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 85,060,707</u>	<u>\$ 5,352,877</u>
		Capital Projects Fund
	Revenue	Fund Balance
Reconciliation of Revenue from Budgetary Basis to GAAP Basis:		
Revenue (Budgetary Basis)	\$ 1,594,118	\$ 1,571,768
SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not Recognized on the GAAP Basis until Expended	(498,518)	(498,518)
Revenue (GAAP Basis)	<u>\$ 1,095,600</u>	<u>\$ 1,073,250</u>

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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

E. Cash and Cash Equivalents: (Cont'd)

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.

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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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, 2025.

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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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.

O. Accrued Salaries and Wages:

The District does allow certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. As of June 30, 2025, the amount earned by these employees but not disbursed was \$1,110,486.

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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

T. Fund Balance Appropriated:

General Fund: Of the \$8,105,232 General Fund fund balance at June 30, 2025, \$1,188,467 is assigned for year-end encumbrances; \$91,172 is assigned for subsequent year's expenditures, which is \$160,013 less than the budgetary basis due to the final two state aid payments; \$1,799,536 is restricted in the capital reserve account; \$402,470 is restricted in the maintenance reserve account; \$143,629 is restricted in the unemployment compensation reserve account; \$2,268,526 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2026; \$2,211,432 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2027; and \$-0- is unassigned fund balance, which is \$1,654,906 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, 2026.

Special Revenue Fund: Of the \$154,522 Special Revenue Fund fund balance at June 30, 2025, \$68,617 is restricted for Scholarships and \$367,435 is restricted for student activities and (\$281,530) is a deficit in unassigned fund balance. The deficit is due to the last two state aid payments, which are not recognized on a GAAP basis until the fiscal year June 30, 2026.

Capital Projects Fund: The Capital Projects Fund has \$1,073,250 of committed fund balance at June 30, 2025. Which is less \$498,518 due to the SDA Grant which has not been recognized on a GAAP basis.

Debt Service Fund: The Debt Service Fund has \$-0- of fund balance at June 30, 2025.

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 \$4,479,958 in excess surplus as detailed above.

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/Fund Balance:

The District has a deficit in unrestricted net position from governmental activities in the amount of \$9,901,994. This is primarily due to \$8,850,930 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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

U. Deficit Net Position/Fund Balance: (Cont'd)

The District has a \$281,530 deficit unassigned fund balance in the Special Revenue Fund due to the final state aid payments, which are not recognized until the fiscal year June 30, 2026. These deficits do not indicate that the District is having financial difficulties and is a permitted practice under 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, 2025 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, 2025 related to pensions.

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization, 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, 2025.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

W. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

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 committed resources at June 30, 2025 in the Capital Projects Fund.

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, 2025.

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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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.

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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

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

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Investments: (Cont'd)

As of June 30, 2025, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking Accounts	\$ 8,944,308	\$ 2,781,687	\$ 11,725,995
	<u>\$ 8,944,308</u>	<u>\$ 2,781,687</u>	<u>\$ 11,725,995</u>

During the period ended June 30, 2025, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was \$11,725,995 and the bank balance was \$12,653,621.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	Beginning Balance (Restated)	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 497,348			\$ 497,348
Construction in Progress	337,692	\$ 22,350	\$ (337,692)	22,350
Total Capital Assets Not Being Depreciated	835,040	22,350	(337,692)	519,698
Capital Assets Being Depreciated:				
Site Improvements	2,195,825	770,245		2,966,070
Buildings and Building Improvements	39,436,546	412,346	337,692	40,186,584
Machinery and Equipment	7,173,106	158,299	(4,475,955)	2,855,450
Total Capital Assets Being Depreciated	48,805,477	1,340,890	(4,138,263)	46,008,104
Governmental Activities Capital Assets	49,640,517	1,363,240	(4,475,955)	46,527,802
Less Accumulated Depreciation for:				
Site Improvements	(1,723,315)	(74,687)		(1,798,002)
Buildings and Building Improvements	(30,005,468)	(609,918)		(30,615,386)
Machinery and Equipment	(4,082,736)	(291,415)	2,569,529	(1,804,622)
	(35,811,519)	(976,020)	2,569,529	(34,218,010)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 13,828,998	\$ 387,220	\$ (1,906,426)	\$ 12,309,792
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 576,150	\$ 7,422		\$ 583,572
Less Accumulated Depreciation	(233,211)	(32,978)		(266,189)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 342,939	\$ (25,556)	\$ -0-	\$ 317,383
Depreciation expense was charged to governmental functions as follows:				
Regular Instruction				\$ 361,127
Special Education				146,403
Student and Instruction Related Services				195,204
General Administration				19,520
School Administration				58,561
Central Services				9,760
Administrative Information Technology				19,521
Operations and Maintenance of Plant				117,123
Pupil Transportation				48,801
				<u>\$ 976,020</u>

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance, July 1, 2024	\$ 2,513,978
Add:	
Board Approved Deposit - June 2025	<u>700,000</u>
	3,213,978
Less:	
Budgeted Withdrawal	\$ (916,620)
Withdrawal by Board Resolution	<u>(497,822)</u>
	<u>(1,414,442)</u>
Ending Balance, June 30, 2025	<u>\$ 1,799,536</u>

The June 30, 2025 LRFP balance of local support costs of uncompleted capital projects at June 30, 2025 exceeds the balance in the capital reserve account as of June 30, 2025. 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, 2025, the following changes occurred in liabilities reported in the District-wide financial statements:

	Beginning Balance	Retired	Ending Balance
Serial Bonds Payable	\$ 3,150,000	\$ 810,000	\$ 2,340,000
Financed Purchases Payable	454,420	159,255	295,165
Net Pension Liability	10,133,707	1,282,777	8,850,930
Unamortized Bond Premium	105,900	35,300	70,600
Compensated Absences Payable	<u>1,862,852</u>	<u>181,617</u>	<u>1,681,235</u>
	<u>\$ 15,706,879</u>	<u>\$ 2,468,949</u>	<u>\$ 13,237,930</u>

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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 was 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 of 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.

On July 15, 2025, the District sold \$5,455,000 of Energy Savings Obligation Bonds. The bonds will be paid back over 20 years with final installments being paid in 2045 with interest rates ranging between 4-5%.

The District had serial bonds outstanding as of June 30, 2025 as follows:

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Final Date of Maturity</u>	<u>Balance 6/30/2025</u>
School Refunding Bonds	09/15/15	3.00%	12/01/26	\$ 610,000
Energy Savings Obligation Refunding Bonds	07/19/12	3.50%	07/15/27	<u>1,730,000</u>
				<u>\$ 2,340,000</u>

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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	
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>\$ 610,000</u>	<u>\$ 23,325</u>	<u>\$ 633,325</u>	<u>\$ 1,730,000</u>	<u>\$ 93,100</u>	<u>\$ 1,823,100</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2025, 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 \$454,420, of which \$159,255 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, 2025.

<u>Year</u>	<u>Amount</u>
2026	\$ 154,677
2027	56,484
2028	56,484
2029	<u>56,484</u>
Total Minimum Financed Purchases Payments	324,129
Less: Amount Representing Interest	<u>(28,964)</u>
Present Value Net of Minimum Financed Purchases Payments	<u>\$ 295,165</u>

The current portion of the finance purchase payable at June 30, 2025 is \$140,396 and the long-term portion is \$154,769. 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 current portion of compensated absences payable is \$-0-, and the long-term portion of compensated absences is \$1,681,235.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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, 2025, 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 \$35,300 and is separated from the long-term portion of \$35,300.

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, 2025 is \$-0- and the long-term portion is \$8,850,930. See Note 7 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.nj.gov/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, 2025
(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:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 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 1/55th 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 1/60th 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. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

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 have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being 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 is adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$872,286 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$28,535 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, 2025
(Continued)

NOTE 7. PENSIONS PLANS (Cont'd)

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 under the legislation 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 statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2025, the District reported a liability of \$8,850,930 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The 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, 2024, the District's proportion was 0.0651% for PERS, which was a decrease of 0.0048% as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension benefit of \$314,288 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$28,535 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

At June 30, 2025, 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, 2025
(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	2020	5.16		\$ (64,320)
	2021	5.13	\$ 10,996	
	2022	5.04		(36,383)
			<u>10,996</u>	<u>(100,703)</u>
Difference Between Expected and Actual Experience	2020	5.16	3,583	
	2021	5.13		(8,744)
	2022	5.04		(14,820)
	2023	5.08	45,529	
	2024	5.08	128,188	
			<u>177,300</u>	<u>(23,564)</u>
Changes in Proportion	2020	5.16		(33,704)
	2021	5.13	58,417	
	2022	5.04		(303,030)
	2023	5.08		(157,436)
	2024	5.08		(588,471)
			<u>58,417</u>	<u>(1,082,641)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		(607,560)
	2022	5.00		963,798
	2023	5.00		(249,929)
	2024	5.00		(516,702)
				<u>(410,393)</u>
District Contribution Subsequent to the Measurement Date	2024	1.00	920,000	
			<u>\$ 1,166,713</u>	<u>\$ (1,617,301)</u>

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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 expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ (375,789)
2026	290,774
2027	(167,289)
2028	(96,574)
2029	2,513
	<u>(346,364)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2023 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, 2025
(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, 2024) 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, 2024 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based 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, 2025
(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, 2024 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, 2024			
	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	\$ 11,760,710	\$ 8,850,930	\$ 6,374,724

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.nj.gov/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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

Tier	
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 1/55th 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 1/60th 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 2024, 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 2025, the State of New Jersey contributed \$9,479,575 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of \$419,058.

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, 2025
(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, 2025, the District reported a liability of \$114,878,157 for its proportionate share of the net pension liability, which was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The 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, 2024, the District's proportion was 0.2324%, which was a decrease of 0.0055% as of June 30, 2023.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>114,878,157</u>
Total	<u>\$ 114,878,157</u>

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of \$419,058 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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	2017	8.30		\$ 480,199,664
	2018	8.29		1,060,765,245
	2019	8.04		1,016,333,107
	2020	7.99	\$ 603,633,698	
	2021	7.93		7,317,559,989
	2022	7.83	67,989,902	
			<u>671,623,600</u>	<u>9,874,858,005</u>
Difference Between Expected and Actual Experience	2017	8.30	8,543,764	
	2018	8.29	186,086,527	
	2019	8.04		39,486,140
	2020	7.99		3,217,090
	2021	7.93	97,106,767	
	2022	7.83		12,735,529
	2023	7.93	144,751,819	
	2024	7.84		211,440,707
			<u>436,488,877</u>	<u>266,879,466</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		888,658,452
	2022	5.00		(1,659,667,329)
	2023	5.00		357,972,332
	2024	5.00		816,400,864
				<u>403,364,319</u>
			<u>\$ 1,108,112,477</u>	<u>\$ 10,545,101,790</u>

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ (3,681,028,670)
2026	(1,839,302,001)
2027	(1,977,654,443)
2028	(1,907,819,552)
2029	2,992,761
Thereafter	(34,177,408)
	<u>\$ (9,436,989,313)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2023 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, 2025
(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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the 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, 2025

(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, 2024 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, 2024		
	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	\$ 136,548,952	\$ 114,878,157	\$ 98,948,393

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 \$155,335 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$196,352 for the fiscal year ended June 30, 2025.

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, 2025
(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.

Summarized financial information for the Fund as of June 30, 2025 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 63,434,477
Net Position	\$ 20,906,962
Total Revenue	\$ 60,413,430
Total Expenses	\$ 58,915,231
Change in Net Position	\$ 1,498,199
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 employee contributions and interest earned, and 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, 2025
(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>
2025	\$ 204,688	\$ 243,327	\$ 143,629
2024	124,360	306,774	182,268
2023	151,627	78,302	364,682

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. 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.

NOTE 11. 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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 12. 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 is not subject to liability for arbitrage payable to the federal government relative to its \$7,490,000 School Refunding Bonds dated September 15, 2015 as the District is considered a smaller issuer with debt under \$15,000,000.

Encumbrances

At June 30, 2025, 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	Capital Projects Fund	Total Governmental Funds
<u>\$ 1,188,467</u>	<u>\$ 534,733</u>	<u>\$ 1,112,400</u>	<u>\$ 2,835,600</u>

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 12. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2025, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$534,733 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. On the GAAP basis, the year-end encumbrances of \$1,112,400 in Capital Projects Fund are included in the \$1,073,250 committed fund balance.

NOTE 13. ACCOUNTS PAYABLE

	<u>Governmental Funds</u>		District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Proprietary Funds</u>
State of New Jersey			\$ 920,000	\$ 920,000	
Vendors	\$ 655,516	\$ 32,726		688,242	\$ 262,803
Payroll Deductions and Withholdings	183,133			183,133	
Accrued Salaries and Wages	1,110,486			1,110,486	
	<u>\$ 1,949,135</u>	<u>\$ 32,726</u>	<u>\$ 920,000</u>	<u>\$ 2,901,861</u>	<u>\$ 262,803</u>

NOTE 14. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2025, the District transferred a total of \$313,061 to capital outlay accounts. \$211,188 was for equipment which did not approval from the County Superintendent. \$101,873 was a withdrawal from capital reserve by Board Resolution for facilities acquisitions and construction services for which the County Superintendent approval was received.

NOTE 15. 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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 15. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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.

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, 2024	\$ 302,470
Add:	
Board Approved Deposit - June 2025	<u>100,000</u>
Ending Balance, June 30, 2025	<u>\$ 402,470</u>

NOTE 16. 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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. 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 local education employers.

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

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

Retiree Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	153,556
Active Plan Members	<u>219,185</u>
Total	<u><u>372,741</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 5.65%	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, 2023 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

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

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 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine 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 3.93%. This represents the municipal bond return 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.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ 154,422,413
Changes for Year:	
Service Cost	4,378,170
Interest	5,757,722
Differences between Expected and Actual Experience	1,515,580
Changes in Assumptions	13,085,819
Member Contributions	150,567
Gross Benefit Payments	<u>(4,397,265)</u>
Net Changes	<u>20,490,593</u>
Balance at June 30, 2024	<u>\$ 174,913,006</u>

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, 2024, 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 was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2024</u>		
	<u>At 1% Decrease (2.93%)</u>	<u>At Discount Rate (3.93%)</u>	<u>At 1% Increase (4.93%)</u>
Total OPEB Liability Attributable to the District	\$ 204,860,591	\$ 174,913,006	\$ 150,828,932

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, 2024, 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 was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate (Cont'd)

	June 30, 2024		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 145,703,807	\$ 174,913,006	\$ 212,959,915

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$734,521 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, 2024, 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, 2025
(Continued)

NOTE 16. 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		\$ 3,354,419
	2018	9.51		4,095,198
	2019	9.29	\$ 646,110	
	2020	9.24	16,666,765	
	2021	9.24	98,447	
	2022	9.13		26,748,544
	2023	9.30	242,919	
	2024	9.33	11,683,266	
			<u>29,337,507</u>	<u>34,198,161</u>
Differences between Expected and Actual Experience	2018	9.51		3,871,236
	2019	9.29		7,604,745
	2020	9.24	15,534,079	
	2021	9.24		18,932,246
	2022	9.13	2,754,716	
	2023	9.30		2,256,635
	2024	9.33	416,091	
			<u>18,704,886</u>	<u>32,664,862</u>
Changes in Proportion	N/A	N/A	<u>1,141,629</u>	<u>6,341,017</u>
			<u>\$ 49,184,022</u>	<u>\$ 73,204,040</u>

N/A - Not Available

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

Fiscal Year Ending June 30,	Total
2025	\$ (6,204,369)
2026	(5,202,399)
2027	(2,470,974)
2028	649,415
2029	(4,509,059)
Thereafter	<u>(1,083,244)</u>
	<u>\$ (18,820,630)</u>

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 17. PRIOR YEAR ADJUSTMENT

The District had an appraisal of their capital assets which resulted in the correction in the amount of capital assets reported in both the governmental and business-type activities as well as the food service enterprise fund. The effect of that appraisal on the District's capital assets is reflected in the column below entitled Error Correction.

	June 30, 2024 as Previously Reported	Error Correction	Balance June 30, 2024 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Capital Assets, Net:			
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	\$ 19,797,341	\$ (5,968,343)	\$ 13,828,998
Total Assets	32,926,798	(5,968,343)	26,958,455
Net Position:			
Net Investment in Capital Assets	16,260,654	(5,968,343)	10,292,311
Total Net Position	14,329,006	(5,968,343)	8,360,663
 <u>Statement of Net Position - Business-Type Activities:</u>			
Assets:			
Capital Assets, Net:			
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	167,671	175,268	342,939
Total Assets	1,910,049	175,268	2,085,317
Net Position:			
Net Investment in Capital Assets	167,671	175,268	342,939
Total Net Position	1,783,723	175,268	1,958,991
 <u>Statement of Revenue, Expenses and Changes in Net Position - Food Service Enterprise Fund</u>			
Net Position End of Year	1,783,723	175,268	1,958,991

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 TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability	0.0827624379%	0.0843519868%	0.0811901478%	0.0815982541%	0.0790689526%	0.0742099130%	0.0754569855%	0.07152099%	0.0699630325%	0.0651376252%
District's proportionate share of the net pension liability	\$ 18,578,509	\$ 24,982,639	\$ 18,899,768	\$ 16,066,289	\$ 14,247,026	\$ 12,106,764	\$ 8,939,011	\$ 10,793,502	\$ 10,133,707	\$ 8,850,930
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	\$ 5,080,369
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	321.53%	432.91%	334.51%	293.52%	260.21%	220.27%	172.30%	205.77%	187.12%	174.22%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	51.52%	32.29%	65.23%	68.22%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 711,535	\$ 776,271	\$ 773,643	\$ 811,639	\$ 792,576	\$ 812,160	\$ 883,797	\$ 901,914	\$ 935,075	\$ 872,286
Contributions in relation to the contractually required contribution	(711,535)	(776,271)	(773,643)	(811,639)	(792,576)	(812,160)	(883,797)	(901,914)	(935,075)	(872,286)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 5,770,861	\$ 5,649,904	\$ 5,473,727	\$ 5,475,145	\$ 5,496,400	\$ 5,187,993	\$ 5,245,456	\$ 5,415,548	\$ 5,080,369	\$ 5,163,801
Contributions as a percentage of covered employee payroll	12.33%	13.74%	14.13%	14.82%	14.42%	15.65%	16.85%	16.65%	18.41%	16.89%

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 TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State's proportion of the net pension liability attributable to the District	0.3083771978%	0.2876495285%	0.2948349246%	0.2875889222%	0.2745498342%	0.2712664661%	0.2704074372%	0.249514469%	0.2379534874%	0.2324287484%
State's proportionate share of the net pension liability attributable to the District	\$ 194,907,558	\$ 226,283,434	\$ 198,788,337	\$ 182,957,895	\$ 168,493,825	\$ 178,625,704	\$ 129,998,886	\$ 128,735,533	\$ 121,434,017	\$ 114,878,157
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	\$ 25,827,260
State proportionate share of the net pension liability attributable to the district as a percentage of its covered employee payroll	656.15%	764.17%	673.74%	638.01%	576.00%	631.15%	485.46%	479.06%	437.21%	444.79%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%	37.99%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 11,900,861	\$ 17,002,051	\$ 13,771,049	\$ 10,665,805	\$ 9,938,216	\$ 11,107,707	\$ 3,058,931	\$ 3,464,633	\$ 2,983,280	\$ (419,058)
Contributions in relation to the contractually required contribution	(2,303,034)	(3,200,356)	(4,235,170)	(5,399,731)	(5,949,913)	(7,860,416)	(10,271,652)	(9,862,642)	(10,017,520)	(9,597,002)
Contribution deficiency(excess)	\$ 9,597,827	\$ 13,801,695	\$ 9,535,879	\$ 5,266,074	\$ 3,988,303	\$ 3,247,291	\$ (7,212,721)	\$ (6,398,009)	\$ (7,034,240)	\$ (10,016,060)
District's covered employee payroll	\$ 29,611,739	\$ 29,505,022	\$ 28,676,340	\$ 29,252,559	\$ 28,301,687	\$ 26,778,453	\$ 26,872,442	\$ 27,775,037	\$ 25,827,260	\$ 28,086,004
Contributions as a percentage of covered employee payroll	7.78%	10.85%	14.77%	18.46%	21.02%	29.35%	38.22%	35.51%	38.79%	34.17%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Service Cost	\$ 5,532,798	\$ 4,601,980	\$ 3,856,668	\$ 3,910,049	\$ 7,172,335	\$ 5,867,603	\$ 4,308,710	\$ 4,378,170
Interest	5,303,018	6,124,726	5,580,878	4,464,622	4,554,124	3,939,190	5,438,569	5,757,722
Changes of Benefit Terms		(16,835,347)	(24,429,922)	35,102,283	(186,859)	6,930,437	(178,519)	1,515,580
Differences between Expected and Actual Experience	(21,184,243)	(16,318,295)	1,868,890	36,966,206	173,200	(39,874,680)	311,252	13,085,819
Changes in Assumptions		131,417	114,056	106,785	116,427	125,174	139,371	150,567
Member Contributions	143,540							
Gross Benefit Payments	(3,898,164)	(3,802,409)	(3,847,689)	(3,523,110)	(3,587,374)	(3,901,884)	(4,239,453)	(4,397,265)
Net Change in Total OPEB Liability	(14,103,051)	(26,097,928)	(16,857,119)	77,026,835	(26,814,239)	(26,914,160)	5,779,930	20,490,593
Total OPEB Liability - Beginning	182,402,145	168,299,094	142,201,166	125,344,047	\$ 202,370,882	\$ 175,556,643	\$ 148,642,483	\$ 154,422,413
Total OPEB Liability - Ending	\$ 168,299,094	\$ 142,201,166	\$ 125,344,047	\$ 202,370,882	\$ 175,556,643	\$ 148,642,483	\$ 154,422,413	\$ 174,913,006
District's Covered Employee Payroll *	\$ 35,154,926	\$ 34,150,067	\$ 34,727,704	\$ 33,798,087	\$ 32,117,898	\$ 33,190,585	\$ 30,907,629	\$ 33,249,805
Total OPEB Liability as a Percentage of Covered Employee Payroll	479%	416%	361%	599%	547%	448%	500%	526%

* - Covered payroll for the fiscal years ending June 30, 2017-2024 are based on the payroll on the June 30, 2016-2023

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, 2025

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2023 actuarial valuation the salary increases were 2.75 – 5.65% based on years of service while in the July 1, 2022 actuarial valuation the salary increases were 2.75% – 4.25% based on years of service.

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, 2024 was 3.93%. The discount rate for June 30, 2023 was 3.65%, a change of .28%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

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

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BUDGETARY COMPARISON SCHEDULES

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 49,931,455		\$ 49,931,455	\$ 49,931,455	
Tuition From Individuals	124,000		124,000	177,050	\$ 53,050
Tuition From Other Sources	310,400		310,400	30,000	30,000
Unrestricted Miscellaneous Revenues				845,757	535,357
Total Revenues from Local Sources	50,365,855		50,365,855	50,984,262	618,407
Revenues from State Sources:					
School Choice Aid	157,100		157,100	157,100	
Categorical Transportation Aid	2,202,151		2,202,151	2,202,151	
Extraordinary Aid	850,000		850,000	1,028,465	178,465
Categorical Special Education Aid	3,336,134		3,336,134	3,336,134	
Equalization Aid	11,497,936		11,497,936	11,497,936	
Categorical Security Aid	341,922		341,922	341,922	
Non- Public Transportation Grant				28,463	28,463
Homeless Tuition				21,365	21,365
State Reimbursement for Menstrual Products				5,643	5,643
TPAF Post Retirement Contributions (Non-Budgeted)				2,804,252	2,804,252
TPAF Pension Contributions (Non-Budgeted)				9,479,575	9,479,575
TPAF Non-Contributory Insurance (Non-Budgeted)				117,427	117,427
TPAF Long-Term Disability Insurance (Non-Budgeted)				4,505	4,505
Reimbursed TPAF Social Security Contributions				2,029,090	2,029,090
Total Revenues from State Sources	18,385,243		18,385,243	33,054,028	14,668,785
Revenues from Federal Sources:					
Medicaid Reimbursement	117,113		117,113	47,963	(69,150)
Total Revenues from Federal Sources	117,113		117,113	47,963	(69,150)
TOTAL REVENUE	68,868,211		68,868,211	84,086,253	15,218,042

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 305,754	\$ (278,287)	\$ 27,467	\$ 27,467	
Kindergarten - Salaries of Teachers	818,322	(62,009)	756,313	755,360	\$ 953
Grades 1-5 - Salaries of Teachers	5,650,918	(297,607)	5,353,311	5,351,862	1,449
Grades 6-8 - Salaries of Teachers	3,256,735	37,148	3,293,883	3,293,883	
Grades 9-12 - Salaries of Teachers	6,150,625	(180,457)	5,970,168	5,970,168	
Regular Programs - Home Instruction:					
Salaries of Teachers	19,320	5,240	24,560	23,620	940
Purchased Professional-Educational Services	5,173	14,030	19,203	17,376	1,827
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services		79,600	79,600	79,600	
Other Purchased Services (400-500 series)	283,752	(52,906)	230,846	225,681	5,165
General Supplies	435,135	257,342	692,477	520,308	172,169
Textbooks	188,377	(21,712)	166,665	166,193	472
Other Objects	517,858	(4,150)	513,708	512,419	1,289
Total Regular Programs - Instruction	17,631,969	(503,768)	17,128,201	16,943,937	184,264
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	682,157	(63,147)	619,010	609,969	9,041
Other Salaries for Instruction	627,958	147,581	775,539	761,019	14,520
General Supplies	14,000		14,000	10,091	3,909
Total Learning and/or Language Disabilities	1,324,115	84,434	1,408,549	1,381,079	27,470

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Behavioral Disabilities:					
Salaries of Teachers	\$ 295,074	\$ 100,936	\$ 396,010	\$ 395,431	\$ 579
Other Salaries for Instruction	535,733	(163,687)	372,046	364,074	7,972
General Supplies	8,500	8,050	16,550	13,158	3,392
Total Behavioral Disabilities	<u>839,307</u>	<u>(54,701)</u>	<u>784,606</u>	<u>772,663</u>	<u>11,943</u>
Resource Room/Resource Center:					
Salaries of Teachers	4,641,570	81,645	4,723,215	4,700,131	23,084
Other Salaries for Instruction	668,249	321,286	989,535	970,428	19,107
General Supplies					
Total Resource Room/Resource Center	<u>5,309,819</u>	<u>402,931</u>	<u>5,712,750</u>	<u>5,670,559</u>	<u>42,191</u>
Autism:					
Salaries of Teachers	429,062	(40,284)	388,778	388,778	
Other Salaries for Instruction	790,748	232,598	1,023,346	982,478	40,868
General Supplies	7,000		7,000	5,354	1,646
Other Objects	200		200	8	192
Total Autism	<u>1,227,010</u>	<u>192,314</u>	<u>1,419,324</u>	<u>1,376,618</u>	<u>42,706</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	103,416	(57,730)	45,686	45,686	
Other Salaries for Instruction	182,518	(167,492)	15,026	15,026	
General Supplies	2,500	214	2,714	2,714	
Total Preschool Disabilities - Part-Time	<u>288,434</u>	<u>(225,008)</u>	<u>63,426</u>	<u>63,426</u>	
Preschool Disabilities - Full-Time:					
Salaries of Teachers	57,542	73,814	131,356	131,356	
Other Salaries for Instruction	268,241	118,032	386,273	386,273	
General Supplies		10,584	10,584		10,584
Total Preschool Disabilities - Full-Time	<u>325,783</u>	<u>202,430</u>	<u>528,213</u>	<u>517,629</u>	<u>10,584</u>

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Home Instruction:					
Salaries of Teachers	\$ 32,490	\$ 2,260	\$ 34,750	\$ 19,690	\$ 15,060
Purchased Professional-Educational Services	13,229	19,235	32,464	10,720	21,744
Total Home Instruction	<u>45,719</u>	<u>21,495</u>	<u>67,214</u>	<u>30,410</u>	<u>36,804</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>9,360,187</u>	<u>623,895</u>	<u>9,984,082</u>	<u>9,812,384</u>	<u>171,698</u>
Basic Skills/Remedial - Instruction:					
General Supplies	150		150		150
Total Basic Skills/Remedial - Instruction	<u>150</u>		<u>150</u>		<u>150</u>
Bilingual Education - Instruction:					
Salaries of Teachers	77,191	74,304	151,495	150,723	772
Total Bilingual Education - Instruction	<u>77,191</u>	<u>74,304</u>	<u>151,495</u>	<u>150,723</u>	<u>772</u>
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	411,499	(38,468)	373,031	288,689	84,342
Supplies and Materials	4,000	(925)	3,075	2,817	258
Other Objects	19,217	(400)	18,817	15,928	2,889
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>434,716</u>	<u>(39,793)</u>	<u>394,923</u>	<u>307,434</u>	<u>87,489</u>
School-Sponsored Athletics - Instruction:					
Salaries	429,141	45,279	474,420	474,241	179
Purchased Services (300-500 series)	4,000	3,616	7,616	5,912	1,704
Supplies and Materials	100,370	27,700	128,070	109,713	18,357
Other Objects	165,141	(34,050)	131,091	129,487	1,604
Total School-Sponsored Athletics - Instruction	<u>698,652</u>	<u>42,545</u>	<u>741,197</u>	<u>719,353</u>	<u>21,844</u>
TOTAL INSTRUCTION	<u>28,202,865</u>	<u>197,183</u>	<u>28,400,048</u>	<u>27,933,831</u>	<u>466,217</u>

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	\$ 124,119	\$ 86,019	\$ 86,019	\$ 86,019	
Tuition to Other LEAs Within the State-Special		782	124,901	113,450	\$ 11,451
Tuition to County Voc. School Dist.-Regular	275,000	(47,069)	227,931	214,900	13,031
Tuition to County Voc. School Dist.-Special	55,000		55,000	28,200	26,800
Tuition to Priv. Sch. for the Handicap. W/I State	2,341,936	(390,676)	1,951,260	1,416,639	534,621
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St		71,532	71,532	71,532	
Total Undistributed Expenditures - Instruction	<u>2,796,055</u>	<u>(279,412)</u>	<u>2,516,643</u>	<u>1,930,740</u>	<u>585,903</u>
Undistributed Expenditures - Health Services:					
Salaries	712,008	(74,048)	637,960	634,987	2,973
Purchased Professional and Technical Services	11,235	10,036	21,271	20,367	904
Other Purchased Services (400-500 series)	2,040	(696)	1,344	237	1,107
Supplies and Materials	19,613	(4,667)	14,946	13,304	1,642
Supplies - Menstrual Products		5,642	5,642	5,642	
Total Undist. Expenditures - Health Services	<u>744,896</u>	<u>(63,733)</u>	<u>681,163</u>	<u>674,537</u>	<u>6,626</u>
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	845,076	(66,983)	778,093	774,028	4,065
Purchased Professional - Educational Services	28,950	(2,880)	26,070	23,650	2,420
Supplies and Materials	3,500	(500)	3,000	1,682	1,318
Total Undist. Expend. - Speech, OT, PT, Related Svcs	<u>877,526</u>	<u>(70,363)</u>	<u>807,163</u>	<u>799,360</u>	<u>7,803</u>
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	653,552	(254,982)	398,570	354,181	44,389
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	<u>653,552</u>	<u>(254,982)</u>	<u>398,570</u>	<u>354,181</u>	<u>44,389</u>
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	1,069,934	3,125	1,073,059	1,071,665	1,394
Salaries of Secretarial and Clerical Assistants	45,953		45,953	45,953	
Supplies and Materials	4,125	(1,916)	2,209	2,205	4
Total Undist Expend. - Guidance	<u>1,120,012</u>	<u>1,209</u>	<u>1,121,221</u>	<u>1,119,823</u>	<u>1,398</u>

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	\$ 2,080,560	\$ (107,052)	\$ 1,973,508	\$ 1,931,933	\$ 41,575
Salaries of Secretarial and Clerical Assistants	115,202	1	115,203	115,202	1
Purchased Professional - Educational Services	594,945	407,961	1,002,906	958,764	44,142
Supplies and Materials	7,721		7,721	3,822	3,899
Other Objects	23,733	(5,079)	18,654	17,445	1,209
Total Undist Expend. - Child Study Team	2,822,161	295,831	3,117,992	3,027,166	90,826
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	406,972	15,559	422,531	415,593	6,938
Salaries of Other Professional Staff	22,448	5,452	27,900	27,900	
Other Objects	11,700	(539)	11,161	6,458	4,703
Total Undist. Expend.-Improv. of Inst. Serv.	441,120	20,472	461,592	449,951	11,641
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	264,525	257,173	521,698	521,398	300
Salaries of Technology Coordinators	110,854	761	111,615	104,423	7,192
Purchased Professional and Technical Services	7,000		7,000	6,737	263
Supplies and Materials	11,525	2,906	14,431	13,473	958
Other Objects	2,103		2,103	603	1,500
Total Undist Expend-Edu. Media Serv./Sch. Library	396,007	260,840	656,847	646,634	10,213
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	3,700	1,563	5,263	4,500	763
Other Purchased Services (400-500 series)	4,740	3,787	8,527	8,221	306
Total Undist.Expend.-Instructional Staff Training Services	8,440	5,350	13,790	12,721	1,069

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 727,511	\$ (19,131)	\$ 708,380	\$ 697,887	\$ 10,493
Legal Services	115,922	96,151	212,073	167,015	45,058
Audit Fees	65,000		65,000	65,000	
Architectural/Engineering Services	23,500	14,200	37,700	32,100	5,600
Other Purchased Professional Services	1,200	7,400	8,600	5,100	3,500
Communications / Telephone	147,148	(1,238)	145,910	129,488	16,422
BOE Other Purchased Services	6,500	(712)	5,788	2,362	3,426
Other Purch. Serv. (400-500 series other than 530 & 585)	180,705	30,799	211,504	204,621	6,883
General Supplies	2,000	2,137	4,137	2,054	2,083
Miscellaneous Expenditures	7,700	863	8,563	7,854	709
BOE Membership Dues and Fees	27,500		27,500	27,439	61
Total Undist. Expend.-Support Serv.-Gen. Admin.	1,304,686	130,469	1,435,155	1,340,920	94,235
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,355,843	1,625	1,357,468	1,355,898	1,570
Salaries of Secretarial and Clerical Assistants	836,669	93,747	930,416	788,955	141,461
Purchased Professional and Technical Services		2,000	2,000	2,000	
Other Purchased Services (400-500 series)	3,400	5,897	9,297	1,284	8,013
Supplies and Materials	8,885	61,609	70,494	5,291	65,203
Other Objects	27,900	1,004	28,904	20,604	8,300
Total Undist. Expend.-Support Serv.-School Adm.	2,232,697	165,882	2,398,579	2,174,032	224,547
Undist. Expend. - Central Services:					
Salaries	585,454	10,168	595,622	571,417	24,205
Purchased Professional Services	20,500	7,730	28,230	28,230	
Purchased Technical Services	21,568	32,639	54,207	40,707	13,500
Miscellaneous Purchased Services (400-500 series other than 594)	14,324	9,463	23,787	8,183	15,604
Supplies and Materials	8,553	12,812	21,365	8,367	12,998
Other Objects	6,199		6,199	4,529	1,670
Total Undist. Expend. - Central Services	656,598	72,812	729,410	661,433	67,977

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Admin. Info. Technology:					
Salaries	\$ 87,141	\$ 1,600	\$ 88,741	\$ 88,741	
Other Purchased Services (400-500 series)	1,300	92	1,392	1,392	
Total Undist. Expend. - Admin. Info. Technology	88,441	1,692	90,133	90,133	
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	1,004,147	(133,815)	870,332	869,118	\$ 1,214
Cleaning, Repair, and Maintenance Services	1,249,491	180,779	1,430,270	1,175,976	254,294
General Supplies	182,000	86,786	268,786	216,374	52,412
Other Objects	9,750	(4,517)	5,233	3,707	1,526
Total Undist. Expend.- Required Maint. for School Facilities	2,445,388	129,233	2,574,621	2,265,175	309,446
Undist. Expend.-Custodial Services:					
Salaries	1,845,340	(137,091)	1,708,249	1,703,526	4,723
Purchased Professional and Technical Services	675	2,346	3,021	2,499	522
Cleaning, Repair, and Maintenance Services	95,000	(976)	94,024	94,024	
Other Purchased Property Services	120,000	(27,818)	92,182	91,762	420
Insurance	881,515	9,676	891,191	891,191	
General Supplies	94,403	72,844	167,247	160,333	6,914
Energy (Natural Gas)	23,000	7,769	30,769	29,049	1,720
Energy (Electricity)	912,569	91,511	1,004,080	907,250	96,830
Energy (Oil)	285,000	(107,782)	177,218	172,581	4,637
Energy (Gasoline)	18,000	(2,529)	15,471		15,471
Other Objects	15,000	(5,934)	9,066	7,249	1,817
Interest - Energy Savings Impr Prog Bonds	69,475		69,475	69,475	
Principal - Energy Savings Impr Prog Bonds					
Total Undist. Expend.-Custodial Services	510,000		510,000	510,000	
	4,869,977	(97,984)	4,771,993	4,638,939	133,054

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Salaries	\$ 171,859		\$ 171,859	\$ 171,859	
Cleaning, Repair, and Maintenance Services	94,500	\$ (17,027)	77,473	71,721	\$ 5,752
General Supplies	44,400		44,400	36,749	7,651
Total Care And Upkeep Of Grounds	310,759	(17,027)	293,732	280,329	13,403
Security:					
Salaries	698,138	(110,487)	587,651	568,106	19,545
Purchased Professional and Technical Services		2,910	2,910	2,910	
General Supplies	28,166	1,797	29,963	29,963	
Other Objects	1,600		1,600		1,600
Total Security	727,904	(105,780)	622,124	600,979	21,145
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	8,354,028	(91,558)	8,262,470	7,785,422	477,048
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	78,295		78,295	72,049	6,246
Other Purchased Professional and Technical Services	4,500		4,500		4,500
Contract Serv. - Aid in Lieu of Payments-Nonpublic Studts	55,000		55,000	38,808	16,192
Contract Serv.(Bet. Home & Sch.)-Vendors	3,655,000	(635,818)	3,019,182	2,962,082	57,100
Contract Serv.(Oth. than Bet. Home & Sch.)-Vend.	465,000	19	465,019	452,536	12,483
Contract Serv.(Bet. Home & Sch.)-Joint Agrmnts.	62,000	(35,834)	26,166		26,166
Contract Serv.(Spl. Ed. Students)- Vendors	2,315,500	(78,225)	2,237,275	1,834,467	402,808
Contract Serv.(Reg. Students)-ESCs & CTSA's	135,000		135,000	96,632	38,368
Contract Serv.(Spl. Ed. Students)-ESCs & CTSA's	1,130,000	(11,654)	1,118,346	830,531	287,815
General Supplies	12,000		12,000	6,622	5,378
Fuel Costs Funded by Advertising Revenue	1,230		1,230	885	345
Total Undist. Expend.-Student Trans. Serv.	7,913,525	(761,512)	7,152,013	6,294,612	857,401

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Group Insurance	\$ 929,425	\$ 857	\$ 857	\$ 857	\$ 37,315
Social Security Contributions	42,093	42,093	971,518	934,203	32,831
Other Retirement Contributions - PERS	960,000	(54,883)	905,117	872,286	11,336
Other Retirement Contributions - Regular	145,000	21,671	166,671	155,335	68
Workers Compensation	474,315	(35,207)	439,108	439,040	115,312
Health Benefits	11,065,611	(616,779)	10,448,832	10,333,520	31,191
Tuition Reimbursement	345,336	(62,577)	282,759	251,568	
Other Employee Benefits	26,000	175	26,175	26,175	
Unused Sick Payment to Terminated/Retired Staff	172,610	45,786	218,396	218,396	
TOTAL UNALLOCATED BENEFITS	14,118,297	(658,864)	13,459,433	13,231,380	228,053
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				2,804,252	(2,804,252)
TPAF Pension Contributions (Non-Budgeted)				9,479,575	(9,479,575)
TPAF Non-Contributory Insurance (Non-Budgeted)				117,427	(117,427)
TPAF Long-Term Disability Insurance (Non-Budgeted)				4,505	(4,505)
Reimbursed TPAF Social Security Contributions				2,029,090	(2,029,090)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				14,434,849	(14,434,849)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	14,118,297	(658,864)	13,459,433	27,666,229	(14,206,796)
TOTAL UNDISTRIBUTED EXPENDITURES	44,528,041	(1,225,867)	43,302,174	55,027,894	(11,725,720)
TOTAL GENERAL CURRENT EXPENSE	72,730,906	(1,028,684)	71,702,222	82,961,725	(11,259,503)

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Preschool	\$ 6,897		\$ 6,897	\$ 6,897	
Grades 1-5	70,172	\$ 104,030	174,202	174,202	
Undistributed:					
Undistributed Expenditures - Instruction		14,318	14,318	14,318	
Undist. Expend. Support Serv. Child Study Teams		4,065	4,065	4,065	
Undist. Expend. - Care and Upkeep of Grounds		88,775	88,775		\$ 88,775
Total Equipment	77,069	211,188	288,257	199,482	88,775
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	80,275	101,873	182,148	128,124	54,024
Construction Services	2,121,219	(559,579)	1,561,640	1,118,234	443,406
Assessment for Debt Service on SDA Funding	9,419		9,419	9,419	
Total Facilities Acquisition and Const. Serv.	2,210,913	(457,706)	1,753,207	1,255,777	497,430
TOTAL CAPITAL OUTLAY	2,287,982	(246,518)	2,041,464	1,455,259	586,205
Transfer of Funds to Charter Schools	675,000		675,000	643,723	31,277
	675,000		675,000	643,723	31,277
TOTAL EXPENDITURES	75,693,888	(1,275,202)	74,418,686	85,060,707	(10,642,021)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(6,825,677)	1,275,202	(5,550,475)	(974,454)	4,576,021
Other Financing Sources/(Uses):					
Withdrawal from Capital Reserve - Transfer to Capital Projects		(1,095,600)	(1,095,600)	(1,095,600)	
Transfer Out - Local Contribution to Preschool Education Aid		(677,424)	(677,424)	(677,424)	
Total Other Financing Sources/(Uses)		(1,773,024)	(1,773,024)	(1,773,024)	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(6,825,677)	(497,822)	(7,323,499)	(2,747,478)	4,576,021

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1	\$ 12,667,629		\$ 12,667,629	\$ 12,667,629	
Fund Balance, June 30	\$ 5,841,952	\$ (497,822)	\$ 5,344,130	\$ 9,920,151	\$ 4,576,021
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2026-2027				\$ 2,211,432	
Excess Surplus - Restricted For 2025-2026				2,268,526	
Capital Reserve				1,799,536	
Maintenance Reserve				402,470	
Unemployment Compensation				143,629	
Assigned Fund Balance:					
Year End Encumbrances				1,188,467	
Designated for Subsequent Year's Expenditures				251,185	
Unassigned Fund Balance				1,654,906	
				<u>9,920,151</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(1,814,919)</u>	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				\$ 8,105,232	

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 370,993	\$ 217,990	\$ 588,983	\$ 577,777	\$ (11,206)
State Sources		2,909,656	2,909,656	2,830,868	(78,788)
Federal Sources	1,148,884	753,887	1,902,771	1,678,394	(224,377)
Total Revenues	1,519,877	3,881,533	5,401,410	5,087,039	(314,371)
OTHER FINANCING SOURCES:					
Transfer in - Board Contribution - General Fund		677,424	677,424	677,424	
Total Revenue and Other Financing Sources		4,558,957	6,078,834	5,764,463	(314,371)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		917,432	917,432	856,303	61,129
Other Salaries for Instruction		278,028	278,028	278,028	
Purchased Professional and Technical Services	22,003	15,560	37,563	29,352	8,211
Other Purchased Professional Services	713,979	121,375	835,354	834,600	754
General Supplies	316,039	390,311	706,350	655,536	50,814
Other Objects		10,512	10,512	3,825	6,687
Total Instruction	1,052,021	1,733,218	2,785,239	2,657,644	127,595
Support Services:					
Salaries of Other Professional Staff		480,816	480,816	438,208	42,608
Other Salaries		247,993	247,993	247,993	
Salaries of Master Teachers		132,462	132,462	132,361	101
Personal Services - Employee Benefits		539,273	539,273	512,497	26,776
Purchased Professional and Technical Services	27,466	84,931	112,397	77,265	35,132
Purchased Professional - Educational Services		192,043	192,043	189,313	2,730
Cleaning, Repair and Maintenance Services		63,043	63,043	63,043	
Other Purchased Services	69,397	315,337	384,734	313,504	71,230
Miscellaneous Purchased Services		74,932	74,932	74,932	
Supplies and Materials		88,767	88,767	85,633	3,134
Scholarships	71,348	(55,548)	15,800	15,800	
Student Activities	299,645	256,538	556,183	556,183	
Total Support Services	467,856	2,420,587	2,888,443	2,706,732	181,711
Facilities Acquisition and Construction Services:					
Instructional Equipment		111,298	111,298	111,289	9
Non-Instructional Equipment		293,854	293,854	293,854	
Total Facilities Acquisition and Construction Services		405,152	405,152	405,143	9
Total Expenditures	\$ 1,519,877	\$ 4,558,957	\$ 6,078,834	\$ 5,769,519	\$ 309,315
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ (5,056)	\$ (5,056)

VERNON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 84,086,253	\$ 5,087,039
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(534,733)
Prior Year Encumbrances, Net of Cancellations		118,091
Prior Year State Aid Payments Recognized for GAAP Statements	1,630,720	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,814,919)</u>	<u>(281,530)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 83,902,054</u>	<u>\$ 4,388,867</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 85,060,707	\$ 5,769,519
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		(534,733)
Prior Year Encumbrances, Net of Cancellations		118,091
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 85,060,707</u>	<u>\$ 5,352,877</u>

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, 2025

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, 2025

	Nita M. Lowey 21st CCLC Year 3	Nita M. Lowey 21st CCLC Year 4	Elementary and Secondary Education Act			
			Title I	Title I - SIA	Title IIA	Title IV
REVENUE:						
Local Sources						
State Sources						
Federal Sources						
	\$ 38,758	\$ 262,100	\$ 333,710	\$ 2,552	\$ 67,365	\$ 7,786
Total Revenue	38,758	262,100	333,710	2,552	67,365	7,786
OTHER FINANCING SOURCES:						
Transfer in - Board Contribution - General Fund						
Total Revenue and Other Financing Sources	38,758	262,100	333,710	2,552	67,365	7,786
EXPENDITURES:						
Instruction:						
Salaries of Teachers	23,101	110,196		300		
Other Salaries for Instruction						
Purchased Professional and Technical Services						
Other Purchased Services						
General Supplies	882	21,458	251,461	2,229		4,289
Other Objects		3,825				
Total Instruction	23,983	135,479	251,461	2,529		4,289
Support Services:						
Salaries of Other Professional Staff	8,541	83,259				
Other Salaries						
Salaries of Master Teachers						
Personal Services - Employee Benefits	3,255	14,763		23		
Purchased Professional & Technical Services		20,000			30,307	1,900
Purchased Professional - Educational Services						
Cleaning, Repair and Maintenance Services						
Other Purchased Services	2,979	2,353	71,432		35,313	
Miscellaneous Purchased Services						
Supplies and Materials		6,246	10,817		1,745	1,597
Scholarships Awarded						
Student Activities						
Total Support Services	14,775	126,621	82,249	23	67,365	3,497
Facilities Acquisition:						
Instructional Equipment						
Non-Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 38,758	\$ 262,100	\$ 333,710	\$ 2,552	\$ 67,365	\$ 7,786

VERNON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Carl D Perkins Secondary Education	Local Recreation Improvement Grant	Preschool Education Aid	IDEA		Local Grants
				Basic	Preschool	
REVENUE:						
Local Sources						\$ 10,850
State Sources						
Federal Sources	\$ 72,107	\$ 86,000	\$ 2,744,868	\$ 832,957	\$ 31,629	
Total Revenue	72,107	86,000	2,744,868	832,957	31,629	10,850
OTHER FINANCING SOURCES:						
Transfer in - Board Contribution - General Fund			677,424			
Total Revenue and Other Financing Sources	72,107	86,000	3,422,292	832,957	31,629	10,850
EXPENDITURES:						
Instruction:						
Salaries of Teachers	12,788		697,318			
Other Salaries for Instruction			278,028			
Purchased Professional and Technical Services	17,376					
Other Purchased Services			131	832,957		
General Supplies	39,936		316,831		10,000	8,450
Other Objects						
Total Instruction	70,100		1,292,308	832,957	10,000	8,450
Support Services:						
Salaries of Other Professional Staff			343,066			
Other Salaries			247,993			
Salaries of Master Teachers			132,361			
Personal Services - Employee Benefits	978		493,478			
Purchased Professional & Technical Services	1,029				21,629	2,400
Purchased Professional - Educational Services			189,313			
Cleaning, Repair and Maintenance Services			63,043			
Other Purchased Services			201,427			
Miscellaneous Purchased Services			74,932			
Supplies and Materials			65,228			
Scholarships Awarded						
Student Activities						
Total Support Services	2,007		1,810,841		21,629	2,400
Facilities Acquisition:						
Instructional Equipment		86,000	25,289			
Non-Instructional Equipment			293,854			
Total Facilities Acquisition		86,000	319,143			
Total Expenditures	\$ 72,107	\$ 86,000	\$ 3,422,292	\$ 832,957	\$ 31,629	\$ 10,850

VERNON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Education Stabilization Fund					
	American Rescue Plan					
	Accelerated Learning Coaching and Educator Support	Evidence-Based Summer Learning and Enrichment Activities	NJ High Impact Tutoring Competitive	Student Activities	Scholarship	Totals 6/30/2025
REVENUE:						
Local Sources				\$ 555,010	\$ 11,917	\$ 577,777
State Sources						2,830,868
Federal Sources	\$ 1,512	\$ 15,942	\$ 11,976			1,678,394
Total Revenue	1,512	15,942	11,976	555,010	11,917	5,087,039
OTHER FINANCING SOURCES:						
Transfer in - Board Contribution - General Fund						677,424
Total Revenue and Other Financing Sources	1,512	15,942	11,976	555,010	11,917	5,764,463
EXPENDITURES:						
Instruction:						
Salaries of Teachers		12,600				856,303
Other Salaries for Instruction						278,028
Purchased Professional and Technical Services			11,976			29,352
Other Purchased Professional Services	1,512					834,600
General Supplies						655,536
Other Objects						3,825
Total Instruction	1,512	12,600	11,976			2,657,644
Support Services:						
Salaries of Other Professional Staff		3,342				438,208
Other Salaries						247,993
Salaries of Master Teachers						132,361
Personal Services - Employee Benefits						512,497
Purchased Professional/Technical Services						77,265
Purchased Professional - Educational Services						189,313
Cleaning, Repair and Maintenance Services						63,043
Other Purchased Services						313,504
Miscellaneous Purchased Services						74,932
Supplies and Materials						85,633
Scholarships Awarded					15,800	15,800
Student Activities				556,183		556,183
Total Support Services		3,342		556,183	15,800	2,706,732
Facilities Acquisition:						
Instructional Equipment						111,289
Non-Instructional Equipment						293,854
Total Facilities Acquisition						405,143
Total Expenditures	\$ 1,512	\$ 15,942	\$ 11,976	\$ 556,183	\$ 15,800	\$ 5,769,519

VERNON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 697,318	\$ 697,318	
Other Salaries for Instruction	278,028	278,028	
Other Purchased Services	131	131	
General Supplies	316,831	316,831	
Total instruction	<u>1,292,308</u>	<u>1,292,308</u>	
Support services:			
Salaries of Other Professional Staff	343,066	343,066	
Other Salaries	247,993	247,993	
Salaries of Master Teachers	132,462	132,361	\$ 101
Personal Services - Employee Benefits	513,420	493,478	19,942
Purchased Professional - Educational Services	237,883	189,313	48,570
Cleaning, Repair and Maintenance Services	63,043	63,043	
Other Purchased Services	203,242	201,427	1,815
Miscellaneous Purchased Services	74,932	74,932	
Supplies and Materials	65,228	65,228	
Total support services	<u>1,881,269</u>	<u>1,810,841</u>	<u>70,428</u>
Facilities acquisition and const. serv.:			
Instructional Equipment	25,289	25,289	
Noninstructional Equipment	293,854	293,854	
Total facilities acquisition and const. serv.	<u>319,143</u>	<u>319,143</u>	
Total expenditures	<u>\$ 3,492,720</u>	<u>\$ 3,422,292</u>	<u>\$ 70,428</u>
State Grant Expenditures		\$ 2,744,868	
Local Expenditures		677,424	
		<u>\$ 3,422,292</u>	

SUMMARY OF LOCATION TOTALS

Total Revised 2024-25 Preschool Education Allocation	\$ 2,815,296
Add: Actual Preschool Education Aid Carryover (June 30, 2024)	-0-
Add: Budgeted Transfer from General Fund	677,424
Total Preschool Education Aid Funds Available for 2024-25 Budget	3,492,720
Less: 2024-25 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(3,492,720)
Available & Unbudgeted Preschool Aid Funds as of June 30, 2025	-0-
Add: June 30, 2025 Unexpended Preschool Education Aid	70,428
Carryover - Preschool Education Aid	<u>\$ 70,428</u>
Available for Budgeting for Preschool Programs - State Portion	<u>\$ 70,428</u>

CAPITAL PROJECTS FUND

VERNON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 498,518
Transfer from Capital Reserve	<u>1,095,600</u>
Total Revenue and Other Financing Sources	<u>1,594,118</u>
Expenditures	
Architectural/Engineering Services	<u>22,350</u>
Total Expenditures	<u>22,350</u>
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Expenditures	1,571,768
Fund Balance - Beginning of Year	<u>-0-</u>
Fund Balance - End of Year	<u><u>\$ 1,571,768</u></u>
<u>Recapitulation:</u>	
Committed	\$ 459,368
Committed - Year End Encumbrances	<u>1,112,400</u>
	1,571,768
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	<u>(498,518)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 1,073,250</u></u>

VERNON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
WINDOW REPLACEMENT AT GLEN MEADOW MIDDLE SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Costs</u>
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 498,518	\$ 498,518	\$ 498,518
Transfer from Capital Reserve	<u>1,095,600</u>	<u>1,095,600</u>	<u>1,095,600</u>
Total Revenue and Other Financing Sources	<u>1,594,118</u>	<u>1,594,118</u>	<u>1,594,118</u>
Expenditures:			
Legal Services			13,190
Architectual/Engineering Services	22,350	22,350	27,993
Construction Services	<u> </u>	<u> </u>	<u>1,552,935</u>
Total Expenditures	<u>22,350</u>	<u>22,350</u>	<u>1,594,118</u>
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	<u><u>\$ 1,571,768</u></u>	<u><u>\$ 1,571,768</u></u>	<u><u>\$ -0-</u></u>
Additional Project Information:			
Project Number	37-5360-025-23-R501		
Grant Date	12/13/2023		
Original Authorized Cost	\$ 1,594,118		
Revised Authorized Costs	1,594,118		
Percentage Completion	1%		
Original Target Completion Date	06/30/26		

PROPRIETARY FUNDS

VERNON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 1,406,370
Intergovernmental Accounts Receivable:	
State	4,591
Federal	44,121
Other Accounts Receivable	144,872
Inventories	19,546

Total Current Assets	<u>1,619,500</u>
----------------------	------------------

Non-Current Assets:

Capital Assets	583,572
Less: Accumulated Depreciation	<u>(266,189)</u>

Total Non-Current Assets	<u>317,383</u>
--------------------------	----------------

Total Assets	<u>1,936,883</u>
--------------	------------------

LIABILITIES:

Accounts Payable - Vendors	262,803
Unearned Revenue - Prepaid Sales	42,126
Unearned Revenue - Donated Commodities	<u>1,346</u>

Total Liabilities	<u>306,275</u>
-------------------	----------------

NET POSITION:

Investment in Capital Assets	317,383
Unrestricted	<u>1,313,225</u>

Total Net Position	<u><u>\$ 1,630,608</u></u>
--------------------	----------------------------

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, 2025

Operating Revenue:

Local Sources:

Daily Sales - Reimbursable Programs	\$ 563,585
Daily Sales - Non-Reimbursable Programs	236,801
Miscellaneous Revenue	56,027

Total Operating Revenue	856,413
-------------------------	---------

Operating Expenses:

Cost of Sales - Non-Reimbursable Programs	975,731
Purchased Services (Including Fixed Price Contract)	404,454
Miscellaneous Expenses	532,777
Depreciation Expense	32,978

Total Operating Expenses	1,945,940
--------------------------	-----------

Operating Loss	(1,089,527)
----------------	-------------

Non-Operating Revenue:

Local Sources:

Interest Earnings	64,408
-------------------	--------

State Sources:

State School Lunch Program	41,189
State After the Bell Program	8,437
State School Breakfast Program	10,274

Federal Sources:

National School Lunch Program	413,229
School Breakfast Program	130,150
Food Distribution Program	93,457

Total Non-Operating Revenue	761,144
-----------------------------	---------

Change in Net Position	(328,383)
------------------------	-----------

Net Position - Beginning of Year (Restated)	1,958,991
---	-----------

Net Position - End of Year	\$ 1,630,608
----------------------------	--------------

VERNON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 817,629
Payments to Food Service Contractor	(1,101,462)
Payments to Suppliers	(540,199)
	<u>(824,032)</u>
Net Cash (Used for) Operating Activities	<u>(824,032)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(7,422)
	<u>(7,422)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(7,422)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	57,947
Federal Sources	529,774
	<u>587,721</u>
Net Cash Provided by Noncapital Financing Activities	<u>587,721</u>
Cash Flows from Investing Activities:	
Interest Income	64,408
	<u>64,408</u>
Net Cash Provided by Investing Activities	<u>64,408</u>
Net Decrease in Cash and Cash Equivalents	(179,325)
Cash and Cash Equivalents, July 1	<u>1,585,695</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 1,406,370</u></u>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (1,089,527)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	32,978
Food Distribution Program	93,457
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(43,303)
Decrease in Inventory	2,414
Increase in Accounts Payable	181,744
Increase in Unearned Revenue - Prepaid Sales	4,519
(Decrease) in Unearned Revenue - Donated Commodities	(6,314)
	<u>(824,032)</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (824,032)</u></u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$87,143 and Utilized Commodities Valued at \$93,457.

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 Outstanding				Interest Rate	Balance July 1, 2024	Retired or Matured	Balance June 30, 2025
			June 30, 2025							
			Date	Amount						
School Refunding Bonds	09/15/15	\$ 7,490,000	12/01/25	\$ 295,000		3.00%				
			12/01/26	315,000		3.00%	\$ 910,000	\$ 300,000	\$ 610,000	
							\$ 910,000	\$ 300,000	\$ 610,000	

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, 2024	Retired or Matured	Balance June 30, 2025
			Date	June 30, 2025	Amount				
Energy Savings Obligation Refunding Bonds	07/19/12	\$ 5,645,000	07/15/25	\$	545,000	3.50%			
			07/15/26		575,000	3.50%			
			07/15/27		610,000	3.50%	\$ 2,240,000	\$ 510,000	\$ 1,730,000
							<u>\$ 2,240,000</u>	<u>\$ 510,000</u>	<u>\$ 1,730,000</u>

VERNON TOWNSHIP SCHOOL DISTRICT
LONG TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Purpose	Interest Rate	Original Issue	Balance July 1, 2024	Matured	Balance June 30, 2025
Copiers	3.719%	\$ 107,053	\$ 24,910	\$ 24,910	
Laptops	3.702%	367,935	185,920	91,258	\$ 94,662
Copiers	5.980%	243,589	243,589	43,086	200,503
			\$ 454,419	\$ 159,254	\$ 295,165

VERNON TOWNSHIP SCHOOL DISTRICT
LONG TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

VERNON TOWNSHIP SCHOOL DISTRICT
LONG TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED
INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

VERNON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 187,351		\$ 187,351	\$ 187,351	
State Sources:					
Debt Service Aid Type II	135,449		135,449	135,449	
Total Revenues	322,800		322,800	322,800	
EXPENDITURES:					
Regular Debt Service:					
Interest	22,800		22,800	22,800	
Redemption of Principal	300,000		300,000	300,000	
Total Regular Debt Service	322,800		322,800	322,800	
Total Expenditures	322,800		322,800	322,800	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	-0-		-0-	-0-	
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

	<u>Exhibit</u>
Financial Trends	
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
Revenue Capacity	
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
Debt Capacity	
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
Demographic and Economic Information	
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
Operating Information	
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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024 *	2025
Governmental Activities:										
Net Investment in Capital Assets										
Restricted	\$ 16,202,562	\$ 16,905,873	\$ 17,375,195	\$ 17,699,311	\$ 17,435,656	\$ 16,392,323	\$ 16,153,080	\$ 16,817,105	\$ 10,292,311	\$ 9,719,782
Unrestricted/(Deficit)	3,572,606	2,692,381	1,990,829	1,313,633	4,851,313	8,437,152	6,343,687	6,368,961	7,890,113	7,261,645
	(19,173,527)	(20,734,309)	(20,390,610)	(21,708,343)	(21,359,403)	(18,863,187)	(9,691,713)	(11,773,986)	(9,821,761)	(9,901,994)
Total Governmental Activities Net Position/ (Deficit)	\$ 601,641	\$ (1,136,055)	\$ (1,024,586)	\$ (2,695,399)	\$ 927,566	\$ 5,966,288	\$ 12,805,054	\$ 11,412,080	\$ 8,360,663	\$ 7,079,433
Business-Type Activities:										
Investment in Capital Assets										
Unrestricted	\$ 174,878	\$ 178,628	\$ 188,268	\$ 196,548	\$ 189,085	\$ 167,812	\$ 180,305	\$ 140,554	\$ 342,939	\$ 317,383
	230,718	279,167	287,267	297,323	299,739	440,357	1,416,061	1,549,292	1,616,052	1,313,225
Total Business-Type Activities Net Position	\$ 405,596	\$ 457,795	\$ 475,535	\$ 493,871	\$ 488,824	\$ 608,169	\$ 1,596,366	\$ 1,689,846	\$ 1,958,991	\$ 1,630,608
District-Wide:										
Net Investment in Capital Assets	\$ 16,377,440	\$ 17,084,501	\$ 17,563,463	\$ 17,895,859	\$ 17,624,741	\$ 16,560,135	\$ 16,333,385	\$ 16,957,659	\$ 10,635,250	\$ 10,037,165
Restricted	3,572,606	2,692,381	1,990,829	1,313,633	4,851,313	8,437,152	6,343,687	6,368,961	7,890,113	7,261,645
Unrestricted/(Deficit)	(18,942,809)	(20,455,142)	(20,103,343)	(21,411,020)	(21,059,664)	(18,422,830)	(8,275,652)	(10,224,694)	(8,205,709)	(8,588,769)
Total District Net Position/ (Deficit)	\$ 1,007,237	\$ (678,260)	\$ (549,051)	\$ (2,201,528)	\$ 1,416,390	\$ 6,574,457	\$ 14,401,420	\$ 13,101,926	\$ 10,319,654	\$ 8,710,041

* Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 37,266,595	\$ 37,092,512	\$ 38,605,743	\$ 35,104,902	\$ 33,198,592	\$ 30,051,376	\$ 31,121,955	\$ 28,579,213	\$ 24,254,322	\$ 30,194,302
Special Education	9,601,002	10,201,122	10,404,348	10,224,076	10,139,906	8,995,822	9,066,491	9,082,316	11,012,102	14,467,568
Other Education	727,615	806,339	919,284	712,813	799,743	629,557	98,495	152,836	26,264	
School-Sponsored Instruction	963,140	1,006,631	1,012,077	974,333	1,009,403	896,863	983,787	1,126,946	910,956	1,372,714
Support Services:										
Tuition	2,399,426	2,361,307	2,078,649	2,402,718	2,901,960	2,660,523	2,416,100	2,629,983	2,606,316	1,930,740
Student & Instructional Related Services	14,005,109	16,428,626	16,784,966	15,515,909	15,232,109	12,464,816	12,893,796	14,078,528	11,161,621	10,514,063
General Administrative Services	1,404,819	1,574,448	1,574,880	1,455,091	1,652,815	1,508,483	1,585,100	1,699,324	1,595,154	1,681,981
School Administrative Services	4,077,831	4,515,023	4,132,709	3,608,158	3,567,496	3,515,035	3,014,212	2,776,125	2,795,573	3,086,338
Central Services	799,748	1,083,749	1,280,554	1,094,633	1,092,052	1,192,487	1,091,103	936,618	871,521	939,424
Administrative Information Technology	125,848	171,186	150,152	151,205	145,559	119,100	109,683	218,417	189,896	134,958
Plant Operations and Maintenance	7,102,309	8,133,089	7,298,413	7,280,273	6,681,683	6,416,718	6,251,729	6,494,110	6,762,105	8,344,074
Pupil Transportation	4,967,532	5,225,519	4,981,215	5,159,871	4,644,133	4,596,024	5,790,541	5,802,795	6,132,352	6,363,957
Interest on Long-term Debt	446,365	236,018	180,405	127,880	78,180	50,080	37,305	28,155	19,079	10,078
Unallocated Depreciation	1,445,989	1,445,989	1,458,473	1,453,285	1,610,814	1,623,786	1,545,279	1,522,261	1,522,261	9,419
Capital Outlay	19,022	10,233	45,716	34,828	34,847	72,635	374,983	1,193	9,419	
Charter Schools	553,247	608,990	649,408	914,188	916,927	759,251	676,648	640,307	667,800	643,723
Total Governmental Activities Expenses	\$ 85,905,597	\$ 90,900,781	\$ 91,556,992	\$ 86,214,163	\$ 83,706,219	\$ 75,552,556	\$ 77,057,207	\$ 75,769,127	\$ 70,536,741	\$ 79,693,339
Business-Type Activities:										
Food Service	1,029,984	1,050,237	1,066,842	998,384	810,033	696,497	1,273,045	1,281,675	1,373,749	1,945,940
Total Business-Type Activities Expense	1,029,984	1,050,237	1,066,842	998,384	810,033	696,497	1,273,045	1,281,675	1,373,749	1,945,940
Total District Expenses	\$ 86,935,581	\$ 91,951,018	\$ 92,623,834	\$ 87,212,547	\$ 84,516,252	\$ 76,249,053	\$ 78,330,252	\$ 77,050,802	\$ 71,910,490	\$ 81,639,279
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 172,397	\$ 244,295	\$ 223,277	\$ 234,526	\$ 132,811	\$ 313,530	\$ 652,156	\$ 718,565	\$ 807,534	\$ 773,977
Operating Grants and Contributions	20,455,722	28,273,786	30,579,079	24,822,400	25,032,200	20,473,251	20,750,037	15,794,134	14,169,688	14,567,465
Total Governmental Activities Program Revenues	20,628,119	28,518,081	30,802,356	25,056,926	25,165,011	20,786,781	21,402,193	16,512,699	14,977,222	15,341,442

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024
Program Revenues										
Business-Type Activities:										
Charges for Services	\$ 772,307	\$ 762,892	\$ 730,611	\$ 697,555	\$ 530,066	\$ 27,834	\$ 12,664	\$ 821,517	\$ 781,536	\$ 696,736
Operating Grants and Contributions	316,936	338,958	336,197	318,524	274,230	787,505	2,112,460	577,580	625,508	856,413
Total Business-type Activities Program Revenues	1,089,243	1,101,850	1,066,808	1,016,079	804,296	815,339	2,125,124	1,399,097	1,407,044	1,553,149
Total District Program Revenues	\$ 21,717,362	\$ 29,619,931	\$ 31,869,164	\$ 26,073,005	\$ 25,969,307	\$ 21,602,120	\$ 23,527,317	\$ 17,911,796	\$ 16,384,266	\$ 16,894,591
Net (Expense)/Revenue										
Governmental Activities	\$ (65,277,478)	\$ (62,382,700)	\$ (60,754,636)	\$ (61,157,237)	\$ (58,541,208)	\$ (54,765,775)	\$ (55,655,014)	\$ (59,256,428)	\$ (55,559,519)	\$ (64,351,897)
Business-type Activities	59,259	51,613	(34)	17,695	(5,737)	118,842	966,079	117,422	33,295	(392,791)
Total District-wide Net Expense/Revenues	\$ (65,218,219)	\$ (62,331,087)	\$ (60,754,670)	\$ (61,139,542)	\$ (58,546,945)	\$ (54,646,933)	\$ (54,688,935)	\$ (59,139,006)	\$ (55,526,224)	\$ (64,744,688)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 39,544,525	\$ 37,696,985	\$ 37,904,067	\$ 38,220,407	\$ 42,060,058	\$ 43,001,584	\$ 43,817,472	\$ 44,737,965	\$ 45,536,550	\$ 49,931,455
Taxes Levied for Debt Service	1,203,019	1,097,365	1,037,323	989,945	651,880	274,409	206,055	200,743	192,575	187,351
Unrestricted Grants and Contributions	21,587,036	21,586,440	21,433,320	20,186,232	18,567,842	16,423,825	18,344,455	12,720,473	12,090,497	12,106,104
Investment Earnings	24,768	12,489	13,160	10,346	11,524	397	379	21,783	456,848	551,960
Miscellaneous Income	225,614	251,725	478,235	79,494	251,458	104,282	146,405	182,490	199,975	293,797
Transfers							(20,986)			
Total Governmental Activities	62,584,962	60,645,004	60,866,105	59,486,424	61,542,762	59,804,497	62,493,780	57,863,454	58,476,445	63,070,667
Business-Type Activities:										
Investment Earnings	480	586	558	641	690	503	1,132	2,295	60,582	64,408
Miscellaneous Income			17,216							
Transfers							20,986			
Total Business-Type Activities	480	586	17,774	641	690	503	22,118	2,295	60,582	64,408
Total District-Wide	\$ 62,585,442	\$ 60,645,590	\$ 60,883,879	\$ 59,487,065	\$ 61,543,452	\$ 59,805,000	\$ 62,515,898	\$ 57,865,749	\$ 58,537,027	\$ 63,135,075
Change in Net Position:										
Governmental Activities	\$ (2,692,516)	\$ (1,737,696)	\$ 111,469	\$ (1,670,813)	\$ 3,001,554	\$ 5,038,722	\$ 6,838,766	\$ (1,392,974)	\$ 2,916,926	\$ (1,281,230)
Business-type Activities	59,739	52,199	17,740	18,336	(5,047)	119,345	988,197	119,717	93,877	(328,383)
Total District	\$ (2,632,777)	\$ (1,685,497)	\$ 129,209	\$ (1,652,477)	\$ 2,996,507	\$ 5,158,067	\$ 7,826,963	\$ (1,273,257)	\$ 3,010,803	\$ (1,609,613)

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Restricted	\$ 3,572,606	\$ 2,692,380	\$ 1,990,829	\$ 1,313,633	\$ 4,456,954	\$ 8,056,100	\$ 5,932,744	\$ 5,997,968	\$ 7,449,005	\$ 6,825,593
Assigned	394,082	374,241	1,000,079			283,502	6,462,240	2,842,413	3,587,904	1,279,639
Unassigned/(Deficit)				(300,468)	(290,137)	700,071	934,710			
Total General Fund	\$ 3,966,688	\$ 3,066,621	\$ 2,990,908	\$ 1,013,165	\$ 4,166,817	\$ 9,039,673	\$ 13,329,694	\$ 8,840,381	\$ 11,036,909	\$ 8,105,232
All Other Governmental Funds:										
Restricted	\$ 30,238	\$ 1				\$ 381,052	\$ 410,943	\$ 370,993	\$ 441,108	\$ 154,522
Committed										1,073,250
Unassigned/(Deficit)										(281,530)
Total All Other Governmental Funds	\$ 30,238	\$ 1	\$ -0-	\$ -0-	\$ -0-	\$ 381,052	\$ 410,943	\$ 370,993	\$ 441,108	\$ 946,242

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Tax Levy	\$ 40,747,544	\$ 38,794,350	\$ 38,941,390	\$ 39,210,352	\$ 42,711,938	\$ 43,275,993	\$ 44,023,527	\$ 44,938,708	\$ 45,729,125	\$ 50,118,806
Tuition Charges	104,575	244,295	223,277	234,526	132,811	116,676	211,757	233,875	200,461	207,050
Miscellaneous	267,885	269,953	499,835	96,811	269,372	310,475	617,894	708,947	1,290,846	1,424,034
State Sources	33,787,358	34,847,230	35,599,191	35,953,574	34,321,846	34,863,257	38,711,833	32,768,121	32,607,077	35,088,662
Federal Sources	1,270,585	1,205,562	1,224,386	1,281,474	1,251,485	1,711,603	2,350,820	3,573,506	2,539,324	1,773,169
Total Revenue	76,177,947	75,361,390	76,488,079	76,776,737	78,687,452	80,278,004	86,115,831	82,223,157	82,366,833	88,613,721
Expenditures										
Instruction:										
Regular Instruction	21,844,926	20,556,742	20,443,357	20,910,223	18,928,064	18,782,748	19,741,791	21,061,344	17,614,806	20,455,102
Special Education Instruction	5,676,121	5,710,347	5,577,144	6,161,958	5,915,594	5,747,057	6,153,954	6,537,213	8,227,857	10,676,970
Other Instruction	72,840	76,265	80,250	85,245	89,795	87,670	49,295	87,618		
School -Sponsored Instruction	955,010	996,623	1,003,947	966,203	1,003,612	891,025	978,231	1,114,799	898,809	1,177,510
Support Services:										
Tuition	2,399,426	2,361,307	2,078,649	2,402,718	2,901,960	2,660,523	2,416,100	2,629,983	2,606,316	1,930,740
Student & Instruction Related Services	9,645,472	9,160,658	9,219,801	9,368,675	8,926,294	8,115,583	9,402,485	10,411,948	8,611,597	7,656,356
General Administrative Services	935,350	1,015,442	1,030,162	1,071,791	1,128,017	1,101,221	1,216,442	1,290,084	1,307,960	1,340,920
School Administrative Services	2,570,944	2,489,563	2,455,326	2,262,486	2,275,098	2,332,931	2,308,613	2,318,379	2,062,386	2,174,032
Central Services and Administrative Information Technology	716,817	721,087	813,359	769,072	743,316	844,720	798,436	886,422	800,336	751,566
Plant Operations and Maintenance	5,928,600	6,165,579	6,005,328	6,091,511	5,775,577	6,007,855	6,248,537	6,637,394	6,686,635	7,785,422
Student Transportation	4,927,936	5,137,723	4,942,287	5,124,227	4,615,571	4,586,790	5,788,684	5,797,724	6,120,265	6,294,612
Allocated Benefits										
Unallocated Benefits	17,709,932	19,184,001	20,246,550	20,739,430	21,179,169	22,919,418	24,216,614	25,458,629	23,642,750	27,666,229
Charter Schools	553,247	608,990	649,408	914,188	916,927	759,251	676,648	640,307	667,800	643,723
Capital Outlay	326,466	248,391	468,863	256,153	275,958	215,916	1,792,013	1,534,701	764,462	1,882,752
Debt Service:										
Principal	1,645,000	1,580,000	1,515,000	1,490,000	995,000	410,000	305,000	305,000	300,000	300,000
Interest and Other Charges	288,897	248,738	193,125	140,600	90,900	62,800	50,025	40,875	31,800	22,800
Total Expenditures	76,196,984	76,261,456	76,722,556	78,754,480	75,760,852	75,525,508	82,142,868	86,752,420	80,343,779	90,758,734
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(19,037)	(900,066)	(234,477)	(1,977,743)	2,926,600	4,752,496	3,972,963	(4,529,263)	2,023,054	(2,145,013)

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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			\$ 158,763			\$ 107,053	\$ 367,935		\$ 243,589	\$ 1,773,024
Transfers In							(20,986)			(1,773,024)
Transfers Out							346,949		243,589	
Total Other Financing Sources/(Uses)			\$ 158,763			\$ 107,053	\$ 346,949		\$ 243,589	
Net Change in Fund Balances	\$ (19,037)	\$ (900,066)	\$ (75,714)	\$ (1,977,743)	\$ 2,926,600	\$ 4,859,549	\$ 4,319,912	\$ (4,529,263)	\$ 2,266,643	\$ (2,145,013)
Debt Service as a Percentage of Noncapital Expenditures	2.67%	2.55%	2.41%	2.24%	1.44%	0.63%	0.44%	0.41%	0.42%	0.36%

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)

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u> <u>Refunds</u>	<u>Energy</u> <u>Savings</u> <u>Incentive</u>	<u>Other</u>	<u>Total</u>
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
2024	456,848	200,461	50,252		149,723	857,284
2025	551,960	207,050	16,397		277,400	1,052,807

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
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	2,326,708	2,807,508,308	1.601	2,789,719,264
2023	62,139,100	2,799,743,900	39,946,100	1,252,900	157,551,600	34,375,400	2,660,000	3,097,669,000	205,257,500	2,326,708	3,099,995,708	1.475	3,112,031,405
2024	59,555,000	3,085,778,200	42,969,100	1,297,800	169,184,200	35,768,600	2,959,300	3,397,512,200	213,419,600	2,374,712	3,399,886,912	1.407	3,439,595,922

* 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
	General		Total Direct	Township of Vernon	Sussex County	
	Basic Rate ^a	Obligation Debt Service ^b				
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
2023	1.47	0.01	1.48	0.61	0.52	2.61
2024	1.40	0.01	1.41	0.56	0.48	2.44

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.

* - Revaluation/Reassessment Year.

Source: Municipal Tax Collector and School Business Administrator

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

Taxpayer	2025		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mountain Creek	\$ 22,983,900	1	0.68%
Vernon Valley Investors	17,103,300	2	0.50%
Tennessee Pipe Line Co.	13,817,600	3	0.41%
Metairie Corp.	13,048,100	4	0.38%
City of Newark Division Sewer/Water	7,450,100	5	0.22%
Minerals Resort & Spa Spe, LLC	5,858,800	6	0.17%
DGS Vernon Vortex, LLC	5,202,600	7	0.15%
Vernon Valley Reserve	4,858,500	8	0.14%
Highland Lakes Country Club	4,097,600	9	0.12%
HM GG, LLC	3,760,000	10	0.11%
Total	<u>\$ 98,180,500</u>		<u>2.89%</u>

Taxpayer	2016		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mountain Creek	\$ 47,900,700	1	1.78%
Metairie Corp, ETC	22,865,300	2	0.85%
Vernon Valley Investors, LLC	11,500,000	3	0.43%
Tennessee Pipe Line Co.	8,661,400	4	0.32%
City of Newark (Water Shed)	8,241,800	5	0.31%
Glenwood Management	6,872,900	6	0.26%
Shinnihon, USA LTD	6,002,900	7	0.22%
Federal National Mortgage Association	5,793,700	8	0.21%
SES American INC	5,520,500	9	0.20%
Empire TFI Jersey Holdings, LLC	4,194,800	10	0.16%
Total	<u>\$ 127,554,000</u>		<u>4.73%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2024	45,729,125	45,729,125	100.00%	-0-
2025	50,118,806	50,118,806	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Bond		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases	Anticipation Notes (BANs)			Financed Purchases				
2016	\$ 13,065,000	\$ 260,410	-0-	-0-	-0-	-0-	\$ 13,325,410	1.07%	\$	596.80
2017	11,200,000	127,886	-0-	-0-	-0-	-0-	11,327,886	0.89%		510.15
2018	9,375,000	127,010	-0-	-0-	-0-	-0-	9,502,010	0.72%		429.41
2019	7,550,000	95,257	-0-	-0-	-0-	-0-	7,645,257	0.55%		347.05
2020	6,195,000	63,505	-0-	-0-	-0-	-0-	6,258,505	0.43%		286.05
2021	5,400,000	120,638	-0-	-0-	-0-	-0-	5,520,638	0.35%		245.95
2022	4,675,000	436,282	-0-	-0-	-0-	-0-	5,111,282	0.32%		226.25
2023	3,925,000	320,929	-0-	-0-	-0-	-0-	4,245,929	0.25%		186.95
2024	3,150,000	454,420	-0-	-0-	-0-	-0-	3,604,420	0.21%		157.54
2025	2,340,000	295,165	-0-	-0-	-0-	-0-	2,635,165	0.15%		115.18

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 ^a	Per Capita ^b
	General Obligation		Net General Bonded Debt		
	Bonds	Deductions	Outstanding		
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%	172.82
2024	3,150,000	-0-	3,150,000	0.10%	137.68
2025	2,340,000	-0-	2,340,000	0.07%	102.28

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, 2024
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Vernon	\$ 29,741,492	100.00%	\$ 29,741,492
Sussex County General Obligation Debt	79,054,107	17.39% ^a	<u>13,747,607</u>
Subtotal, Overlapping Debt			43,489,099
Vernon Township School District Direct Debt			<u>2,340,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 45,829,099</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.

^a 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 2024	
Equalized Valuation Basis:	Vernon Township
	2024 \$ 3,837,262,480
	2023 3,461,856,281
	2022 3,102,733,768
	<u>\$ 10,401,852,529</u>
Average Equalized Valuation of Taxable Property	\$ 3,467,284,176
Debt Limit (4% of average equalization value) ^a	\$ 138,691,367
Net Bonded School Debt as of June 30, 2025	<u>2,340,000</u>
Legal Debt Margin	<u>\$ 136,351,367</u>

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 98,348,479	\$ 95,392,704	\$ 94,998,788	\$ 96,208,601	\$ 98,309,495	\$ 100,077,266	\$ 104,084,536	\$ 112,058,819	\$ 124,261,352	\$ 138,691,367
Total Net Debt Applicable to Limit	13,065,000	11,200,000	9,375,000	7,550,000	6,195,000	5,400,000	4,675,000	3,925,000	3,150,000	2,340,000
Legal Debt Margin	<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>	<u>\$ 121,111,352</u>	<u>\$ 136,351,367</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	13.28%	11.74%	9.87%	7.85%	6.30%	5.40%	4.49%	3.50%	2.53%	1.69%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Sussex County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2016	22,328	\$ 1,247,510,016	\$ 55,872	5.50%
2017	22,205	1,278,230,825	57,565	4.50%
2018	22,128	1,324,803,360	59,870	4.20%
2019	22,029	1,388,620,044	63,036	3.60%
2020	21,879	1,451,912,319	66,361	10.20%
2021	22,446	1,576,337,688	70,228	6.40%
2022	22,591	1,611,709,713	71,343	3.90%
2023	22,711	1,711,591,804	75,364	4.40%
2024	22,879	1,724,252,956	75,364 *	4.30%
2025	22,879 **	1,724,252,956	75,364 *	N/A

* - Sussex County per capita personal income for 2023 was used for calculation purposes.

** - Latest population data available (2024) was used for calculation purposes.

N/A - Information Unavailable

Sources:

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

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

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis

^d 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	2025		Percentage of Total Employment
	Employees	Rank	
Selective Insurance Group Inc.	1,000-4,999	1	1.43%-7.17%
Crystal Springs Resort	1,000-4,999	2	0.72%-1.43%
Newton Medical Center	1,000-4,999	3	0.72%-1.43%
Thorlabs	1,000-4,999	4	0.36%-0.72%
County of Sussex	500-999	5	0.14%-0.36%
Mountain Creek Resort	500-999	6	0.14%-0.36%
Shop Rite	500-999	7	0.14%-0.36%
Sussex County Community College	250-499	8	0.14%-0.36%
United Methodist Community Bristol Glen	250-499	9	0.14%-0.36%
Franklin Mutual Insurance	100-249	10	0.14%-0.36%
Total Employment - Sussex County	<u>77,594</u>		

Employer	2015		Percentage of Total Employment
	Employees	Rank (Optional)	
Crystal Springs Pool & Spa Resort	2,000	1	1.36%-6.78%
Newton Medical Hospital	1,200	2	1.36%-6.78%
Selective Insurance	900	3	0.68%-1.35%
County of Sussex	830	4	0.68%-1.35%
Mountain Creek Resort	800	5	0.68%-1.35%
Vernon Township Board of Education	583	6	0.34%-0.68%
Ames Rubber Corp.	445	7	0.34%-0.68%
Shop Rite Supermarkets	301	8	0.34%-0.68%
Andover Subacute & Rehab Center	300	9	0.14%-0.34%
Sussex County Community College	300	10	0.14%-0.34%
Total Employment - Sussex County	<u>72,391</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction:										
Regular	228.0	214.0	220.0	216.0	196.0	182.0	192.0	193.0	162.0	196.0
Special Education	144.0	156.0	149.0	171.0	170.0	125.0	151.0	164.0	170.0	203.0
Other Instruction	6.0	6.0	6.0	5.0	5.0	5.0	5.0	1.0	1.0	1.0
Support Services:										
Student & Instruction Related Services	69.0	67.0	64.0	59.0	59.0	57.0	61.0	69.0	51.0	51.0
School Administrative Services	46.0	47.0	46.0	46.0	45.0	53.0	47.0	38.0	53.0	57.0
General Administrative Services	5.0	5.0	5.0	4.0	4.0	5.0	5.0	3.0	10.0	10.0
Plant Operations and Maintenance	65.0	65.0	65.0	53.0	53.0	49.0	56.0	38.0	45.0	46.0
Pupil Transportation	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business and Other Support Services	8.0	8.0	8.0	9.0	9.0	8.0	9.0	9.0	9.0	9.0
Total	<u>573.0</u>	<u>570.0</u>	<u>564.0</u>	<u>564.0</u>	<u>542.0</u>	<u>485.0</u>	<u>527.0</u>	<u>516.0</u>	<u>502.0</u>	<u>574.0</u>

Source: District Personnel Records

VERNON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Teacher/Pupil Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Middle Schools	High Schools				
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%
2024	2,893	79,247,517	27,392.85	-5.27%	227	1:8.56	1:13.97	1:8.56	2,893	2,682	-1.43%	92.71%
2025	3,029	88,553,182	29,235.12	1.10%	223	1:14.16	1:14.23	1:12.36	2,937	2,742	1.52%	93.36%

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

District Building	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Walnut Ridge Primary School (1957,1964,1992)										
Square Feet	49,683	49,683	49,683	49,683	49,683	49,683	49,683	49,683	49,683	49,683
Capacity (students)	610	610	610	610	610	610	610	610	610	610
Enrollment	456	508	110	101	87	N/A	106	118	107	228
Cedar Mountain Primary School (1985)										
Square Feet	49,899	49,899	49,899	49,899	49,899	49,899	49,899	49,899	49,899	49,899
Capacity (students)	563	563	563	563	563	563	563	563	563	563
Enrollment	337	313	407	374	409	450	387	438	424	409
Rolling Hills Primary School (1972,1991)										
Square Feet	46,814	46,814	46,814	46,814	46,814	46,814	46,814	46,814	46,814	46,814
Capacity (students)	615	615	615	615	615	615	615	615	615	615
Enrollment	356	338	399	430	424	383	411	415	410	433
Lounsberry Hollow Middle School (1968,1977,1992)										
Square Feet	83,515	83,515	83,515	83,515	83,515	83,515	83,515	83,515	83,515	83,515
Capacity (students)	875	875	875	875	875	875	875	875	875	875
Enrollment	485	473	470	407	411	440	423	403	428	431
Glen Meadow Middle School (1982)										
Square Feet	85,452	85,452	85,452	85,452	85,452	85,452	85,452	85,452	85,452	85,452
Capacity (students)	876	876	876	876	876	876	876	876	876	876
Enrollment	511	513	713	680	679	645	635	645	647	626
Vernon Township High School (1973,1985,1992,1996,1997)										
Square Feet	218,392	218,392	218,392	218,392	218,392	218,392	218,392	218,392	218,392	218,392
Capacity (students)	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Enrollment	1,020	1,001	995	980	953	959	952	917	903	902

Source: School District of Vernon Township Records

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

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

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

Facility	Project #(s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>School Facilities:</u>											
Walnut Ridge	N/A	\$ 288,686	\$ 184,744	\$ 136,198	\$ 28,440	\$ 25,295	\$ 84,660	\$ 124,416	\$ 66,683	\$ 80,751	\$ 130,956
Cedar Mountain	N/A	191,783	151,971	182,412	184,861	164,417	138,710	148,630	203,289	201,293	77,028
Rolling Hills	N/A	168,105	106,329	128,266	212,752	164,417	115,110	140,469	297,251	223,759	175,393
Lounsberry Hollow	N/A	192,493	225,663	170,730	213,301	189,712	203,250	216,538	209,249	217,825	142,161
Glen Meadow	N/A	309,269	221,671	335,759	341,282	303,539	193,789	204,813	186,742	253,659	265,919
Vernon Township High School	N/A	407,740	532,219	467,022	469,263	417,191	534,990	540,177	509,196	412,029	595,782
Total School Facilities		1,558,076	1,422,597	1,420,387	1,449,899	1,264,571	1,270,509	1,375,043	1,472,410	1,389,316	1,387,239
<u>Other Facilities:</u>											
Child Study Team and Board Office	N/A	140,800	127,405	84,650		12,647	86,637	8,328	68,655	41,899	877,936
Grand Total		\$ 1,698,876	\$ 1,550,002	\$ 1,505,037	\$ 1,449,899	\$ 1,277,218	\$ 1,357,146	\$ 1,383,371	\$ 1,541,065	\$ 1,431,215	\$ 2,265,175

N/A - Not Applicable

Source: District records

VERNON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

	Coverage	Occurrence	Deductible
School Package Policy - School Alliance Insurance Fund:			
Property:			
Building & Personal Property	\$ 500,000,000		\$ 2,500
Inland Marine - Auto Physical Damage			\$ 1,000
Boiler and Machinery	\$ 100,000,000		\$ 2,500
Comprehensive General Liability- Auto, Empl Benefits:			
Per Occurrence	\$ 10,000,000		
General Aggregate	\$ 46,000,000		
Product - Completed Operations			
Personal Injury			
Fire Damage	\$ 2,500,000		
Medical Expenses (excl students in athletics)	\$ 10,000		
Employee Benefits Liability	\$ 5,000,000		\$ 1,000
Sexual Abuse/Molestation	\$ 10,000,000	\$ 28,000,000.00	
Security Guard Liability	Included		
Automobile Coverage	\$ 10,000,000	occurrence	\$ 1,000
Auto General Aggregate	\$ 46,000,000		
Hired/Non Owned	Included		
Automobile Physical Damage	Included		\$ 1,000
Environmental Impairment Liability See	\$1,000,000/\$10,000,000	Fund Aggregate	\$ 50,000
PFAS Exclusion/No Coverage	First party Fungi & Legionella Third party Fungi & Legionella		
Comprehensive Crime Coverage	\$ 50,000	Inside/Outside	\$ 1,000
Blanket Dishonesty Bond	\$ 500,000		\$ 1,000
School Board Legal Liability	\$5,000,000/\$5,000,000		\$ 15,000
Cyber Liability - First Party	\$ 750,000		\$ 10,000
Cyber Liability - Third Party	\$ 2,000,000		
Workers' Compensation:	Statutory		
Employer's Liability	\$ 6,000,000		
Supplemental Indemnity	Statutory		
Mutual of Omaha Ins:			
Student Accident Base Incl'd Sports & Football	\$ 25,000	all stud /athlete	
Student Accident -CAT Incl'd Sports & Football	\$ 6,000,000	all stud/athlete	\$ 25,000
Student Accident -Voluntary Coverage	Included		
Selective Insurance:			
Public Official Bond - Treas of School Monies	\$ 500,000	Selective Ins	
Public Official Bond - Bus Admin /Board Secretary	\$ 500,000	Selective Ins	

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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2025.

Report on Internal Control Over Financial Reporting

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

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

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 20, 2025
Mount Arlington, New Jersey

NISIVOCIA LLP



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, 2025. 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, 2025.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

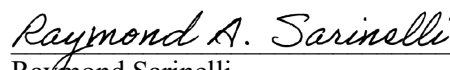
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

November 20, 2025
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, 2025

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, 2024			Cancellation of Prior Years' Encumbrances	Repayment of Prior Years' Balances	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Balance at June 30, 2025	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Unearned Revenue	Due to Grantor
General Fund:													
U.S. Department of Health and Human Services:													
Medicaid Cluster:	93.778	N/A	7/1/24-6/30/25	\$ 47,963			\$ 47,963						
Medicaid Assistance Program													
Total General Fund							47,963						
Special Revenue Fund:													
U.S. Department of Education Passed-through State Department of Education:													
Elementary and Secondary Education Act													
Title I													
Title I	84.010	ESEA536025	7/1/24-6/30/25	333,710									
Title I	84.010	ESEA536024	7/1/23-9/30/24	371,811	\$ (59,336)							\$ (2,226)	
Title I - SIA	84.010	ESEA536025	7/1/24-6/30/25	2,552								(579)	
Title I - SIA	84.010	ESEA536024	7/1/23-9/30/24	36,400	(4,647)								
Total Title I					(63,983)							(2,805)	
Title II, Part A													
Title II, Part A	84.367	ESEA536025	7/1/24-6/30/25	67,365								(9,909)	
Title II, Part A	84.367	ESEA536024	7/1/23-9/30/24	81,644	(10,587)								
Title II, Part A	84.367	ESEA536023	7/1/22-9/30/23	72,691					\$ 210				
Total Title II, Part A					(10,587)				210			(9,909)	
Title IV													
Title IV												(5,887)	
Total Title IV												(5,887)	
84.424	ESEA536025	7/1/24-9/30/25		7,786									
Education Stabilization Fund													
COVID-19 ARP - ESSER III	84.425U	N/A	3/13/20-9/30/24	1,460,264	(11,343)								
COVID-19 ARP - Accelerated Learning Coach and Educator Support	84.425U	N/A	3/13/20-9/30/24	246,563								(1,512)	
COVID-19 ARP - Summer Learning and Enrichment	84.425U	N/A	3/13/20-9/30/24	40,000								15,942	
COVID-19 ARP - Beyond the School Day	84.425U	N/A	3/13/20-9/30/24	40,000	(38,620)							38,620	
COVID-19 New Jersey High Impact Tutoring Collective	84.425C	N/A	10/11/23-8/31/24	153,986								9,601	
Total Education Stabilization Fund					(49,963)							(11,976)	
												(29,430)	
Special Education Cluster (IDEA):													
ID.E.A. Part B, Basic	84.027	IDEA536025	7/1/24-6/30/25	832,957								(832,957)	
ID.E.A. Part B, Basic	84.027	IDEA536024	7/1/23-9/30/24	848,452	(29,331)							29,331	
ID.E.A. Part B, Preschool	84.173	IDEA536025	7/1/24-6/30/25	31,629								28,764	
ID.E.A. Part B, Preschool	84.173	IDEA536024	7/1/23-9/30/24	33,981	(5,425)			\$ 300				5,125	
Special Education Cluster Subtotal (IDEA)					(34,756)							(864,586)	
								300				(48,376)	
Carl D. Perkins Secondary Education	84.048	PERK536024	7/1/24-6/30/25	95,275								(72,107)	
Carl D. Perkins Secondary Education	84.048	PERK536023	7/1/23-6/30/24	98,772	(42,384)							42,384	
					(42,384)							(72,107)	
Nia A. Lowey 21st Century Community Learning Centers	84.287	N/A	9/1/24-8/31/25	262,100								(262,100)	
Nia A. Lowey 21st Century Community Learning Centers	84.287	N/A	9/1/23-8/31/24	400,000	(68,283)							102,392	
Nia A. Lowey 21st Century Community Learning Centers	84.287	N/A	9/1/22-8/31/23	350,000	(846)			4,649				(38,758)	
					(69,129)							332,123	
								4,649				(300,858)	
												(33,215)	
Total U.S. Department of Education					(270,802)		210	1,818,504	210			(1,678,394)	(125,743)

VERNON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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, 2024			Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Encumbrances	Repayment of Prior Years' Balances	Balance at June 30, 2025		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amount Paid to Subrecipient
U.S. Department of Treasury Passed-through State Department of Education: COVID-19 Additional or Compensatory Special Education and Related Services - American Rescue Plan	21.027	N/A	7/1/23-6/30/24	\$ 182,747	\$ (54,254)			\$ 54,254						
Total U.S. Department of Treasury					(54,254)			54,254						
Total Special Revenue Fund					(325,056)		\$ 210	1,872,758	\$ (1,678,394)	\$ 4,949	\$ 210	\$ (125,743)		
<u>Enterprise Fund</u>														
U.S. Department of Agriculture: Passed thru New Jersey Department of Agriculture: Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/24-6/30/25	87,143				87,143	(85,797)				\$ 1,346	
Food Distribution Program	10.555	N/A	7/1/23-6/30/24	106,402		\$ 7,660			(7,660)					
National School Lunch Program	10.555	N/A	7/1/24-6/30/25	413,229				380,463	(413,229)			(32,766)		
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	325,443	(22,502)			22,502				(11,355)		
School Breakfast Program	10.553	N/A	7/1/24-6/30/25	130,150	(8,014)			118,795	(130,150)					
School Breakfast Program	10.553	N/A	7/1/23-6/30/24	93,679				8,014				(44,121)	1,346	
Child Nutrition Program Cluster Subtotal					(30,516)	7,660		616,917	(636,836)					
Total Enterprise Fund					(30,516)	7,660		616,917	(636,836)			(44,121)	1,346	
Total Federal Awards					\$ (355,572)	\$ 7,660	\$ 210	\$ 2,537,638	\$ (2,563,193)	\$ 4,949	\$ 210	\$ (169,864)	\$ 1,346	\$ -0-

N/A - Not Available/Applicable
* - Prior year Expenditures

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, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024			Repayment of Prior Years' Balances	Balance at June 30, 2025		MEMO	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor		Budgetary Unearned Revenue	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable
New Jersey Department of Education											
General Fund:											
Equalization Aid	25-495-034-5120-078	7/1/24-6/30/25	\$ 11,497,936					\$ 10,307,885	\$ (11,497,936)	\$ (1,190,051)	\$ 11,497,936
Special Education Aid	25-495-034-5120-089	7/1/24-6/30/25	3,336,134					2,990,840	(3,336,134)	(345,294)	3,336,134
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	341,922					306,533	(341,922)	(35,389)	341,922
School Choice Aid	25-495-034-5120-068	7/1/24-6/30/25	157,100					140,840	(157,100)	(16,260)	157,100
Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	2,202,151					1,974,226	(2,202,151)	(227,925)	2,202,151
Extraordinary Special Education Costs Reimbursed TPAF Social Security Contributions	25-495-034-5120-044	7/1/24-6/30/25	1,028,465						(1,028,465)	(1,028,465)	1,028,465
Nonpublic Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	2,029,090					2,029,090	(2,029,090)	(28,463)	2,029,090
Homeless Tuition Reimbursement	25-495-034-5094-001	7/1/24-6/30/25	21,365						(21,365)	(21,365)	21,365
Menstrual Product Reimbursement Grant	N/A	7/1/24-6/30/25	5,643						(5,643)	(5,643)	5,643
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	11,266,430	\$ (1,112,774)				1,112,774			11,266,430
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	2,545,581	(251,425)				251,425			2,545,581
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	341,922	(33,771)				33,771			341,922
School Choice Aid	24-495-034-5120-068	7/1/23-6/30/24	154,362	(15,246)				15,246			154,362
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	2,202,151	(217,504)				217,504			2,202,151
Extraordinary Special Education Costs	24-495-034-5120-044	7/1/23-6/30/24	1,063,872	(1,063,872)				1,063,872			1,063,872
Nonpublic Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	37,310	(37,310)				37,310			37,310
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	7/1/23-6/30/24	1,854,464	(97,639)				97,639			1,854,464
On-Behalf TPAF Post Retirement Contribution	25-495-034-5094-001	7/1/24-6/30/25	2,804,252					2,804,252	(2,804,252)		2,804,252
On-Behalf TPAF Pension Contribution	25-495-034-5094-002	7/1/24-6/30/25	9,479,575					9,479,575	(9,479,575)		9,479,575
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25	117,427					117,427	(117,427)		117,427
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	4,505					4,505	(4,505)		4,505
Total General Fund State Aid				(2,829,541)				32,984,714	(33,054,028)	(1,083,936)	52,520,120
Special Revenue Fund:											
New Jersey Nonpublic Aid:											
Nonpublic Auxiliary Services: Compensatory Education	25-100-034-5120-067	7/1/23-6/30/25	1,977		\$ 899		\$ (899)				1,078
Nonpublic Handicapped Services: Examination and Classification	25-100-034-5120-066	7/1/23-6/30/25	2,652		1,326		(1,326)				1,326
Annual Examination and Classification	25-100-034-5120-066	7/1/23-6/30/25	380		380		(380)				
Supplementary Instruction	25-100-034-5120-066	7/1/23-6/30/25	826		826		(826)				
Corrective Speech	25-100-034-5120-066	7/1/23-6/30/25	930		930		(930)				
Textbook Aid	25-100-034-5120-064	7/1/23-6/30/25	1,272		1,272		(1,272)				
Nursing Services	25-100-034-5120-070	7/1/23-6/30/25	2,880		2,880		(2,880)				
Technology Initiative	25-100-034-5120-373	7/1/23-6/30/25	1,078		1,078		(1,078)				
Security Aid	25-100-034-5120-070	7/1/23-6/30/25	4,920		4,920		(4,920)				
Career Pathways	20E00039	3/1/19-2/28/20	100,000	(13,258)						(13,258)	100,000
Local Recreation Grant	N/A	7/1/24-6/30/25	86,000							(86,000)	86,000
Preschool Education Expansion Aid Grant	25-495-034-5120-086	7/1/24-6/30/25	2,815,296					2,533,766	(2,744,868)	(281,530)	2,744,868
Total Special Revenue Fund				(13,258)		14,511	(14,511)	70,428	(13,258)	(380,788)	2,933,272

VERNON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024			Repayment of Prior Years' Balances	Balance at June 30, 2025			MEMO	
				Budgetary Accounts Receivable	Deferred Revenue	Due to Grantor		Unearned Revenue	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Debt Service Fund:												
Debt Service Aid - State Support	25-495-034-5120-125	7/1/24-6/30/25	\$ 135,449		\$ 135,449							\$ 135,449
Total Debt Service Fund					135,449							135,449
Enterprise Fund:												
After the School Bell	25-100-010-3350-023	7/1/24-6/30/25	8,437									8,437
After the School Bell	24-100-010-3350-023	7/1/23-6/30/24	7,096	\$ (577)	7,713				\$ (724)			7,096
State School Breakfast Program	25-100-010-3350-023	7/1/24-6/30/25	10,274		577							10,274
State School Breakfast Program	24-100-010-3350-023	7/1/23-6/30/24	4,546	(334)	9,500				(774)			10,274
State School Lunch Program	25-100-010-3350-023	7/1/24-6/30/25	41,189		38,096				(3,093)			4,546
State School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	26,273	(1,727)	1,727							41,189
Total Enterprise Fund				(2,638)	57,947				(4,591)			26,273
Total State Awards Subject to Single Audit Determination				\$ (2,845,437)	\$ 35,711,876	\$ 14,511	\$ (14,511)	\$ 70,428	\$ (1,101,785)	\$ -0-	\$ (3,279,643)	\$ 55,686,656
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contribution	25-495-034-5094-001	7/1/24-6/30/25	2,804,252					\$ 2,804,252				
On-Behalf TPAF Pension Contribution	25-495-034-5094-002	7/1/24-6/30/25	9,479,575					9,479,575				
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25	117,427					117,427				
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	4,505					4,505				
Subtotal - On-Behalf TPAF Pension System Contributions								12,405,759				
Total State Awards Subject to Single Audit Major Program Determination												\$ (23,674,486)

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, 2025

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, 2025. 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 (\$184,199) for the general fund, (\$698,172) for the special revenue fund (of which \$500 relates to local grants) and (\$498,518) for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds.

VERNON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 47,963	\$ 32,869,829	\$ 32,917,792
Special Revenue Fund	1,727,206	2,083,384	3,810,590
Debt Service Fund		135,449	135,449
Food Service Fund	636,836	59,900	696,736
Total Financial Assistance	<u>\$ 2,412,005</u>	<u>\$ 35,148,562</u>	<u>\$ 37,560,567</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2025.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANT

The District has been awarded a grant amount of \$498,518 which is recorded in the Capital Projects Fund from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2025, \$-0- of the grant has been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA on the schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

VERNON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	_____	Yes	_____ X _____	No
2.) Significant deficiencies identified?	_____	Yes	_____ X _____	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

Type of auditor's report issued on compliance for major programs:

Unmodified

Internal control over major programs:

1.) Material weakness identified?	_____	Yes	_____ X _____	No
2.) Significant deficiencies identified?	_____	Yes	_____ X _____	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____ X _____	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?				
	_____	Yes	_____ X _____	No

Identification of major programs:

Program Name or Cluster	Assistance Listing No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
Special Education Cluster (IDEA):					
I.D.E.A. Part B, Basic	84.027	7/1/24	9/30/25	\$ 832,957	\$ 832,957
I.D.E.A. Part B, Preschool	84.173	7/1/24	9/30/25	31,629	31,629

VERNON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

Dollar threshold used to distinguish between Type A and B programs \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

State Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

1.) Material weakness identified? Yes X No

2.) Significant deficiencies identified? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?
 Yes X No

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
Extraordinary Special Education Costs	25-495-034-5120-044	7/1/24	6/30/25	\$ 1,028,465	\$ 1,028,465
Transportation Aid	25-495-034-5120-014	7/1/24	6/30/25	2,202,151	2,202,151
Non-Public Transportation Aid	25-495-034-5120-014	7/1/24	6/30/25	28,463	28,463
Preschool Education Aid	25-495-034-5120-086	7/1/24	6/30/25	2,815,296	2,744,868

Dollar threshold used to distinguish between Type A and B programs \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings - N/A

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A

VERNON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings:

There were no prior year findings.