

*TOWNSHIP OF VERNON*

*COUNTY OF SUSSEX*

*REPORT OF AUDIT*

*2023*

*NISIVOCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF VERNON  
COUNTY OF SUSSEX  
REPORT OF AUDIT  
2023

TOWNSHIP OF VERNON  
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TOWNSHIP OF VERNON

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

## Independent Auditors' Report

The Honorable Mayor and Members  
of the Township Council  
Township of Vernon  
Vernon, New Jersey

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

#### ***Opinions***

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Township of Vernon, in the County of Sussex (the "Township") as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

#### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Township as of December 31, 2023 and 2022, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Township as of December 31, 2023 and 2022, or the changes in financial position where applicable thereof for the years then ended.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division 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 Township, 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.

The Honorable Mayor and Members  
of the Township Council  
Township of Vernon  
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### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible 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.

### ***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 Division 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 Division, 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 Township'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 Township'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.

The Honorable Mayor and Members  
of the Township Council  
Township of Vernon  
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### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents 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* ("Uniform Guidance") 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 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 various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024 on our consideration of the Township'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 Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
May 10, 2024

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

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Man C. Lee  
Registered Municipal Accountant No. 562  
Certified Public Accountant



TOWNSHIP OF VERNON  
COUNTY OF SUSSEX  
2023  
CURRENT FUND

TOWNSHIP OF VERNON  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 13,600,378.87	\$ 14,092,103.13
Change Funds		870.00	820.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions		58,819.55	55,819.55
		<u>13,660,068.42</u>	<u>14,148,742.68</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,854,143.60	1,645,063.25
Tax Title Liens Receivable	A-8	7,220,383.06	6,537,213.70
Property Acquired for Taxes at Assessed			
Valuation		9,364,885.00	9,364,885.00
Revenue Accounts Receivable	A-9		7,500.00
Due from Vernon Township MUA		220,040.83	220,040.83
Total Receivables and Other Assets		<u>18,659,452.49</u>	<u>17,774,702.78</u>
With Full Reserves			
Total Regular Fund		<u>32,319,520.91</u>	<u>31,923,445.46</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-10	841,750.88	598,783.88
Due from Current Fund	A	627,390.96	655,084.47
		<u>1,469,141.84</u>	<u>1,253,868.35</u>
<u>TOTAL ASSETS</u>		<u>\$ 33,788,662.75</u>	<u>\$ 33,177,313.81</u>

TOWNSHIP OF VERNON  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 2,693,115.19	\$ 1,251,973.16
Encumbered	A-3;A-11	434,855.30	502,820.14
Total Appropriation Reserves		3,127,970.49	1,754,793.30
Accounts Payable - Vendors		25,220.57	34,046.57
Other Encumbrances Payable		47,030.40	17,679.43
Prepaid Taxes		530,151.76	509,904.60
Tax Overpayments		410,896.74	331,286.72
Due County for Added and Omitted Taxes		23,447.89	43,068.13
Due to:			
Federal and State Grant Fund	A	627,390.96	655,084.47
Other Trust Funds	B	269,000.00	100,000.00
Open Space Trust Fund	B	136,696.51	87,086.14
General Capital Fund	C	73,510.36	752,530.02
State of New Jersey:			
Marriage License Fees		500.00	
Reserve for:			
Tax Appeals		565,716.28	565,716.28
Codification of Ordinances		8,617.63	8,617.63
Master Plan		3,422.64	3,422.64
Sale of Municipal Assets		664,407.82	598,396.82
Maple Grange Turf Field		278,648.18	181,935.79
Municipal Service Act			452,312.66
Municipal Relief Fund		194,242.82	97,142.08
		6,986,871.05	6,193,023.28
Reserve for Receivables and Other Assets	A	18,659,452.49	17,774,702.78
Fund Balance	A-1	6,673,197.37	7,955,719.40
Total Regular Fund		32,319,520.91	31,923,445.46
Federal and State Grant Fund:			
Appropriated Reserves	A-13	867,933.92	1,251,595.49
Unappropriated Reserves	A-14	5,652.92	2,272.86
Due from General Capital Fund	C	595,555.00	
Total Federal and State Grant Fund		1,469,141.84	1,253,868.35
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 33,788,662.75</u>	<u>\$ 33,177,313.81</u>

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

TOWNSHIP OF VERNON  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

		Year Ended December 31,	
	<u>Ref.</u>	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 2,065,000.00	\$ 900,000.00
Miscellaneous Revenue Anticipated		8,660,239.91	8,441,666.35
Receipts from:			
Delinquent Taxes		1,638,026.22	2,083,962.18
Current Taxes		77,825,912.34	76,904,548.37
Nonbudget Revenue		238,544.16	261,187.98
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		524,916.44	778,085.73
Cancellation of Tax Overpayments		48.65	3,773.30
Prior Year Senior Citizens' Deductions Allowed		500.00	500.00
Total Income		<u>90,953,187.72</u>	<u>89,373,723.91</u>
<u>Expenditures</u>			
Budget Appropriations		28,714,568.33	27,126,489.39
County Taxes		16,086,950.45	15,708,309.19
Local School District Taxes		45,333,916.00	44,481,118.00
Prior Year Taxes Applied to Prepaid Taxes		1,342.36	
Prior Year Taxes Transferred to Overpayments		22,857.04	
Refund of Prior Year Taxes		11,075.57	28,164.57
Total Expenditures		<u>90,170,709.75</u>	<u>87,344,081.15</u>
Excess in Revenue		782,477.97	2,029,642.76
<u>Fund Balance</u>			
Balance January 1		<u>7,955,719.40</u>	<u>6,826,076.64</u>
		8,738,197.37	8,855,719.40
Decreased by:			
Utilized as Anticipated Revenue		<u>2,065,000.00</u>	<u>900,000.00</u>
Balance December 31	A	\$ 6,673,197.37	\$ 7,955,719.40

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

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 2,065,000.00		\$ 2,065,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	10,000.00		11,747.01	\$ 1,747.01
Fees and Permits	232,020.00		335,530.30	103,510.30
Fines and Costs:				
Municipal Court	40,000.00		47,985.94	7,985.94
Interest and Costs on Taxes	350,000.00		354,769.96	4,769.96
Interest on Investments and Deposits	200,000.00		687,329.51	487,329.51
Recycling Receipts	50,000.00		54,191.77	4,191.77
Energy Receipts Tax	1,875,121.00		1,875,120.53	0.47 *
Watershed Moratorium Aid	294,455.00		294,455.00	
Garden State Trust Payment in Lieu of Taxes	105,963.00		130,487.00	24,524.00
Reserve for Municipal Relief Fund	97,142.08		97,142.08	
Uniform Construction Code Fees	600,000.00		495,328.00	104,672.00 *
Interlocal Service Agreement - 911 Communications:				
Township of Wantage	15,000.00		22,500.00	7,500.00
Interlocal Service Agreement - Animal Control Services:				
Township of Montague	15,606.00		15,600.00	6.00 *
Borough of Franklin	13,437.50		13,437.50	
Borough of Hamburg	13,056.00		13,000.00	56.00 *
Township of Hardyston	18,360.00		18,360.00	
Township of Lafayette	10,200.00		10,200.00	
Borough of Ogdensburg	13,260.00		13,260.00	
Interlocal Service Agreement - Financial Services:				
Vernon Township MUA	92,100.00		92,100.00	
Interlocal Service Agreement- Senior Citizens:				
County of Sussex	27,700.00		27,700.00	
Interlocal Service Agreement- Board of Education:				
Gasoline	20,000.00		13,214.28	6,785.72 *
Recycling Tonnage Grant				
Municipal Alliance on Alcoholism and Drug Abuse - 2023	7,472.00		7,472.00	
Safe and Secure Communities Grant - 2023	32,400.00		32,400.00	
Clean Communities Program - 2023		\$ 61,134.79	61,134.79	
Recreational Opportunities for Individuals with				
Disabilities Grant	12,337.00		12,337.00	
Reserve for Body Armor Grant	2,272.67		2,272.67	
Statewide Insurance Safety Grant				
2022		9,995.00	9,995.00	
2023		10,708.00	10,708.00	
Lead Grant Assistance Program		10,400.00	10,400.00	
Stormwater Assistance Grant		75,000.00	75,000.00	
American Rescue Plan:				
Deep Core Testing Wallace Property	100,000.00		100,000.00	
National Opioid Settlement Proceeds - 2023	11,471.86	13,002.24	24,474.10	
Radon Awareness Grant	2,000.00		2,000.00	

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue: (Cont'd)				
NJ Highlands Water Protection & Planning Council:				
2023 - Updated Housing Element & Fair Share Plan	\$ 18,000.00		\$ 18,000.00	
2023 - Online Marketing & Branding Plan	28,000.00		28,000.00	
2023 - Lake Management Plan	149,000.00		149,000.00	
Uniform Fire Safety Act	25,000.00		33,190.71	\$ 8,190.71
Lot Development Plan	5,000.00		5,000.00	
Hotel Occupancy Fee (P.L.2003, c.114)	377,000.00		402,968.31	25,968.31
SCMUA Bills to be Repaid by VTMUA	2,583,119.00		2,583,139.00	20.00
VTMUA - Principal and Interest Payment	310,229.13		309,229.22	999.91 *
Developer Payment for Bond per Agreement	160,060.23		160,060.23	
Total Miscellaneous Revenue	<u>7,916,782.47</u>	<u>\$ 180,240.03</u>	<u>8,660,239.91</u>	<u>563,217.41</u>
Receipts from Delinquent Taxes	<u>2,075,000.00</u>		<u>1,638,026.22</u>	<u>436,973.78 *</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>18,975,217.53</u>		<u>18,896,629.86</u>	<u>78,587.67 *</u>
Budget Totals	31,032,000.00	180,240.03	31,259,895.99	<u>\$ 47,655.96</u>
Nonbudget Revenue			<u>238,544.16</u>	
	<u>\$ 31,032,000.00</u>	<u>\$ 180,240.03</u>	<u>\$ 31,498,440.15</u>	

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Allocation of Current Tax Collections

Collections		\$ 77,825,912.34
Allocated to:		
County Taxes	\$ 16,063,502.56	
Due to County for Added and Omitted Taxes	23,447.89	
School Taxes	45,333,916.00	
		<u>61,420,866.45</u>
		16,405,045.89
Add: Appropriation "Reserve for Uncollected Taxes"		<u>2,491,583.97</u>
Realized for Support of Municipal Budget		<u><u>\$ 18,896,629.86</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 1,579,295.99
Tax Title Liens Redeemed	<u>58,730.23</u>
	<u><u>\$ 1,638,026.22</u></u>

Analysis of Nonbudget Revenue:

Treasurer:	
National Wildlife in Lieu of Tax	\$ 10,866.00
Cable TV Franchise Fee	50,800.00
Administrative Fee - Senior Citizens and Veterans Deductions	2,690.00
FEMA Reimbursement - Tropical Storm Isaias	4,182.51
FEMA Reimbursement - Severe Winter Storm and Snow Storm	4,218.64
Other Miscellaneous Receipts	15,970.74
Refund of Prior Year Expenses	15,538.99
CAP Refund, Sussex Rural Cooperative	257.81
Geographic Information Systems	9,325.00
Interest on Lake Community Property Owners	
Dam Trust Receivables	3,275.25
Vacant Property Fees	<u>119,850.80</u>
	\$ 236,975.74
Collector:	
Other Miscellaneous	<u>1,568.42</u>
	<u><u>\$ 238,544.16</u></u>

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

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 181,000.00	\$ 181,000.00	\$ 165,934.31	\$ 15,065.69	
Other Expenses	144,500.00	144,500.00	141,106.59	3,393.41	
Mayor and Council:					
Salaries and Wages	45,000.00	45,000.00	44,750.00	250.00	
Other Expenses	6,150.00	6,150.00	4,325.71	1,824.29	
Municipal Clerk:					
Salaries and Wages	175,000.00	175,000.00	174,805.92	194.08	
Other Expenses	45,800.00	45,800.00	28,421.79	17,378.21	
Financial Administration:					
Salaries and Wages	242,000.00	242,000.00	238,517.76	3,482.24	
Other Expenses	17,950.00	17,950.00	15,400.89	2,549.11	
Annual Audit	46,716.00	46,716.00		46,716.00	
Technology:					
Other Expenses	38,000.00	38,000.00	34,185.83	3,814.17	
Revenue Administration (Collection of Taxes):					
Salaries and Wages	156,000.00	156,000.00	150,868.89	5,131.11	
Other Expenses	23,100.00	23,100.00	21,279.86	1,820.14	
Tax Assessment Administration:					
Salaries and Wages	218,000.00	218,000.00	216,177.88	1,822.12	
Other Expenses	140,800.00	140,800.00	121,309.14	19,490.86	
Legal Services:					
Other Expenses	344,000.00	344,000.00	258,856.87	85,143.13	
Engineering Services:					
Other Expenses	40,000.00	40,000.00	26,838.25	13,161.75	



TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (Continued):					
Economic Development:					
Other Expenses	\$ 500.00	\$ 500.00	\$ 126.85	\$ 373.15	
Beautification Committee:					
Other Expenses	6,500.00	6,500.00	6,100.00	400.00	
MUNICIPAL LAND USE LAW (N.J.S.A.40:55D-11):					
Land Use Board:					
Salaries and Wages	192,000.00	192,000.00	187,585.33	4,414.67	
Other Expenses	49,500.00	49,500.00	35,519.78	13,980.22	
INSURANCE:					
Liability Insurance	640,000.00	640,000.00	620,588.64	19,411.36	
Workers Compensation	445,050.00	445,050.00	431,579.84	13,470.16	
Employee Group Insurance (Health)	3,304,080.00	3,304,080.00	1,908,659.34	1,395,420.66	
Health Benefit Waiver	50,000.00	50,000.00	35,301.67	14,698.33	
Unemployment Insurance	2,000.00	2,000.00	2,000.00		
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	4,382,350.00	4,382,350.00	4,182,128.55	200,221.45	
Other Expenses	162,840.00	162,840.00	147,035.45	15,804.55	
Township Radio & Communications:					
Salaries and Wages	435,788.00	435,788.00	392,968.59	42,819.41	
Other Expenses	9,000.00	9,000.00	7,325.44	1,674.56	
Volunteer Emergency Services:					
Other Expenses	345,000.00	370,000.00	337,738.11	32,261.89	
Uniform Fire Safety:					
Salaries and Wages	200,000.00	200,000.00	198,524.10	1,475.90	
Other Expenses	16,650.00	16,650.00	14,037.61	2,612.39	

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY FUNCTIONS (Continued):					
Municipal Prosecutor:					
Other Expenses	\$ 34,000.00	\$ 34,000.00	\$ 28,500.00	\$ 5,500.00	
Office of Emergency Management:					
Salaries and Wages	12,500.00	12,500.00	11,666.67	833.33	
Other Expenses	13,500.00	13,500.00	11,759.21	1,740.79	
PUBLIC WORKS FUNCTIONS:					
Streets and Roads Maintenance:					
Salaries and Wages	1,456,000.00	1,406,000.00	1,332,437.60	73,562.40	
Other Expenses	670,000.00	670,000.00	447,248.03	222,751.97	
Recycling:					
Salaries and Wages	25,000.00	25,000.00	23,753.17	1,246.83	
Other Expenses	11,500.00	11,500.00	9,012.34	2,487.66	
Buildings and Grounds:					
Salaries and Wages	53,000.00	53,000.00	51,833.18	1,166.82	
Other Expenses	119,500.00	144,500.00	142,426.26	2,073.74	
Fleet Management:					
Salaries and Wages	273,000.00	273,000.00	246,804.34	26,195.66	
Other Expenses	264,000.00	264,000.00	261,680.17	2,319.83	
Municipal Services Act (Ch. 6, P.L. 1993):					
Other Expenses	250,000.00	250,000.00	241,293.88	8,706.12	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Environmental Commission (N.J.S.A.40:56A-1 etc.):					
Salaries and Wages	500.00	500.00		500.00	
Other Expenses	500.00	500.00	450.00	50.00	

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
HEALTH AND HUMAN SERVICES FUNCTIONS: (Cont'd)					
Animal Control:					
Salaries and Wages	\$ 90,000.00	\$ 90,000.00	\$ 44,555.47	\$ 45,444.53	
Other Expenses	19,900.00	19,900.00	16,394.09	3,505.91	
PARKS AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	85,000.00	85,000.00	85,000.00		
Other Expenses	75,025.00	75,025.00	71,459.25	3,565.75	
Senior Citizens:					
Salaries and Wages	61,000.00	61,000.00	52,870.32	8,129.68	
Other Expenses	65,250.00	65,250.00	63,183.60	2,066.40	
Maintenance of Parks:					
Salaries and Wages	191,000.00	191,000.00	145,629.80	45,370.20	
Other Expenses	45,000.00	45,000.00	30,907.56	14,092.44	
OTHER COMMON OPERATING FUNCTIONS:					
Municipal Court:					
Salaries and Wages	189,000.00	189,000.00	185,183.28	3,816.72	
Other Expenses	9,000.00	9,000.00	5,642.65	3,357.35	
UNIFORM CONSTRUCTION CODE:					
Construction Code Official:					
Salaries and Wages	470,000.00	470,000.00	444,138.99	25,861.01	
Other Expenses	17,750.00	17,750.00	15,668.48	2,081.52	
UTILITY EXPENSES AND BULK PURCHASES:					
Utilities	629,300.00	629,300.00	449,658.63	179,641.37	
Total Operations Within "CAPS"	17,235,499.00	17,235,499.00	14,569,155.96	2,666,343.04	

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS" (Continued):					
Detail:					
Salaries and Wages	\$ 9,120,638.00	\$ 9,070,638.00	\$ 8,564,467.48	\$ 506,170.52	
Other Expenses	8,114,861.00	8,164,861.00	6,004,688.48	2,160,172.52	
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	616,691.00	616,691.00	616,691.00		
Social Security System (O.A.S.I.)	675,000.00	675,000.00	650,104.50	24,895.50	
Police and Firemen's Retirement System of NJ	1,222,216.00	1,222,216.00	1,222,216.00		
Defined Contribution Retirement Program	7,000.00	7,000.00	5,123.35	1,876.65	
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	2,520,907.00	2,520,907.00	2,494,134.85	26,772.15	
Total General Appropriations for Municipal					
Purposes Within "CAPS"	19,756,406.00	19,756,406.00	17,063,290.81	2,693,115.19	
Operations Excluded from "CAPS":					
Insurance:					
Employee Group Health	315,920.00	315,920.00	315,920.00		
Statutory Expenditures:					
Public Employees' Retirement System	19,148.00	19,148.00	19,148.00		
Police and Firemen's Retirement System of NJ	95,345.00	95,345.00	95,345.00		
Utilities:					
Gasoline & Diesel	35,200.00	35,200.00	35,200.00		
Worker's Compensation	14,950.00	14,950.00	14,950.00		
Sussex County Municipal Utility Authority:					
Capital Improvement/Service Agreement	2,583,119.00	2,583,119.00	2,583,119.00		

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Interlocal Municipal Service Agreements:					
911 Communication Service:					
Salaries and Wages	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00		
Animal Control Services:					
Salaries and Wages	83,919.50	83,919.50	83,919.50		
Financial Services:					
Salaries and Wages	92,100.00	92,100.00	92,100.00		
Senior Citizens:					
Salaries and Wages	27,700.00	27,700.00	27,700.00		
Board of Education:					
Gasoline	20,000.00	20,000.00	20,000.00		
Public and Private Program Offset by Revenue:					
Municipal Alliance on Alcoholism and Drug Abuse - 2023	7,472.00	7,472.00	7,472.00		
Matching Funds for Grants	3,085.00	3,085.00	3,085.00		
Safe and Secure Communities Grant - 2023					
Salaries and Wages:	32,400.00	32,400.00	32,400.00		
Clean Communities Program - 2023					
(N.J.S.A.40A:4-87 + \$61,134.79)		61,134.79	61,134.79		
Body Armor Grant - 2023	2,272.67	2,272.67	2,272.67		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
DCA ARPA Funds-Deep Core Testing Grant	100,000.00	100,000.00	100,000.00		
National Opioid Settlement Proceeds					
2023 (N.J.S.A.40A:4-87 + \$13,002.24)	11,471.86	24,474.10	24,474.10		
Lead Grant Assistance Program					
(N.J.S.A.40A:4-87 + \$10,400.00)		10,400.00	10,400.00		
Recreational Opportunities for Individuals					
with Disabilities Grant	12,337.00	12,337.00	12,337.00		

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Public and Private Program Offset by Revenue (Continued):					
Highlands Plan Conformance Grant	\$ 195,000.00	\$ 195,000.00	\$ 195,000.00		
Statewide Insurance Safety Grant:					
2022 (N.J.S.A.40A:4-87 + \$9,995.00)		9,995.00	9,995.00		
2023 (N.J.S.A.40A:4-87 + \$10,708.00)		10,708.00	10,708.00		
Stormwater Assistance Grant					
(N.J.S.A.40A:4-87 + \$75,000.00)		75,000.00	75,000.00		
Radon Awareness Grant - 2023	2,000.00	2,000.00	2,000.00		
Total Operations Excluded from "CAPS"	3,668,440.03	3,848,680.06	3,848,680.06		
Detail:					
Salaries and Wages	251,119.50	251,119.50	251,119.50		
Other Expenses	3,417,320.53	3,597,560.56	3,597,560.56		
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	1,160,000.00	1,160,000.00	1,160,000.00		
Down Payments on Improvements	15,000.00	15,000.00	15,000.00		
Police Department	16,000.00	16,000.00	16,000.00		
Fire Department	105,000.00	105,000.00	105,000.00		
Department of Public Works Improvements	170,050.00	170,050.00	170,050.00		
Animal Control Improvements	2,000.00	2,000.00	2,000.00		
Emergency Services Improvements	25,000.00	25,000.00	25,000.00		
Acquisition of Municipal SUVs and Trucks	323,000.00	323,000.00	323,000.00		
Acquisition of Municipal Computer Equipment	15,300.00	15,300.00	15,300.00		
Total Capital Improvements Excluded from "CAPS"	1,831,350.00	1,831,350.00	1,831,350.00		

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	\$ 1,955,000.00	\$ 1,955,000.00	\$ 1,955,000.00		
Payment of Bond Anticipation Notes and Capital Notes	626,000.00	626,000.00	626,000.00		
Interest on Bonds	565,220.00	565,220.00	565,210.27		\$ 9.73
Interest on Notes	138,000.00	138,000.00	131,922.00		6,078.00
Total Municipal Debt Service Excluded from "CAPS"	3,284,220.00	3,284,220.00	3,278,132.27		6,087.73
Total General Appropriations Excluded from "CAPS"	8,784,010.03	8,964,250.06	8,958,162.33		6,087.73
Subtotal General Appropriations	28,540,416.03	28,720,656.06	26,021,453.14	\$ 2,693,115.19	6,087.73
Reserve for Uncollected Taxes	2,491,583.97	2,491,583.97	2,491,583.97		
Total General Appropriations	\$ 31,032,000.00	\$ 31,212,240.03	\$ 28,513,037.11	\$ 2,693,115.19	\$ 6,087.73

Ref.

A

TOWNSHIP OF VERNON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 31,032,000.00	
Added by:			
N.J.S.A. 40A:4-87		<u>180,240.03</u>	
		<u>\$ 31,212,240.03</u>	
Cash Disbursed			\$ 25,957,310.69
Reserve for Uncollected Taxes			2,491,583.97
Encumbrances	A		434,855.30
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			543,193.56
Local Matching Funds			3,085.00
Due to General Capital Fund			<u>73,510.36</u>
			29,503,538.88
Less: Appropriation Refunds			<u>990,501.77</u>
			<u>\$ 28,513,037.11</u>

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



TOWNSHIP OF VERNON  
COUNTY OF SUSSEX  
2023  
TRUST FUNDS

TOWNSHIP OF VERNON  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Assessment Trust Fund:			
Cash and Cash Equivalents	B-4	\$ 41,825.75	\$ 41,825.75
Assessment Receivable	B-7	4,932.43	4,932.43
Assessment Liens	B-8	352.40	352.40
Assessment Liens Interest and Costs	B-9	56.31	56.31
		<u>47,166.89</u>	<u>47,166.89</u>
Animal Control Fund:			
Cash and Cash Equivalents	B-4	<u>98,437.20</u>	<u>95,320.60</u>
Open Space Trust Fund:			
Cash and Cash Equivalents	B-4	291,223.29	282,406.97
Due from Current Fund	A	136,696.51	87,086.14
		<u>427,919.80</u>	<u>369,493.11</u>
Other Trust Funds:			
Cash and Cash Equivalents		4,632,085.87	5,162,315.01
Investments		15,000.00	15,000.00
	B-4	<u>4,647,085.87</u>	<u>5,177,315.01</u>
Due from Current Fund	A	269,000.00	100,000.00
		<u>4,916,085.87</u>	<u>5,277,315.01</u>
Lake Community Property Owners Dam #1 Trust Fund:			
Cash and Cash Equivalents	B-4	167,843.41	171,141.76
Accounts Receivable		20,604.66	37,640.52
		<u>188,448.07</u>	<u>208,782.28</u>
Lake Community Property Owners Dam #2 Trust Fund:			
Cash and Cash Equivalents	B-4	279,509.73	276,934.29
Accounts Receivable		50,105.90	77,097.31
		<u>329,615.63</u>	<u>354,031.60</u>
<u>TOTAL ASSETS</u>		<u>\$ 6,007,673.46</u>	<u>\$ 6,352,109.49</u>
<u>LIABILITIES AND RESERVES</u>			
Assessment Trust Fund			
Reserve for:			
Assessments and Liens	B-10	\$ 5,284.83	\$ 5,284.83
Assessment Liens Interest and Costs	B-9	56.31	56.31
Fund Balance	B-1	41,825.75	41,825.75
		<u>47,166.89</u>	<u>47,166.89</u>
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	<u>98,437.20</u>	<u>95,320.60</u>
Open Space Trust Fund:			
Reserve for Open Space		<u>427,919.80</u>	<u>369,493.11</u>

TOWNSHIP OF VERNON  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2023</u>	<u>2022</u>
<u>LIABILITIES AND RESERVES</u> (Cont'd)			
Other Trust Funds:			
Due to State of New Jersey:			
Building Surcharge Fees		\$ 4,791.00	\$ 6,432.00
Reserve for:			
Developers Escrow Deposits Payable		121,337.18	142,512.12
Planning Board Application Deposits		149,496.66	114,259.31
Unemployment Compensation Insurance		168,896.46	146,615.71
Redemption for Outside Liens		4,130.06	
Recreation		118,143.50	96,711.53
Parking Offense Adjudication Act		62.00	52.00
Premiums on Tax Sale		2,494,300.00	3,035,200.00
M.A.C. Donations		8,660.27	8,660.27
Fire Prevention Penalties		91,505.46	31,650.78
Stream Clear Signs		4,875.58	4,875.58
Public Defender Fees		825.90	325.90
Senior Citizens Center		4,435.42	6,075.42
Compensated Absences		500,274.76	500,000.00
Small Cities Housing		1,733.00	1,733.00
Storm Recovery		499,471.60	500,000.00
Council on Affordable Housing		509,262.80	481,421.45
Developers Bonds		163,646.21	162,266.60
Barry Lakes Dam #1		5,489.86	5,323.66
Barry Lakes Dam #2		5,353.50	5,191.43
Net Payroll and Payroll Deductions		10,015.53	10,470.59
Flexible Spending Trust		35,334.66	6,362.51
Animal Control Donations		14,044.46	11,175.15
		<u>4,916,085.87</u>	<u>5,277,315.01</u>
Lake Community Property Owner's Association Dam #1 Trust Fund:			
Due to Lake Community Property Owners Association:			
Accrued Interest - Future Years		16,284.95	19,871.05
Due to LCPOA Escrow		5,440.26	5,440.26
New Jersey Department of Environmental Protection			
Loan Payable - Future Years		166,722.86	183,470.97
		<u>188,448.07</u>	<u>208,782.28</u>

TOWNSHIP OF VERNON  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2023</u>	<u>2022</u>
<u>LIABILITIES AND RESERVES</u> (Cont'd)			
Lake Community Property Owner's Association Dam #2 Trust Fund:			
Due to Lake Community Property Owners Association:			
Accrued Interest - Future Years		\$ 39,124.11	\$ 44,968.81
Due to LCPOA Escrow		12,207.99	12,207.99
New Jersey Department of Environmental Protection			
Loan Payable - Future Years		278,283.53	296,854.80
		<u>329,615.63</u>	<u>354,031.60</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 6,007,673.46</u>	<u>\$ 6,352,109.49</u>

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

TOWNSHIP OF VERNON  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Total</u>	<u>Road Assessment</u>
Balance December 31, 2022	B	\$ 41,825.75	\$ 41,825.75
Balance December 31, 2023	B	<u>\$ 41,825.75</u>	<u>\$ 41,825.75</u>

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

TOWNSHIP OF VERNON  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

TOWNSHIP OF VERNON  
COUNTY OF SUSSEX  
2023  
GENERAL CAPITAL FUND

TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 6,305,909.24	\$ 5,162,506.54
Due from Current Fund	A	73,510.36	752,530.02
Due from Federal and State Grant Fund	A	595,555.00	
Due from VTUUA - Shared Capital		42,500.00	
State and Federal Grants Receivable		3,511,194.50	96,100.00
NJIB Loan Receivable		911,009.00	722.00
Deferred Charges to Future Taxation:			
Funded		19,726,924.00	19,685,000.00
Unfunded	C-4	10,986,119.00	8,585,812.00
<u>TOTAL ASSETS</u>		<u>\$ 42,152,721.10</u>	<u>\$ 34,282,670.56</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 17,630,000.00	\$ 19,585,000.00
NJIB Note Payable:			
Construction Financing Loan	C-9	2,096,924.00	100,000.00
Bond Anticipation Notes Payable	C-7	6,821,000.00	5,015,000.00
Improvement Authorizations:			
Funded	C-5	7,289,829.05	3,139,804.90
Unfunded	C-5	7,358,484.84	5,663,740.21
Capital Improvement Fund	C-6	61,877.26	55,001.26
Reserve for:			
Payment of Debt Service		13,616.43	13,616.43
Payment of Debt Service - Gas Pumps VTSD		565.40	
Sewer Lift Station Repairs		158,472.00	200,000.00
Police Department		42,000.00	26,000.00
Fire Department		65,000.00	135,000.00
Public Works		293,900.00	123,850.00
Animal Control Improvements		12,000.00	10,000.00
Emergency Services Improvements		50,000.00	25,000.00
Down Payment on Bandshell		15,000.00	
Acquisition of Municipal SUV's & Trucks		197,787.86	139,308.44
Acquisition of Municipal Computer Equipment		14,030.94	14,000.00
Fund Balance	C-1	32,233.32	37,349.32
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 42,152,721.10</u>	<u>\$ 34,282,670.56</u>

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



TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>		
Balance December 31, 2022	C	\$	37,349.32
Increased by:			
Premium on Sale of Bond Anticipation Notes			24,884.00
			<u>62,233.32</u>
Decreased by:			
Appropriated to Finance Improvement			
Authorizations			30,000.00
			<u>30,000.00</u>
Balance December 31, 2023	C	\$	<u><u>32,233.32</u></u>

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

TOWNSHIP OF VERNON  
COUNTY OF SUSSEX  
2023  
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF VERNON  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2023	2022
<u>ASSETS</u>		
Land and Land Improvements	\$ 12,504,331.65	\$ 12,504,331.65
Buildings and Building Improvements	2,779,668.61	2,779,668.61
Machinery and Equipment	16,065,484.46	15,843,977.18
<u>TOTAL ASSETS</u>	<u>\$ 31,349,484.72</u>	<u>\$ 31,127,977.44</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	<u>\$ 31,349,484.72</u>	<u>\$ 31,127,977.44</u>
<u>TOTAL RESERVES</u>	<u>\$ 31,349,484.72</u>	<u>\$ 31,127,977.44</u>

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

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Vernon include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Vernon, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Vernon do not include the operations of the volunteer fire, first aid squads and municipal utility authority.

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. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Vernon conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Vernon accounts for its financial transactions through the following separate funds:

Current Fund – Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds – Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

Assessment Trust Fund – Resources and expenditures for payment for Assessment Trust Fund debt.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting

General Capital Fund – Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group – These accounts were established with estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the Operating Funds when it is budgeted and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are not recorded and are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; investments would generally be stated at fair value; and the Township's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

The cash basis of accounting is followed in the Trust and General Capital Funds.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans, or by financed purchases agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets Account Group – In accordance with New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

- General Fixed Assets Account Group (Cont'd) – The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and General Capital Fund. The values recorded in the General Fixed Asset Account Group and the Current and General Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.
- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current and Assessment Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

Summary of Municipal Debt

The Local Bond Law governs the issuance of bond to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

	December 31,		
	2023	2022	2021
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 26,547,924.00	\$ 24,700,000.00	\$ 25,492,160.00
Debt Guaranteed by the Township	445,006.39	480,325.77	514,949.21
Total Debt Issued	<u>26,992,930.39</u>	<u>25,180,325.77</u>	<u>26,007,109.21</u>
Less - Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
Reserve to Pay Debt Service	14,181.83	13,616.43	13,616.43
Loans Issued by Another Entity			
to be Guaranteed by the Township	445,006.39	480,325.77	514,949.21
Total Deductions	<u>459,188.22</u>	<u>493,942.20</u>	<u>528,565.64</u>
Net Issued	<u>26,533,742.17</u>	<u>24,686,383.57</u>	<u>25,478,543.57</u>

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt (Cont'd)

	December 31,		
	2023	2022	2021
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	\$ 4,165,119.00	\$ 3,570,812.00	\$ 1,170,765.00
Total Authorized but not Issued	<u>4,165,119.00</u>	<u>3,570,812.00</u>	<u>1,170,765.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 30,698,861.17</u>	<u>\$ 28,257,195.57</u>	<u>\$ 26,649,308.57</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.988%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,150,000.00	\$ 3,150,000.00	
General Debt	<u>31,158,049.39</u>	<u>459,188.22</u>	<u>\$ 30,698,861.17</u>
	<u>\$ 34,308,049.39</u>	<u>\$ 3,609,188.22</u>	<u>\$ 30,698,861.17</u>

Net Debt of \$30,698,861.17 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$3,106,533,791.00 = 0.988%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 108,728,682.69
Net Debt	<u>30,698,861.17</u>
Remaining Borrowing Power	<u>\$ 78,029,821.52</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.



TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding – Current Year and Prior Year

	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023
Serial Bonds:				
General Capital Fund	\$ 19,585,000.00		\$ 1,955,000.00	\$ 17,630,000.00
Loans Payable:				
General Capital Fund:				
NJIB Construction Loan	100,000.00	\$ 1,996,924.00		2,096,924.00
Bond Anticipation Notes:				
General Capital Fund	5,015,000.00	6,821,000.00	5,015,000.00	6,821,000.00
Total	<u>\$ 24,700,000.00</u>	<u>\$ 8,817,924.00</u>	<u>\$ 6,970,000.00</u>	<u>\$ 26,547,924.00</u>
	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Serial Bonds:				
General Capital Fund	\$ 21,455,000.00		\$ 1,870,000.00	\$ 19,585,000.00
Loans Payable:				
General Capital Fund:				
NJIB Construction Loan	100,000.00			100,000.00
Special Emergency Notes:				
Current Fund	200,000.00		200,000.00	
Bond Anticipation Notes:				
General Capital Fund	3,937,160.00	\$ 5,015,000.00	3,937,160.00	5,015,000.00
Total	<u>\$ 25,692,160.00</u>	<u>\$ 5,015,000.00</u>	<u>\$ 6,007,160.00</u>	<u>\$ 24,700,000.00</u>

Analysis of Debt Issued and Outstanding at December 31, 2023

General Capital Serial Bonds Payable

Description	Final Maturity	Interest Rate	Balance Dec. 31, 2023
General Refunding Bonds of 2020	01/01/26	4.00%	\$ 3,210,000.00
Improvement to Sanitary Sewage System			
Refunding Bonds of 2020	01/01/33	0.981-2.279%	1,980,000.00
General Bonds of 2021	03/01/36	2.00-4.00%	12,440,000.00
			<u>\$ 17,630,000.00</u>

General Capital NJIB Construction Loan Payable

Description	Final Maturity	Interest Rate	Balance Dec. 31, 2023
NJIB Loan - Ord. 18-16 & 22-05	6/30/2026	0.00%	<u>\$ 2,096,924.00</u>

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Analysis of Debt Issued and Outstanding at December 31, 2023 (Cont'd)

<u>General Capital Bond Anticipation Notes Payable</u>			
<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2023</u>
Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority	08/23/24	0.000%	\$ 600,000.00
Various Capital Improvements	08/23/24	4.250%	2,000,000.00
Acquisition of a New Fire Truck	08/23/24	4.250%	424,000.00
Various Capital Improvements	08/23/24	4.250%	1,365,000.00
Various Capital Improvements	08/23/24	4.250%	2,432,000.00
			<u>\$ 6,821,000.00</u>
Total Debt Issued and Outstanding			<u>\$ 26,547,924.00</u>

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonds Issued and Outstanding

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 2,105,000.00	\$ 489,375.98	\$ 2,594,375.98
2025	2,150,000.00	410,735.03	2,560,735.03
2026	2,195,000.00	329,666.55	2,524,666.55
2027	1,105,000.00	268,984.58	1,373,984.58
2028	1,115,000.00	229,154.76	1,344,154.76
2029-2033	5,795,000.00	637,989.90	6,432,989.90
2034-2036	3,165,000.00	95,750.00	3,260,750.00
	<u>\$ 17,630,000.00</u>	<u>\$ 2,461,656.80</u>	<u>\$ 16,830,906.80</u>

N.J. Infrastructure Bank (NJIB) Construction Financing Loan Payable

The Township entered into a loan agreement with the State of New Jersey, acting by and through the N.J. Department of Environmental Protection (NJDEP) and New Jersey Infrastructure Bank (NJIB) which is recorded in the General Capital Fund. The loan agreement was obtained to finance a portion of the cost of its sanitary sewerage system.

As of December 31, 2023, the Township has borrowed or "drawn down" \$1,185,915 of the \$2,096,924 Loan funds necessary to complete the improvements to the sanitary sewerage system. Principal payment to the NJIB for the loan will be due on June 30, 2026 at zero interest. The NJIB provided funding for this loan through the issuance of temporary notes through the Construction Financing Trust Loan Program. A permanent loan will be issued when the qualifying project is completed.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Guaranteed Debt – Barry Lakes Dam Rehabilitation #1

The Lake Community Property Owners Association #1 (“LCPOA #1”) is a not for profit corporation organized and existing under the laws of the State of New Jersey and is the owner of a dam that was determined to be in need of repair, improvement and rehabilitation in order to bring the dam into compliance with the applicable standards established by the State of New Jersey, the Department of Environmental Protection (“NJDEP”).

In 2009, LCPOA #1 entered into a loan agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection to finance the cost of the dam rehabilitation project. By the completion of the project in 2015, LCPOA #1 had borrowed or “drawn down” \$299,000.00 of NJDEP loan funds. Principal repayments to NJDEP commenced on December 27, 2015 on a semiannual basis and will continue until December 27, 2032 at two percent interest.

As required by NJDEP regulations, N.J.A.C. 7:24A1-1 et seq., the Township of Vernon entered into a co-borrower agreement with LCPOA #1 as a guarantor of the NJDEP loan. As a result of this guarantee, the Township of Vernon is contingently liable should LCPOA #1 fail to meet their obligations to NJDEP. As of December 31, 2023, the balance of the guaranteed loan is \$166,722.86.

Guaranteed Debt – Barry Lakes Dam Rehabilitation #2

The Lake Community Property Owners Association #2 (“LCPOA #2”) is a not for profit corporation organized and existing under the laws of the State of New Jersey and is the owner of a dam that was determined to be in need of repair, improvement and rehabilitation in order to bring the dam into compliance with the applicable standards established by the State of New Jersey, the Department of Environmental Protection (“NJDEP”).

In 2018, LCPOA #2 entered into a loan agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection to finance the cost of the dam rehabilitation project. By the end of 2018, LCPOA #2 had borrowed or “drawn down” \$376,000 of NJDEP loan funds. Principal repayments to NJDEP commenced on August 8, 2018 on a semiannual basis and will continue until August 8, 2036 at two percent interest.

As required by NJDEP regulations, N.J.A.C. 7:24A1-1 et seq., the Township of Vernon entered into a co-borrower agreement with LCPOA #2 as a guarantor of the NJDEP loan. As a result of this guarantee, the Township of Vernon is contingently liable should LCPOA #2 fail to meet their obligations to NJDEP. As of December 31, 2023, the balance of the guaranteed loan is \$278,283.53.

Note 3: Fund Balances Appropriated

Fund balance at December 31, 2023, which is appropriated and included in the Current Fund introduced budget for the year ending December 31, 2024, is as follows:

Current Fund	\$ 1,750,000.00
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TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 4: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Vernon has elected not to defer school taxes.

Note 5: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 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.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Township contributions to PERS amounted to \$635,839 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$15,859 to the PERS for normal pension benefits on behalf of the Township.

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

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 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 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.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability was \$7,537,491 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Township's proportion was .0499%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Township as of June 30, 2022.

For the year ended December 31, 2023, the Township recognized actual pension expense in the amount of \$635,839.

Actuarial Assumptions

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

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

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

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

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

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

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

The table on the following page presents the Township's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 8,061,961	\$ 7,537,491	\$ 4,102,407

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. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), 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 PFRS, please refer to the Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service. The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years.



TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided (Cont'd)

Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2022, the State contributed more than the actuarially 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 PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be 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 under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. 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 collective net pension liability that is associated with the local participating employer.

Township contributions to PFRS amounted to \$1,317,561 for the year ended December 31, 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$256,928 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$238,103.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability for its proportionate share of the net pension liability was \$11,596,043. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Borough's proportion was 0.10131%, which was a decrease of .00002% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,063,756 as of June 30, 2022. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the State's proportion was 0.10131%, which was a decrease of .00002% from its proportion measured as of June 30, 2021 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 11,596,043
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>2,063,756</u>
Total Net Pension Liability	<u><u>\$ 13,659,799</u></u>

For the year ended December 31, 2023, the Township recognized total pension expense of \$1,317,561.

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	3.25% - 16.25% based on years of service
Investment Rate of Return	7.00%

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2022 are summarized in the following table:

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

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 18,742,720	\$ 13,659,799	\$ 9,428,243

Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS 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 PFRS, 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.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 Township recognized pension expense of \$5,123.35 for the year ended December 31, 2023. Employee contributions to DCRP amounted to \$6,957.69 for the year ended December 31, 2023.

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$911,557.69. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Compensated Absences of \$500,274.76 on the Trust Fund balance sheet at December 31, 2023.

Note 7: Selected Tax Information

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 the 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 prior year may be placed in lien at a tax sale held after January 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	2023	2022	2021
<u>Tax Rate</u>	\$ 2.593	\$ 2.819	\$ 3.143
<u>Apportionment of Tax Rate</u>			
Municipal	.612	.675	.771
County	.519	.560	.598
Local School	1.462	1.584	1.774
<u>Assessed Valuations</u>			
2023	\$ 3,099,995,708.00		
2022		\$ 2,807,508,308.00	
2021			\$ 2,459,644,677.00

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collection
2023	\$ 80,500,063.71	\$ 77,825,912.34	96.67%
2022	79,360,868.51	76,904,548.37	96.90%
2021	77,434,490.22	74,652,465.02	96.40%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 8: Cash and Cash Equivalents and Investments

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

Investments are stated at cost. The Township 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 Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investments 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 Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below and on the following two pages.

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

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board 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 Township 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 local unit or bonds or other obligations of school districts of which the local unit is a part or 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 Local Government Services in the Department of Community Affairs for investment by local units;

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

- (6) Local government investments pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date 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.);
  - (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.

As of December 31, 2023, cash and cash equivalents and investments of the Township of Vernon consisted of the following:

Fund	Cash on Hand	Checking Accounts	Investments Certificates of Deposits	Totals
Current	\$ 870.00	\$ 13,600,378.87		\$ 13,601,248.87
Assessment Trust		41,825.75		41,825.75
Animal Control		98,437.20		98,437.20
Other Trust		4,632,085.87	\$ 15,000.00	4,647,085.87
Open Space Trust		291,223.29		291,223.29
LCPOA Lake Trust #1		167,843.41		167,843.41
LCPOA Lake Trust #2		279,509.73		279,509.73
General Capital		6,305,909.24		6,305,909.24
	<u>\$ 870.00</u>	<u>\$ 25,417,213.36</u>	<u>\$ 15,000.00</u>	<u>\$ 25,433,083.36</u>

The Township has \$15,000.00 of investments in the form of certificates of deposits as of the year ended December 31, 2023. The carrying amount of the Township's cash and cash equivalents and investments at year end was \$25,433,083.36 and the bank balance was \$24,493,452.65.



TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 9: Risk Management

The Township 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. These risks are covered by commercial insurance purchased from independent third parties. The Township obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ, dental coverage through Delta Dental and vision coverage through Horizon.

The following coverages are obtained through a commercial policy:

- a.) Liability Other Than Motor Vehicles
- b.) Property Damage Other Than Motor Vehicles
- c.) Motor Vehicles
- d.) Environmental

The Township of Vernon is currently a member of the Statewide Insurance Fund (the "Fund"). The Fund provides its members with Workers' Compensation Insurance and blanket employees crime coverage. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at 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 Township 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 amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

The December 31, 2023 audit report was not available as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2022 is as follows:

Total Assets	\$ 47,188,767
Net Position	\$ 34,787,575
Total Revenue	\$ 30,020,936
Total Expenses	\$ 32,801,506
Change in Net Position	\$ (2,780,570)
Members Dividends	\$ 362,454

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Statewide Insurance Fund  
One Sylvan Way  
Parsippany, NJ 07054  
(862) 260-2050

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 9: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township 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 Township is billed quarterly for amounts due to the State.

The following is a summary of Township and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years.

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursement</u>	<u>Interest Earned</u>	<u>Claims/ Reimbursed</u>	<u>Ending Balance</u>
2023	\$ -0-	\$ 17,475.13	\$ -0-	\$ 4,805.62	\$ -0-	\$ 168,896.46
2022	-0-	12,722.02	-0-	1,435.37	192.00	146,615.71
2021	10,000.00	11,146.05	4,370.94	198.17	3,844.36	132,650.32

Note 10: Contingencies

The Township is periodically involved in various other lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, tax appeals, constitutional rights, civil rights and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2023.

Amounts received or receivable from grantors, principally the federal and state governments, are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

In addition, the Township has financing agreements in place for the debt related to the sewer system with several other entities and for debt related to the dam rehabilitations at Pleasant Valley Lake and Barry Lake with the property owners association. If these entities were to default, the Township would be required to pay the debt service related to the sewer system and the dam rehabilitations.

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township's Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve in the amount of \$565,716.28 so as to provide for the full amount of this contingency.

Under a developer's agreement with the Township, the Mountain Creek Resort, Inc. ("MCRI") is responsible to reimburse the Township, on an annual basis, the debt service payments related to the debt issued for the improvement to the sanitary sewerage system for the 2008 "Vernon Sewer Bonds", which is approximately \$160,000 to \$258,000 annually.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 10: Contingencies (Cont'd)

The MCRI is also responsible for 63% of the Vernon Township Municipal Utility Authority's ("VTMUA") annual budget deficit which includes the annual capital and debt service payments made to Sussex County Municipal Utilities Authority ("SCMUA") in connection with the expansion of the wastewater system for the Township's Town Center and MCRI's property. The annual debt service due to the SCMUA is approximately \$700,000 to \$1,525,000.

In addition, the MCRI is responsible for all costs related to the construction of the Sand Hill Road sewerage pump stations in order to provide an adequate flow to the Town Center and MCRI's property and also for VTMUA to meet the minimum guaranteed flow established by the SCMUA. As of December 31, 2023, MCRI has not made the required improvements to the pump station. The estimated construction cost is \$2,100,000.00.

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 1,106,597.83
Federal and State Grant Fund	\$ 627,390.96	595,555.00
Open Space Trust Fund	136,696.51	
Other Trusts Fund	269,000.00	
General Capital Fund	669,065.36	
	<u>\$ 1,702,152.83</u>	<u>\$ 1,702,152.83</u>

The interfund receivable in the Federal and State Grant Fund represents Federal and State Grant Fund receipts collected by the Current Fund; net of Federal and State Grant Fund expenditures paid by the Current Fund. The interfund receivable in the Open Space Trust Fund represents 7% of the hotel occupancy tax revenue due from Current Fund as per Township resolution and a receipt collected by the Current Fund due to the Open Space Trust Fund. The interfund receivable in the Other Trust Fund represents appropriation reserve balances due to the Reserve for Storm Recovery and the Reserve for Compensated Absences. The interfund receivable in the General Capital Fund represents General Capital Fund receipts collected by the Current Fund and the Federal and State Grant Fund and budgeted appropriations due from the Current Fund.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 12: Economic Dependency

The Township 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 Township's programs and activities.

Note 13: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2023 and 2022:

	Balance Dec. 31, 2022	Additions	Deletions/ Adjustments	Balance Dec. 31, 2023
Land & Land Improvements	\$ 12,504,331.65			\$ 12,504,331.65
Buildings & Building Improvements	2,779,668.61			2,779,668.61
Machinery and Equipment	15,843,977.18	\$ 1,263,090.49	\$ 1,041,583.21	16,065,484.46
	<u>\$ 31,127,977.44</u>	<u>\$ 1,263,090.49</u>	<u>\$ 1,041,583.21</u>	<u>\$ 31,349,484.72</u>

  

	Balance Dec. 31, 2021	Additions/ Adjustments	Deletions	Balance Dec. 31, 2022
Land & Land Improvements	\$ 15,286,931.65		\$ 2,782,600.00	\$ 12,504,331.65
Buildings & Building Improvements	2,779,668.61			2,779,668.61
Machinery and Equipment	15,713,945.83	\$ 783,979.51	653,948.16	15,843,977.18
	<u>\$ 33,780,546.09</u>	<u>\$ 783,979.51</u>	<u>\$ 3,436,548.16</u>	<u>\$ 31,127,977.44</u>

Note 14: Deferred Compensation

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by V.A.L.I.C., permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

Note 15: Related Parties Transactions

The Township of Vernon has a shared services agreement with the Vernon Township Municipal Utility Authority (the "MUA") for Chief Financial Officer, Administrative Assistant and Department of Public Works services. Also, the Township of Vernon collects sewer rent receipts on the MUA's behalf.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 16: Post Retirement Benefits Other Than Pensions (OPEB)

General Information about the Township's OPEB Plan

Plan Description and Benefits Provided

The Township of Vernon obtains their postemployment healthcare plan coverage from Horizon Blue Cross Blue Shield of NJ and postemployment dental plan coverage from Delta Dental.

The Township provides post-retirement benefits to both bargaining and non-bargaining employees who meet the following criteria:

1. Bargaining Unit Employees

A. New Jersey State Policemen's Benevolent Association Local No. 285

The Township shall pay health insurance premiums for retired police officers and their eligible dependents under the following circumstances:

1. Officers who were hired prior to January 1, 1999 who retire within the meaning of the PFRS (Police and Firemen's Retirement System) shall receive health benefits paid for by the Township of Vernon (the "Township") for themselves and eligible dependents at the same level of benefits, including co-pays and other out-of-pocket limits that were in effect as of the date immediately preceding retirement. For all retirees who are eligible for medical benefits, Medicare shall become primary for the retiree and the Township insurance secondary when the retiree is eligible for Medicare. The Township's insurance benefits shall become secondary for a retiree when he/she becomes Medicare eligible and for the retiree's eligible dependent when the dependent becomes Medicare eligible. If the Township's insurance plan requires participation in Medicare Advantage coverage, there shall be no secondary coverage through the Township's plan and the Township shall pay the premium for Medicare Advantage for the retiree and his/her eligible dependents. The Township's obligation to provide secondary coverage shall stop after 5 years from the date of Medicare eligibility for employees hired on or after January 1, 2020. In addition, the Township shall not be obligated to pay the premium for Medicare or Medicare Advantage, whichever is applicable, for employees hired on or after January 1, 2020.
2. Officers who were hired on or after January 1, 1999 who retire within the meaning of the PFRS and have at least 15 years of full time service to the Township shall receive health benefits paid for by the Township for themselves and eligible dependents at the same level of benefits, including co-pays and other out-of-pocket limits, that were in effect as of the date immediately preceding retirement. For all retirees who are eligible for medical benefits, Medicare shall become primary for the retiree and the Township insurance secondary when the retiree is eligible for Medicare. The Township's insurance benefits shall become secondary for a retiree when he/she becomes Medicare eligible and for the retiree's eligible dependent when the dependent becomes Medicare eligible. If the Township's insurance plan requires participation in Medicare Advantage coverage, there shall be no secondary coverage through the Township's plan and the Township shall pay the premium for Medicare Advantage for the retiree and his/her eligible dependents. The Township's obligation to provide secondary coverage shall stop after 5 years from the date of Medicare eligibility for employees hired on or after January 1, 2020. In addition, the Township shall not be obligated to pay the premium for Medicare or Medicare Advantage, whichever is applicable, for employees hired on or after January 1, 2020.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 16: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

1. Bargaining Unit Employees (Cont'd)

A. New Jersey State Policemen's Benevolent Association Local No. 285 (Cont'd)

3. Officers who were hired on or after January 1, 2016 who retire within the meaning of the PFRS and have at least 20 years of full time service to the Township shall receive health benefits paid for by the Township for themselves and eligible dependents at the same level of benefits, including co-pays and other out-of-pocket limits, that were in effect as of the date immediately preceding retirement. For all retirees who are eligible for medical benefits, Medicare shall become primary for the retiree and the Township insurance secondary when the retiree is eligible for Medicare. The Township's insurance benefits shall become secondary for a retiree when he/she becomes Medicare eligible and for the retiree's eligible dependent when the dependent becomes Medicare eligible. If the Township's insurance plan requires participation in Medicare Advantage coverage, there shall be no secondary coverage through the Township's plan and the Township shall pay the premium for Medicare Advantage for the retiree and his/her eligible dependents. The Township's obligation to provide secondary coverage shall stop after 5 years from the date of Medicare eligibility for employees hired on or after January 1, 2020. In addition, the Township shall not be obligated to pay the premium for Medicare or Medicare Advantage, whichever is applicable, for employees hired on or after January 1, 2020.
4. Upon the death of the retired Police Officer, coverage will be continued for his or her spouse, provided that the officer was married to the spouse at the time of his/her retirement, and will be continued for his or her dependent children, provided the children were designated as dependents at the time of the Police Officer's retirement, until the death or remarriage of the spouse, or until receipt of other coverage by that spouse, or until the spouse reaches Medicare eligibility, whichever occurs first. The provisions listed above regarding primary/secondary coverage and Medicare and Medicare Advantage shall apply to a surviving spouse of a retiree who becomes Medicare eligible. This shall also apply to retirees who have retired prior to January 1, 2020.
5. After retirement, no new dependents may be added to the retiree's coverage. However, if a retired Police Officer, who had coverage for his or her spouse at the time of retirement, remarries, the new spouse may receive coverage as provided for in Paragraph "3" above. However, upon the death of that Police Officer, all coverages for the new spouse will terminate.
6. A retired Police Officer may apply not to be covered for medical insurance under the Township's insurance plan in exchange for cash payment equal to one-half (1/2) of the savings on the costs to the Township for providing coverage to said employee for one year. The Police Officer may not, thereafter, apply to rejoin the Township insurance plan.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 16: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

1. Bargaining Unit Employees (Cont'd)

B. U.A.W. Local No. 2326

1. Individuals employed by the Township of Vernon (the "Township") as of December 31, 2011, who retire within the meaning of PERS (Public Employees' Retirement System) and who have served in a full time capacity in Vernon Township for at least 20 years, shall be entitled to receive health benefits after retirement up until they reach the age of 65 with coverage equal to that of an active duty employee. When the retiree reaches the age of sixty-five (65), the Township shall provide the retiree with a supplemental integrated coverage policy which shall be secondary to the retiree's Medicare coverage, provided that the total available coverage is equal to that of an active duty employee.
2. Upon the death of a retired employee who was employed by the Township as of December 31, 2011, coverage will be continued for his or her spouse or same or opposite sex domestic partner, provided that the employee was married or domestically partnered at the time of his or her retirement, and will be continued for his or her dependent children, provided the children were designated as dependents at the time of the employee's retirement, until the death, remarriage or re-partnering of the spouse or partner, or until receipt of other coverage by that spouse or partner, or until the spouse or partner reaches the age of sixty-five (65), whichever occurs first.
3. For employees commencing employment with the Township on or after January 1, 2010, upon retirement as defined by PERS:
  - i. The employee will continue to receive single health insurance paid for by the Township up to age 65;
  - ii. The Township will provide coverage for the employee's spouses and/or dependents upon contribution by the employee of the current Township Group Rate until the employee is age 65 and to age 26 for dependents;
  - iii. Upon age 65/qualification for Medicare, the Township will reimburse the employee in the equivalent to single coverage Basic AARP Medicare Supplemental Insurance until the death of the employee.
  - iv. After retirement, no new dependents may be added to the employee's coverage. However, if a retired employee who had coverage for his or her spouse or domestic partner at the time of retirement remarries or re-partners, the new spouse or domestic partner may receive coverage as provided for in Paragraph 3 or 4 as applicable. However, upon the death of that employee, all coverages for the new spouse or domestic partner will terminate.
  - v. A retired employee may opt out of being covered for medical insurance under the Township's insurance plan in exchange for a cash payment equal to one-half of the savings on the costs to the Township for providing coverage to said employee for one year. The employee may not, thereafter, apply to rejoin the Township insurance plan.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 16: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

1. Bargaining Unit Employees (Cont'd)

C. American Federation of State, County and Municipal Employees (AFSCME) Local #3181

1. For employees who were employed with the Township as of December 31, 2009, and who retire within the meaning of PERS (Public Employees' Retirement System) and who served in a full-time capacity with the Township for at least 20 years shall be entitled to receive health benefits after retirement until they reach the age of 65 with coverage equal to that of an active duty employee. When the retiree reaches the age of 65, the Township shall provide the retiree with a supplemental integrated coverage policy which shall be secondary to the retiree's Medicare coverage, provided that the total available coverage is equal to that of an active duty employee.

Upon the death of the retired employee, coverage will be continued for their spouse, provided that the employee was married to the spouse at the time of their retirement, and will be continued for their dependent children, provided the children were designated as dependent at the time of their retirement or until the death or remarriage of the spouse, or until the receipt of other coverage by that spouse or until the spouse reaches age sixty five (65) whichever occurs first.

2. For employees hired on or after January 1, 2010, and who retire within the meaning of PERS and who served in a full-time capacity with the Township for at least 20 years shall be entitled to receive single coverage health benefits after retirement until they reach the age of 65 with coverage equal to that of an active duty employee. When the retiree reaches the age of 65, the Township shall provide the retiree with a single coverage Basic AARP Medical Supplemental Insurance. The Township will provide coverage for the employee's spouse *and/or* dependents upon contribution of the current Township Group Rate until age 65 for employee and age 25 for the dependents.

2. Non-Bargaining Unit Employees

Employees who retire on a disability pension or retire within the meaning of the Public Employees Retirement System or Police and Fireman's Retirement System and who have 15 or more years of service with the Township of Vernon are eligible for:

Paid health insurance benefits which are the same or substantially similar to those of active Township employees. The Township's coverage is primary until the employee or spouse reaches age 65, at which time Medicare provides the primary coverage and the Township provides secondary coverage for the person reaching age 65.

Upon the death of the retired employee, coverage will be continued for his or her spouse, provided that the employee was married to the spouse at the time of his/her retirement, and will be continued for his or her dependent children for as long as they remain eligible for coverage, provided the children were designated as dependents at the time of the employees' retirement, until the death or remarriage of the spouse, or until receipt of other coverage by that spouse, until the spouse reaches the age of 65, whichever occurs first.



TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 16: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

2. Non-Bargaining Unit Employees (Cont'd)

P.L. 2011 c.78 requires non-bargaining employees that retire after June 28, 2011 and receive employer paid health benefits to make a health benefits contribution, paid to their employer as a deduction from their retirement benefit. However, P.L. 2011 c. 78 requirement for retiree health insurance contributions does not apply to employees that have 20 years or more of service in a state or local retirement system as of June 28, 2011 and meet the eligibility requirements of the employer.

Contribution

There is currently no provision under State statute for the Township to accrue funds, create a trust or issue debt to finance their OPEB liability.

The Township's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. During 2023, 2022 and 2021, the Township had approximately 176, 176 and 177 employees, respectively, who met eligibility requirements and recognized expenses of approximately \$1,186,046, \$1,033,557 and \$895,613 in 2023, 2022 and 2021, respectively.

Employees Covered by Benefit Terms

As of December 31, 2023, there was a total of 176 eligible employees and retirees, reflecting the sum of 101 active employees and 75 retirees and surviving spouses.

Total OPEB Liability

The Township's OPEB liability of \$50,493,384 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.26%
Salary Increases	2.50%
Inflation Assumptions	2.50%

The discount rate was revised from 3.72% in the previous actuarial valuation to 3.26% at December 31, 2023.

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 16: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The selected discount rate was based on the Bond Buyer 20 Bond GO Index, which represents the average of certain general obligation municipal funds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA as of the measurement date.

Health Care Trend Rates	Year	Medical	Prescription Drug
Year 2 Trend	2023	5.10%	6.00%
Ultimate Trend	2026 & Later	4.50%	4.50%
Grading per Year	from 2022	0.20%	0.50%

Mortality rates were based on PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2023	\$ 50,644,454
Changes for Year:	
Service Cost	815,444
Interest Cost	1,892,248
Actuarial Assumption Changes	(1,672,716)
Benefit Payments	<u>(1,186,046)</u>
Net Changes	<u>(151,070)</u>
Balance at December 31, 2023	<u>\$ 50,493,384</u>

TOWNSHIP OF VERNON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 16: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (2.26 percent) or 1 percentage higher (4.26 percent) than the current discount rate:

	December 31, 2023		
	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB Liability	\$ 56,955,956	\$ 50,493,384	\$ 45,227,540

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage lower or 1 percentage higher than the valuation healthcare cost trend rates:

	December 31, 2023		
	1% Decrease	Valuation Healthcare Trend Rates	1% Decrease
Total OPEB Liability	\$ 45,942,085	\$ 50,493,384	\$ 56,044,543

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

For the year ended December 31, 2023, the Township's OPEB expense was \$2,845,715 as determined by the actuarial valuation.

Note 17: Financed Purchases Agreements

The Township has financed purchases agreements for maintenance trucks and emergency service SUVs for police, fire, administration, construction and EMS. The finance purchases agreements are for terms of three to five years. Remaining payments on the leases through 2027 are \$824,642.

<u>Year</u>	<u>Amount</u>
2024	\$ 232,939
2025	232,939
2026	232,939
2027	232,939
	<u>931,756</u>
Less: Amount representing interest	<u>(107,114)</u>
Present value of net minimum financed purchases payments	<u>\$ 824,642</u>

TOWNSHIP OF VERNON

SUPPLEMENTARY DATA

TOWNSHIP OF VERNON  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2023

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Howard Burrell	Mayor		
Patrick Rizzuto	Council President		
Natalie Buccieri	Councilmember		
Brian Lynch (to 1/23/23)	Councilmember		
Joseph Tadrick	Councilmember		
Bradley Sparta	Councilmember		
Margaret Distasi (from 2/6/23 to 11/7/23)	Councilmember		
Jessica DeBenedetto (from 11/27/23)	Councilmember		
Tina Kraus (from 3/1/23)	Business Administrator	*	*
Donelle Bright (to 2/28/23)	Acting Co-Business Administrator	*	*
Daniel B. Young (to 2/28/23)	Acting Co-Business Administrator	*	*
Marcy Gianattasio	Municipal Clerk	*	*
Lisa Kimkowski	Tax Collector	*	*
Donelle Bright	Chief Financial Officer	*	*
Peter Laemers (from 5/1/23)	Judge	*	*
James Sloan (to 4/30/23)	Judge	*	*
Lindsay Palmisano	Court Administrator	*	*
Rachel Nestel	Deputy Court Administrator	*	*
Paul Black (from 1/23/23)	Construction Official	*	*
Daniel B. Young	Police Chief	*	*
Joshua Zielinski	Attorney		
James L. Prusinowski	Special Labor Counsel		
Alicia Saavedra Ferrante	Prosecutor		
Kristen Umansky	Tax Assessor	*	*
Mishelle Downtain	Director of Community Affairs	*	*

\* There is blanket employees crime coverage of \$1,000,000 for employee theft and \$250,000 for forgery or alteration covering all municipal employees, including statutory positions, with the Fidelity and Deposit Company of Maryland through Statewide Insurance Fund.

TOWNSHIP OF VERNON  
COUNTY OF SUSSEX  
2023  
CURRENT FUND

TOWNSHIP OF VERNON  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 14,092,103.13
Increased by Receipts:		
Tax Collector	\$ 79,871,024.13	
Revenue Accounts Receivable	7,665,134.31	
Due to State of N.J.:		
Veterans and Senior Citizens' Deductions	134,500.00	
Marriage License	1,800.00	
Nonbudget Revenue	236,975.74	
Appropriation Refunds	990,501.77	
Due to Federal and State Grant Fund:		
Federal and State Grants Receivable	297,953.89	
Unappropriated Grant Reserves	5,652.73	
Appropriated Reserves Refunds	1,592.80	
Due to Open Space Trust Fund:		
Allocation of Hotel Occupancy Fee	37,610.37	
Highlands Plan Conformance Grant	12,000.00	
Reserve for:		
Sale of Municipal Assets	66,311.00	
Maple Grange Turf Field	96,712.39	
Municipal Relief Fund	194,242.82	
		89,612,011.95
		103,704,115.08
Decreased by Disbursements:		
2023 Appropriation Expenditures	25,957,310.69	
2022 Appropriation Reserves	960,876.86	
Due to State of NJ:		
Marriage License	1,300.00	
Due from Federal and State Grant Fund:		
Appropriated Grant Reserves	335,977.93	
Due to General Capital Fund:		
Settlement of Prior Year Interfund	752,530.02	
Due to Other Trust Funds:		
Settlement of Prior Year Interfund:		
Storm Recovery	100,000.00	
Local School District Taxes	45,333,916.00	
County Taxes	16,106,570.69	
Accounts Payable	8,826.00	
Refund of Tax Overpayments	67,167.58	
Refund of Prior Year Taxes	11,075.57	
Reserve for Municipal Service Act	452,312.66	
Increase in Change Fund	50.00	
Reserve for Sale of Municipal Assets	300.00	
Prior Year Encumbrances Liquidated:		
Tax Overpayments	15,522.21	
		90,103,736.21
Balance December 31, 2023	A	\$ 13,600,378.87

TOWNSHIP OF VERNON  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2023

Increased by Receipts:

Taxes Receivable	\$ 78,741,595.48	
Tax Title Liens Redemption	58,730.23	
2024 Prepaid Taxes	528,809.40	
Interest and Costs on Taxes	354,769.96	
Miscellaneous Revenue Not Anticipated	1,568.42	
Tax Overpayments	<u>185,550.64</u>	
		<u>\$ 79,871,024.13</u>

Decreased by:

Payments to Treasurer		<u>\$ 79,871,024.13</u>
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TOWNSHIP OF VERNON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF CASH  
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE



TOWNSHIP OF VERNON  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2022	2023 Levy	Collections		Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2023
2016	\$ 2.11			\$ 1.51			\$ 2.11		\$ 1,677.46
2018	1,678.97			1,180.01					
2020	1,180.01			2,462.88	\$ 915.70	\$ 500.00	2,651.81	\$ 45,433.94	10,286.47
2021	6,030.39			1,570,964.95	3,770.94		5,215.47		
2022	1,636,171.77			1,574,609.35	4,686.64	500.00	7,869.39	45,433.94	11,963.93
	1,645,063.25	\$ 80,500,063.71	\$ 509,904.60	77,166,986.13	12,021.61	137,000.00	148,536.98	683,434.72	1,842,179.67
2023									
	\$ 1,645,063.25	\$ 80,500,063.71	\$ 509,904.60	\$ 78,741,595.48	\$ 16,708.25	\$ 137,500.00	\$ 156,406.37	\$ 728,868.66	\$ 1,854,143.60

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Analysis of 2023 Property Tax Levy

Tax Yield:		
General Purpose Tax	\$ 80,382,899.53	
Added Taxes (54:4-63.1 et seq.)	117,164.18	
		\$ 80,500,063.71
Tax Levy:		
Local School District Taxes		
County Taxes:		\$ 45,333,916.00
General Taxes	\$ 16,063,502.56	
Due County for Added and Omitted Taxes	23,447.89	
		16,086,950.45
Local Tax for Municipal Purposes	18,975,217.53	
Additional Taxes Levied	103,979.73	
		19,079,197.26
		\$ 80,500,063.71

TOWNSHIP OF VERNON  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 6,537,213.70
Increased by:		
Transfer from Taxes Receivable	\$ 728,868.66	
Interest and Costs on Tax Sale	<u>13,030.93</u>	
		<u>741,899.59</u>
		7,279,113.29
Decreased by:		
Tax Title Lien Redeemed		<u>58,730.23</u>
Balance December 31, 2023	A	<u><u>\$ 7,220,383.06</u></u>

TOWNSHIP OF VERNON  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2023

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Accrued In</u> <u>2023</u>	<u>Collected by</u> <u>Treasurer</u>
Alcoholic Beverages Licenses		\$ 11,747.01	\$ 11,747.01
Fees and Permits		335,530.30	335,530.30
Municipal Court:			
Fines and Costs		47,985.94	47,985.94
Recycling Receipts		54,191.77	54,191.77
Energy Receipts Taxes		1,875,120.53	1,875,120.53
Garden State Trust		130,487.00	130,487.00
Watershed Moratorium Aid		294,455.00	294,455.00
Uniform Construction Code Fees		495,328.00	495,328.00
Interlocal Service Agreement - 911 Communications:			
Township of Wantage	\$ 7,500.00	22,500.00	22,500.00
Interlocal Service Agreement - Animal Control:			
Township of Montague		15,600.00	15,600.00
Borough of Franklin		13,437.50	13,437.50
Borough of Hamburg		13,000.00	13,000.00
Township of Hardyston		18,360.00	18,360.00
Township of Lafayette		10,200.00	10,200.00
Borough of Ogdensburg		13,260.00	13,260.00
Interlocal Service Agreement - Financial Services:			
Vernon Township MUA		92,100.00	92,100.00
Interlocal Service Agreement - Senior Citizens:			
County of Sussex		27,700.00	27,700.00
Interlocal Service Agreement - Board of Education:			
Gasoline		13,214.28	13,214.28
Uniform Fire Safety Act		33,190.71	33,190.71
Lot Development Plan		5,000.00	5,000.00
Hotel Occupancy Fee		402,968.31	402,968.31
Interest on Investments		687,329.51	687,329.51
Developer Payment for Bond per Agreement		160,060.23	160,060.23
SCMUA Bills to be Repaid by VTMUA		2,583,139.00	2,583,139.00
VTMUA - Principal and Interest Payment		309,229.22	309,229.22
	<u>\$ 7,500.00</u>	<u>\$ 7,665,134.31</u>	<u>\$ 7,665,134.31</u>

TOWNSHIP OF VERNON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance Dec. 31, 2022	Budget Revenue Realized	Received	Transferred From Unappropriated Reserves	Balance Dec. 31, 2023
Municipal Alliance on Alcoholism and Drug Abuse					
2018	\$ 0.97				\$ 0.97
2019	1,298.71				1,298.71
2020	20,747.00				20,747.00
2023		\$ 7,472.00	\$ 7,382.00		90.00
Body Armor Replacement Grant:					
2019	0.04				0.04
2020	230.16				230.16
2022		2,272.67		\$ 2,272.67	
Bulletproof Vest Partnership Grant					
2020	3,848.10				3,848.10
2022	87.15				87.15
Clean Communities Grant - 2023		61,134.79	61,134.79		
Traffic Barricades Grant	6,682.00				6,682.00
Safe and Secure Communities Program:					
2022	11,430.00		11,430.00		
2023		32,400.00	20,970.00		11,430.00
NJ Division of Highway Traffic Safety:					
Drive Sober or Get Pulled Over:					
2020 Statewide Holiday Crackdown	5,500.00				5,500.00
NJ Highlands Water Protection & Planning Council:					
2012 - Highlands Plan Conformance Grant	141,499.75				141,499.75
2022 - Farmland Preservation Study	15,000.00		14,460.00		540.00
2022 - Stormwater Management Study	27,500.00				27,500.00
2022 - Trail Feasibility Study	38,000.00				38,000.00
2023 - Updated Housing Element & Fair Share Plan		18,000.00			18,000.00
2023 - Online Marketing & Branding Plan		28,000.00			28,000.00
2023 - Lake Management Plan		149,000.00			149,000.00
Recreational Opportunities for Individuals with Disabilities Grant		12,337.00			12,337.00
NJ Department of Environmental Protection:					
No Net Loss Grant Reforestation Grant - 2014	282,960.00				282,960.00
National Opioid Settlement Proceeds - 2023		24,474.10	24,474.10		
Statewide Insurance Safety Grant:					
2022		9,995.00	9,995.00		
2023		10,708.00	10,708.00		
Lead Grant Assistance Program		10,400.00	10,400.00		
Stormwater Assistance Grant		75,000.00	25,000.00		50,000.00
Radon Awareness Grant		2,000.00	2,000.00		
American Rescue Plan :					
Firefighter Grant	44,000.00				44,000.00
Deep Core Testing Wallace Property		100,000.00	100,000.00		
	<u>\$ 598,783.88</u>	<u>\$ 543,193.56</u>	<u>\$ 297,953.89</u>	<u>\$ 2,272.67</u>	<u>\$ 841,750.88</u>

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Federal Grants	\$ 100,000.00
State Grants	152,776.79
Local Grants	45,177.10
	<u>\$ 297,953.89</u>

TOWNSHIP OF VERNON  
CURRENT FUND  
SCHEDULE OF 2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
General Administrative:				
Salaries and Wages	\$ 18,324.92	\$ 18,324.92		\$ 18,324.92
Other Expenses	23,204.08	8,204.08	\$ 8,177.09	26.99
Mayor and Council:				
Salaries and Wages	375.00	375.00		375.00
Other Expenses	4,686.90	4,686.90	174.63	4,512.27
Municipal Clerk:				
Salaries and Wages	1,571.53	1,571.53		1,571.53
Other Expenses	25,854.52	25,854.52	1,114.34	24,740.18
Financial Administration:				
Salaries and Wages	956.91	956.91		956.91
Other Expenses	6,994.27	6,994.27	6,874.63	119.64
Annual Audit	45,800.00	45,800.00	45,722.00	78.00
Technology:				
Other Expenses	1,602.18	1,602.18		1,602.18
Revenue Administration (Collection of Taxes):				
Salaries and Wages	1,104.87	1,104.87		1,104.87
Other Expenses	4,735.13	4,735.13	727.42	4,007.71
Tax Assessment Administration:				
Salaries and Wages	974.87	974.87		974.87
Other Expenses	45,658.46	45,658.46	24,301.34	21,357.12
Legal Services:				
Other Expenses	86,863.26	86,863.26	71,970.92	14,892.34
Engineering Services:				
Other Expenses	12,735.88	12,735.88	6,222.02	6,513.86
Economic Development:				
Other Expenses	230.54	230.54	15.21	215.33
Beautification Committee:				
Other Expenses	1,326.88	1,326.88	109.97	1,216.91
LAND USE ADMINISTRATION:				
Land Use Board:				
Salaries and Wages	1,969.96	1,969.96		1,969.96
Other Expenses	48,975.27	18,975.27	2,142.34	16,832.93
INSURANCE:				
Liability Insurance	23,033.79	23,033.79	1,000.00	22,033.79
Workers Compensation Insurance	12,234.85	12,234.85		12,234.85
Employees Group Insurance (Health)	275,395.11	275,395.11	33,575.69	241,819.42
Health Benefit Waiver	5,251.51	5,251.51		5,251.51
Unemployment Insurance	2,000.00	2,000.00	2,000.00	

TOWNSHIP OF VERNON  
CURRENT FUND  
SCHEDULE OF 2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<b>PUBLIC SAFETY FUNCTIONS:</b>				
Police Department:				
Salaries and Wages	\$ 139,235.68	\$ 139,235.68	\$ 138,600.00	\$ 635.68
Other Expenses	38,654.75	38,654.75	37,854.71	800.04
Township Radio and Communications:				
Salaries and Wages	26,472.84	26,472.84		26,472.84
Other Expenses	3,242.97	3,242.97	1,072.23	2,170.74
Volunteer Emergency Services:				
Other Expenses	61,534.31	101,534.31	85,982.15	15,552.16
Uniform Fire Safety Act:				
Salaries and Wages	2,686.78	2,686.78		2,686.78
Other Expenses	5,029.05	5,029.05	412.88	4,616.17
Municipal Prosecutor				
Other Expenses	3,900.00	3,900.00		3,900.00
Office of Emergency Management				
Other Expenses	13,223.50	13,223.50	12,814.02	409.48
<b>PUBLIC WORKS FUNCTIONS:</b>				
Streets and Roads Maintenance:				
Salaries and Wages	102,191.77	102,191.77	102,100.00	91.77
Other Expenses	88,772.30	88,772.30	88,646.43	125.87
Recycling:				
Salaries and Wages	2,936.21	2,936.21	2,900.00	36.21
Other Expenses	3,401.50	3,401.50	3,326.40	75.10
Buildings and Grounds:				
Salaries and Wages	1,552.24	1,552.24	1,500.00	52.24
Other Expenses	49,803.18	49,803.18	49,775.81	27.37
Fleet Management:				
Salaries and Wages	1,487.37	1,487.37	1,400.00	87.37
Other Expenses	52,518.37	52,518.37	52,507.93	10.44
Municipal Services Act:				
Other Expenses	249,665.25	249,665.25	249,576.68	88.57
<b>HEALTH AND HUMAN SERVICES FUNCTIONS:</b>				
Environmental Commission:				
Salaries and Wages	140.00	140.00		140.00
Other Expenses	81.35	81.35		81.35
Animal Control Services:				
Salaries and Wages	52,081.13	27,081.13	27,000.00	81.13
Other Expenses	11,540.12	11,540.12	5,463.99	6,076.13
<b>PARKS AND RECREATION FUNCTIONS:</b>				
Recreation Services and Programs:				
Salaries and Wages	2,003.30	2,003.30	2,000.00	3.30
Other Expenses	14,653.49	14,653.49	14,579.91	73.58
Senior Citizens:				
Salaries and Wages	4,704.23	4,704.23	4,700.00	4.23
Other Expenses	19,352.72	19,352.72	19,296.06	56.66

TOWNSHIP OF VERNON  
CURRENT FUND  
SCHEDULE OF 2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
PARKS AND RECREATION FUNCTIONS:				
Maintenance of Parks:				
Salaries and Wages	\$ 4,691.19	\$ 4,691.19	\$ 4,600.00	\$ 91.19
Other Expenses	11,708.55	11,708.55	11,680.94	27.61
OTHER COMMON OPERATING FUNCTIONS:				
Municipal Court:				
Salaries and Wages	10,248.53	10,248.53	9,000.00	1,248.53
Other Expenses	2,876.00	2,876.00	309.32	2,566.68
Construction Code Official:				
Salaries and Wages	10,595.56	10,595.56	2,000.00	8,595.56
Other Expenses	3,018.52	3,018.52	2,926.66	91.86
UTILITY EXPENSES AND BULK PURCHASES:				
Utilities	50,082.59	80,082.59	68,765.41	11,317.18
STATUTORY EXPENDITURES:				
Social Security System (O.A.S.I)	6,895.94	6,895.94		6,895.94
Defined Contribution Retirement System	345.98	345.98		345.98
Interlocal Municipal Service Agreements:				
911 Communications - Service:				
Salaries and Wages	15,000.00	15,000.00		15,000.00
Acquisition of Municipal SUVs and Trucks	36,605.34	36,605.34	24,957.73	11,647.61
	<u>\$ 1,754,793.30</u>	<u>\$ 1,754,793.30</u>	<u>\$ 1,229,876.86</u>	<u>\$ 524,916.44</u>
<u>Ref.</u>				
<u>Analysis of Balance on December 31, 2022</u>				
Unencumbered	A \$ 1,251,973.16			
Encumbered	A <u>502,820.14</u>			
	<u>\$ 1,754,793.30</u>			
	Cash Disbursed		\$ 960,876.86	
	Due to Other Trust Funds		<u>269,000.00</u>	
			<u>\$ 1,229,876.86</u>	

TOWNSHIP OF VERNON  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2023

Increased by:	
2023 School Tax Levy	<u>\$ 45,333,916.00</u>
Decreased by:	
Payments to Local School District	<u><u>\$ 45,333,916.00</u></u>



TOWNSHIP OF VERNON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2022	Transferred from Budget Appropriations	Total Expended	Balance Dec. 31, 2023
Clean Communities Program:				
2019	\$ 196.13		\$ 196.13	
2020	5,510.14		5,510.14	
2021	17,835.74		15,929.84	\$ 1,905.90
2022	54,505.72		36,222.30	18,283.42
2023		\$ 61,134.79		61,134.79
Drunk Driving Enforcement Fund:				
2016	915.05		915.05	
2017	6,134.34		1,137.03	4,997.31
2019	5,312.00			5,312.00
2020	3,170.39			3,170.39
Body Armor Replacement Grant:				
2017	160.59		160.59	
2019	145.38		145.34	0.04
2021	167.24		167.24	
2022	1,698.33		1,527.43	170.90
2023		2,272.67		2,272.67
Municipal Alliance on Alcoholism and Drug Abuse:				
2018	0.97			0.97
2019	1,298.71			1,298.71
2020	15,163.00			15,163.00
2021	5,584.00			5,584.00
2023		7,472.00	7,472.00	
Traffic Barricades Grant	6,682.00			6,682.00
Safe and Secure Communities Grant				
2022	32,400.00		32,400.00	
2023		32,400.00	32,400.00	
Bulletproof Vest Partnership Grant:				
2022	4,622.35		2,286.20	2,336.15
NJ Highlands Water Protection & Planning Council:				
2012 - Highlands Plan Conformance Grant	91,371.70		13,910.00	77,461.70
2022 - Farmland Preservation Study	15,000.00			15,000.00
2022 - Stormwater Management Study	14,005.00		14,005.00	
2022 - Trail Feasibility Study	34,880.00		25,522.50	9,357.50
2023 - Updated Housing Element & Fair Share Plan		18,000.00		18,000.00
2023 - Online Marketing & Branding Plan		28,000.00		28,000.00
2023 - Lake Management Plan		149,000.00	74,800.00	74,200.00
Recreational Opportunities for Individuals with Disabilities Grant		12,337.00	12,247.00	90.00
NJ Division of Highway Traffic Safety:				
Drive Sober or Get Pulled Over:				
2020 Statewide Year End Holiday Crackdown	5,500.00			5,500.00

TOWNSHIP OF VERNON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES  
(Continued)

	Balance Dec. 31, 2022	Transferred from Budget Appropriations	Total Expended	Balance Dec. 31, 2023
NJ Department of Environmental Protection:				
No Net Loss Grant Reforestation Grant - 2014	\$ 316,627.16			\$ 316,627.16
Sustainable Jersey Small Grant - 2016	50.00			50.00
National Opioid Settlement Proceeds				
2022	16,102.70		\$ 5,845.10	10,257.60
2023		\$ 24,474.10		24,474.10
Statewide Insurance Safety Grant				
2022		9,995.00	9,995.00	
2023		10,708.00	10,708.00	
Lead Assistance Grant		10,400.00	5,905.40	4,494.60
Matching Funds for Grants		3,085.00		3,085.00
Local LEAD Supplies Grant	1,000.00			1,000.00
Stormwater Assistance Grant		75,000.00		75,000.00
Radon Awareness Grant		2,000.00	2,000.00	
COVID-19 Coronavirus State and Local				
Fiscal Recovery Funds	551,556.85		551,555.00	1.85
American Rescue Plan				
Firefighter Grant	44,000.00		44,000.00	
Deep Core Testing Wallace Property		100,000.00	22,977.84	77,022.16
	<u>\$ 1,251,595.49</u>	<u>\$ 546,278.56</u>	<u>\$ 929,940.13</u>	<u>\$ 867,933.92</u>

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Cash Disbursed	\$ 335,977.93
Due General Capital Fund	595,555.00
Less: Appropriated Reserves Refund	<u>1,592.80</u>
	<u>\$ 929,940.13</u>
Federal Grants	\$ 620,819.04
State Grants	282,572.99
Local Grants	<u>26,548.10</u>
	<u>\$ 929,940.13</u>

TOWNSHIP OF VERNON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2022	Grant Funds Received	2023 Budget Revenue	Balance Dec. 31, 2023
Drunk Driving Enforcement Fund - 2020	\$ 0.19			\$ 0.19
Body Armor Replacement Grant:				
2022	2,272.67		\$ 2,272.67	
2023		\$ 2,611.61		2,611.61
Bulletproof Vest Partnership Grant - 2023		1,098.05		1,098.05
National Opioid Settlement Proceeds - 2023		1,943.07		1,943.07
	<u>\$ 2,272.86</u>	<u>\$ 5,652.73</u>	<u>\$ 2,272.67</u>	<u>\$ 5,652.92</u>

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Federal Grants	\$ 1,098.05
State Grants	2,611.61
Local Grants	<u>1,943.07</u>
	<u>\$ 5,652.73</u>

TOWNSHIP OF VERNON  
COUNTY OF SUSSEX  
2023  
TRUST FUNDS

TOWNSHIP OF VERNON  
TRUST FUNDS  
SCHEDULE OF CASH AND INVESTMENTS

Ref.	Animal Control Fund	Open Space Trust Fund	Other Trust Funds	Assessment Trust Fund	LCPOA Dam #1 Trust Fund	LCPOA Dam #2 Trust Fund
B	\$ 95,320.60	\$ 282,406.97	\$ 5,177,315.01	\$ 41,825.75	\$ 171,141.76	\$ 276,934.29
Balance December 31, 2022						
Increased by Receipts:						
LCPOA Dam Receivable						
Animal Control Collector	60,670.60					
Shelter Fees	9,348.00					
Due to State of New Jersey:						
Building Surcharge			23,867.00			
Due from/to Current Fund:						
Prior Year Interfund Returned			100,000.00			
Reserve for:						
Planning and Zoning Board Escrow			116,794.33			
Developers' Escrow Deposits Payable			33,722.50			
Parking Offense Adjudication Act			10.00			
Fire Prevention Penalties			79,243.00			
Public Defender			2,600.00			
Tax Sale Premium			570,264.10			
Redemption for Outside Liens			1,126,334.52			
Recreation			43,487.68			
Storm Recovery			275,000.00			
Unemployment Compensation Insurance			18,280.75			
Senior Citizens Center			9,176.40			
Council on Affordable Housing			27,841.35			
Developers' Bonds			1,388.98			
Barry Lakes Dam #1			166.20			
Barry Lakes Dam #2			162.07			
Animal Control Donations			9,891.00			
Open Space Trust		8,816.32				
Flexible Spending Trust			90,209.26			
Net Payroll and Payroll Deductions			10,057,473.92			
	<u>70,018.60</u>	<u>8,816.32</u>	<u>12,585,913.06</u>		<u>17,035.86</u>	<u>26,991.41</u>

TOWNSHIP OF VERNON  
TRUST FUNDS  
SCHEDULE OF CASH AND INVESTMENTS  
(Continued)

Ref.	Animal Control Fund	Open Space Trust Fund	Other Trust Funds	Assessment Trust Fund	LCPOA Dam #1 Trust Fund	LCPOA Dam #2 Trust Fund
Decreased by Disbursements:						
Due to Lake Community Property Association:						
NJ DEP Loan Payable						
Accrued Interest						
Administrative Costs						
Administrative Expenses	\$ 66,902.00				\$ 16,748.11	\$ 18,571.27
Due to State of New Jersey:					3,586.10	5,844.70
Building Surcharge			\$ 25,508.00			
Reserve for:						
Planning and Zoning Board Escrow			81,556.98			
Developers' Escrow Deposits Payable			50,897.44			
Fire Prevention Penalties			19,388.32			
Public Defender			2,100.00			
Tax Sale Premium			1,111,164.10			
Redemption for Outside Liens			1,122,204.46			
Compensated Absences			37,725.24			
Senior Citizens Center			10,816.40			
Recreation			22,055.71			
Storm Recovery			506,528.40			
Animal Control Donations			7,021.69			
Developers' Bonds			9.37			
Flexible Spending Trust			61,237.11			
Net Payroll and Payroll Deductions			10,057,928.98			
	<u>66,902.00</u>		<u>13,116,142.20</u>		<u>20,334.21</u>	<u>24,415.97</u>
B	\$ 98,437.20	\$ 291,223.29	\$ 4,647,085.87	\$ 41,825.75	\$ 167,843.41	\$ 279,509.73
Balance December 31, 2023						

TOWNSHIP OF VERNON  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2023

## Increased by Receipts:

Municipal License Fees	\$ 53,785.60	
State Dog License Fees	6,704.40	
Dog License Late Fees	6,700.00	
Miscellaneous Dog Fees	150.00	
Kennel License Fees	35.00	
	<hr/>	\$ 67,375.00

## Decreased by Disbursements:

Treasurer - Animal Control Fund	60,670.60	
State of New Jersey	6,704.40	
	<hr/>	\$ 67,375.00
		<hr/>

TOWNSHIP OF VERNON  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Fund Balance	<u>\$ 41,825.75</u>	<u>\$ 41,825.75</u>
	<u><u>\$ 41,825.75</u></u>	<u><u>\$ 41,825.75</u></u>
Ref.	B	B



TOWNSHIP OF VERNON  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2022	B	\$	95,320.60
Increased by:			
Dog Fees Collected Due to Treasurer:			
Dog License Fees		\$	53,935.60
Late Fees			6,700.00
Shelter Fees			9,348.00
Kennel License Fees			35.00
			<u>70,018.60</u>
			165,339.20
Decreased by:			
Animal Control Expenditures			<u>66,902.00</u>
Balance December 31, 2023	B	\$	<u>98,437.20</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	\$ 54,003.20
2022	<u>50,262.00</u>
Maximum Allowable Reserve	<u>\$ 104,265.20</u>

TOWNSHIP OF VERNON  
ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Balance Dec. 31, 2022</u>	<u>Balance Dec. 31, 2023</u>	<u>Balance Pledged to Reserve</u>
Woodland Hills Drive, Red Oak Court, Babtown Road Improvements	10/02/06	<u>\$ 4,932.43</u>	<u>\$ 4,932.43</u>	<u>\$ 4,932.43</u>
		<u>\$ 4,932.43</u>	<u>\$ 4,932.43</u>	<u>\$ 4,932.43</u>
	<u>Ref.</u>	B	B	

TOWNSHIP OF VERNON  
ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENT LIENS

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2022</u>	<u>Balance Dec. 31, 2023</u>	<u>Balance Pledged to Reserve</u>
Improvement to Various Streets - Lake Wanda	10/01/75	<u>\$ 352.40</u>	<u>\$ 352.40</u>	<u>\$ 352.40</u>
	<u>Ref.</u>	B	B	

TOWNSHIP OF VERNON  
ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENT LIENS - INTEREST AND COSTS

	<u>Ref.</u>	
Balance at December 31, 2022	B	<u>\$ 56.31</u>
Balance at December 31, 2023	B	<u><u>\$ 56.31</u></u>

TOWNSHIP OF VERNON  
ASSESSMENT TRUST FUND  
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

Improvement Description	Balance Dec. 31, 2022	Balance Dec. 31, 2023
<u>Assessment Receivable:</u>		
Woodland Hills Drive, Red Oak Court, Babtown Road Improvements	\$ 4,932.43	\$ 4,932.43
	<u>4,932.43</u>	<u>4,932.43</u>
<u>Assessment Liens:</u>		
Improvement to Various Streets - Lake Wanda	<u>352.40</u>	<u>352.40</u>
	<u>\$ 5,284.83</u>	<u>\$ 5,284.83</u>
Ref.	B	B

TOWNSHIP OF VERNON  
COUNTY OF SUSSEX  
2023  
GENERAL CAPITAL FUND

TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 5,162,506.54
Increased by:		
Due from Current Fund:		
2023 Budget Appropriation:		
Capital Improvement Fund	\$ 1,160,000.00	
Reserve for:		
Police Department	16,000.00	
Fire Department	105,000.00	
Department of Public Works Improvements	170,050.00	
Animal Control Improvements	2,000.00	
Emergency Services Improvements	25,000.00	
Prior Year Interfund Returned	752,530.02	
Capital Fund Balance:		
Premium on Bond Anticipation Notes	24,884.00	
Reserve to Pay Debt Service - Gas Pumps VTSD	565.40	
Bond Anticipation Notes Issued	2,432,000.00	
Improvement Authorization Refund	5,450.00	
Grant Receivable:		
NJ Department of Transportation:		
Barrett Road	45,300.00	
Old Coach Road/Pleasant Valley Drive	50,800.00	
Sand Hill Road	174,667.50	
NJIB Loan Receivable	1,086,637.00	
		<u>6,050,883.92</u>
		11,213,390.46
Decreased by:		
Improvement Authorization Expenditures		<u>4,907,481.22</u>
Balance December 31, 2023	C	<u><u>\$ 6,305,909.24</u></u>

TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance (Deficit) Dec. 31, 2022	Receipts			Disbursements Improvement Authorization Expenditures	Transfers		Balance (Deficit) Dec. 31, 2023
		Miscellaneous	Budget Appropriation	Bond Anticipation Notes		From	To	
Fund Balance	\$ 37,349.32	\$ 24,884.00				\$ 30,000.00		\$ 32,233.32
State and Federal Grants Receivable	(96,100.00)	270,767.50				3,685,862.00		(3,511,194.50)
NJIB Loan Receivable	(722.00)	1,086,637.00				1,996,924.00		(911,009.00)
Capital Improvement Fund	55,001.26		\$ 1,160,000.00			1,153,124.00		61,877.26
Due Federal and State Grant Fund						595,555.00		(595,555.00)
Due Current Fund	(752,530.02)	752,530.02				73,510.36		(73,510.36)
Due from VTMOA - Shared Capital	13,616.43					42,500.00		(42,500.00)
Reserve for Payment of Debt Service								13,616.43
Reserve for Payment of Debt Service - Gas Pumps VTSD		565.40						565.40
Reserve for Police Department	26,000.00		16,000.00					42,000.00
Reserve for Sewer Lift Station Repairs	200,000.00					41,528.00		158,472.00
Reserve for Fire Department	135,000.00		105,000.00			175,000.00		65,000.00
Reserve for Public Works	123,850.00		170,050.00					293,900.00
Reserve for Animal Control Improvements	10,000.00		2,000.00					12,000.00
Reserve for Emergency Services Improvements	25,000.00		25,000.00					50,000.00
Reserve for Down Payment on Bandshell							\$ 15,000.00	15,000.00
Reserve for Acquisition of Municipal SUV's & Trucks	139,308.44						58,479.42	197,787.86
Reserve for Acquisition of Municipal Computer Equipment	14,000.00						30.94	14,030.94
Ord. No.	Improvement Description							
16-15; 19-22	Various Capital Improvements							35,135.32
18-16	Improvement of the Sanitary Sewerage System							(890.88)
18-17	Various Capital Improvements				\$ 67,139.83			(890.88)
19-11	Various Capital Improvements							28,193.24
19-16	Various Capital Improvements							600.78
19-22	Various Road Improvements							6,201.99
20-11	Various Capital Improvements							68,068.09
20-12	Various Capital Improvements							72,985.96
21-03	Various Capital Improvements							72,078.02
21-12	Various Capital Improvements							164,285.63



TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
ANALYSIS OF GENERAL CAPITAL FUND CASH  
(Continued)

Ord. No.	Improvement Description	Balance (Deficit) Dec. 31, 2022	Receipts		Bond Anticipation Notes	Disbursements Improvement Authorization Expenditures	Transfers		Balance (Deficit) Dec. 31, 2023
			Miscellaneous	Budget Appropriation			From	To	
21-27	Improvements to Water and Wastewater Infrastructure	\$ 1,697,605.25				\$ 929.38			\$ 1,696,675.87
22-05	Improvement of the Sanitary Sewerage System (Sand Hill Pump Station)					1,040,085.08		\$ 1,996,924.00	956,838.92
22-06	Various Capital Improvements	20,000.00							20,000.00
22-08	Acquisition of a New Fire Truck	654,953.00				400,723.55			254,229.45
22-09	Various Capital Improvements	224,427.03	\$ 4,950.00			155,839.58		20,000.00	93,537.45
22-10	Various Capital Improvements	1,547,413.84				1,116,410.77		24,000.00	455,003.07
23-10	Acquisition of Fire Department Apparatus							340,000.00	340,000.00
23-12	Acquisition of New Fire Truck							525,000.00	525,000.00
23-14	Various Capital Improvements					54,702.67		340,000.00	285,297.33
23-15	Various Capital Improvements		500.00		\$ 2,432,000.00	1,497,114.35		428,514.00	1,363,899.65
23-16	Improvement of Sanitary Sewerage System							3,494,500.00	3,494,500.00
23-23	Improvement of Water Supply and Distribution System							551,555.00	551,555.00
		\$ 5,162,506.54	\$ 2,140,833.92	\$ 1,478,050.00	\$ 2,432,000.00	\$ 4,907,481.22	\$ 7,794,003.36	\$ 7,794,003.36	\$ 6,305,909.24

TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance	2023	Notes Paid by	NJIB	Balance	Bond	Unexpended
		Dec. 31, 2022	Authorizations	Budget Appropriation	Note Issued	Dec. 31, 2023	Anticipation Notes	Improvement Authorizations
General Improvements:								
11-08	Various Emergency Services Purposes							
11-23	Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority	\$ 1,226,000.00		\$ 626,000.00		\$ 600,000.00	\$ 600,000.00	
16-15	Various Capital Improvements	325.00				325.00		\$ 325.00
18-16	Improvement of the Sanitary Sewerage System	40,000.00				40,000.00	\$ 890.88	39,109.12
20-11	Various Capital Improvements	440.00				440.00		440.00
21-12	Various Capital Improvements	3,130,000.00				3,130,000.00	2,000,000.00	1,130,000.00
22-05	Improvement of the Sanitary Sewerage System (Sand Hill Pump Station)	2,400,000.00			\$ 1,996,924.00	403,076.00		403,076.00
22-08	Acquisition of a New Fire Truck	424,047.00				424,047.00	424,000.00	47.00
22-10	Various Capital Improvements	1,365,000.00				1,365,000.00	1,365,000.00	
23-12	Acquisition of New Fire Truck		\$ 320,300.00			320,300.00		320,300.00
23-15	Various Capital Improvements		2,432,486.00			2,432,486.00	2,432,000.00	486.00
23-16	Improvement of Sanitary Sewerage System		822,000.00			822,000.00		822,000.00
23-23	Improvement of Water Supply and Distribution System		1,448,445.00			1,448,445.00		1,448,445.00
		\$ 8,585,812.00	\$ 5,023,231.00	\$ 626,000.00	\$ 1,996,924.00	\$ 10,986,119.00	\$ 6,821,000.00	\$ 890.88
								\$ 4,164,228.12

C

Ref.

C

<u>Analysis of Unexpended Improvement Authorizations:</u>	
Improvement Authorizations - Unfunded	\$ 7,358,484.84
Less: Unexpended Proceeds of Bond Anticipation Notes and Loans Issued:	
Ord. #21-12	\$ 164,285.63
Ord. #22-05	956,838.92
Ord. #22-08	254,229.45
Ord. #22-10	455,003.07
Ord. #23-15	1,363,899.65
	<u>3,194,256.72</u>
	<u>\$ 4,164,228.12</u>

TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		December 31, 2022		2023 Authorizations			December 31, 2023	
		Date	Amount	Funded	Unfunded	Deferred Charges to Future Taxation - Unfunded	Other Sources	Paid or Charged	Funded	Unfunded
16-15; 19-22	Various Capital Improvements	6/13/2016; 10/28/19	\$ 1,614,500.00	\$ 35,135.32	\$ 325.00				\$ 35,135.32	\$ 325.00
18-16	Improvement of the Sanitary Sewerage System	04/23/18	140,000.00		39,109.12					39,109.12
18-17	Various Capital Improvements	04/23/18	1,748,870.00	95,333.07				\$ 67,139.83	28,193.24	
19-09	Traffic Messaging Trailer	04/02/19	18,500.00							
19-11	Various Capital Improvements	06/24/19	292,800.00	600.78					600.78	
19-16	Various Capital Improvements	07/22/19	1,165,918.00	36,003.07				29,801.08	6,201.99	
19-22	Various Road Improvements	10/28/19	50,000.00	50,000.00				50,000.00		
20-11	Various Road Improvements	05/28/20	2,600,500.00	282,133.72	440.00			214,065.63	68,068.09	440.00
20-12	Various Road Improvements	05/28/20	396,550.00	138,968.91				65,982.95	72,985.96	
21-03	Various Capital Improvements	01/25/21	300,000.00	146,230.91				74,152.89	72,078.02	
21-12	Various Capital Improvements	05/24/21	4,015,000.00		1,434,819.09			140,533.46		1,294,285.63
21-27	Improvements to Water and Wastewater Infrastructure	08/23/21	1,750,000.00	1,697,605.25				929.38	1,696,675.87	
22-05	Improvement of the Sanitary Sewerage System (Sand Hill Pump Station)	02/28/22	2,400,000.00		2,400,000.00			1,040,085.08		1,359,914.92
22-06	Various Capital Improvements	03/14/22	20,000.00	20,000.00				20,000.00		
22-08	Acquisition of a New Fire Truck	04/11/22	655,000.00	230,953.00	424,047.00			400,723.55		254,276.45
22-09	Various Capital Improvements	05/23/22	323,000.00	224,427.03				130,889.58	93,537.45	
22-10	Various Capital Improvements	05/23/22	1,955,000.00	182,413.84	1,365,000.00			1,092,410.77		455,003.07
23-10	Acquisition of Fire Department Apparatus	04/10/23	340,000.00			\$ 340,000.00			340,000.00	
23-12	Acquisition of New Fire Truck	04/10/23	845,300.00			\$ 320,300.00			525,000.00	320,300.00
23-14	Various Capital Improvements	06/12/23	340,000.00					54,702.67	285,297.33	
23-15	Various Capital Improvements	06/12/23	2,861,000.00			2,432,486.00				1,364,385.65
23-16	Improvement of Sanitary Sewerage System	06/26/23	4,316,500.00			822,000.00		1,496,614.35	3,494,500.00	822,000.00
23-23	Improvement of Water Supply and Distribution System	12/11/23	2,000,000.00			1,448,445.00			551,555.00	1,448,445.00
				\$ 3,139,804.90	\$ 5,663,740.21	\$ 5,023,231.00	\$ 5,679,569.00	\$ 4,858,031.22	\$ 7,289,829.05	\$ 7,358,484.84
				C	C			C	C	C
		Ref.								
		Capital Improvement Fund								
		Capital Fund Balance				\$ 1,153,124.00				
		Reserve for Fire Department				30,000.00				
		Reserve for Sewer Lift Station Repairs				175,000.00				
		NJ Department of Transportation Grant				41,528.00				
		U.S. Environmental Protection Agency (USEPA) Community Grant				232,890.00				
		Due from Federal and State Grant Fund - American Rescue Plan Grant				3,452,972.00				
		Due from VTMA - Shared Capital				551,555.00				
						42,500.00				
						\$ 5,679,569.00				
		Cash Disbursed						\$ 4,907,481.22		
		Due from Federal and State Grant Fund						(44,000.00)		
		Less: Refunds						(5,450.00)		
								\$ 4,858,031.22		

TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 55,001.26
Increased by:		
2023 Budget Appropriation		<u>1,160,000.00</u> 1,215,001.26
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>1,153,124.00</u>
Balance December 31, 2023	C	<u><u>\$ 61,877.26</u></u>

TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of				Interest Rate	Balance Dec. 31, 2022	Issued	Matured	Balance Dec. 31, 2023
		Issue of Original Note	Issue	Maturity						
11-23	Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority	10/30/14 10/29/15 10/27/16	08/25/22 08/25/22 08/25/22 08/24/23	08/25/23 08/25/23 08/25/23 08/23/24		2.725% 2.725% 2.725% 0.00%	\$ 137,236.00 420,000.00 668,764.00	\$ 600,000.00	\$ 137,236.00 420,000.00 668,764.00	\$ 600,000.00
21-12	Various Capital Improvements	10/21/21	08/25/22 08/24/23	08/25/23 08/23/24		2.600% 4.25%	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
22-08	Acquisition of a New Fire Truck	08/25/22	08/25/22 08/24/23	08/25/23 08/23/24		2.600% 4.25%	424,000.00	424,000.00	424,000.00	424,000.00
22-10	Various Capital Improvements	08/25/22	08/25/22 08/24/23	08/25/23 08/23/24		2.600% 4.25%	1,365,000.00	1,365,000.00	1,365,000.00	1,365,000.00
23-15	Various Capital Improvements	08/24/23	08/24/23	08/23/24		4.25%	2,432,000.00	2,432,000.00	2,432,000.00	2,432,000.00
							<u>\$ 5,015,000.00</u>	<u>\$ 6,821,000.00</u>	<u>\$ 5,015,000.00</u>	<u>\$ 6,821,000.00</u>
							C		C	
							New Issues	\$ 2,432,000.00		
							Renewals	4,389,000.00	\$ 4,389,000.00	
							Paid by Budget Appropriation		626,000.00	
								<u>\$ 6,821,000.00</u>	<u>\$ 5,015,000.00</u>	

TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2022	Matured	Balance Dec. 31, 2023			
			Outstanding Date	Dec. 31, 2023 Amount							
General Refunding Bonds of 2020	10/07/20	\$ 5,170,000.00	01/01/24	\$ 1,035,000.00	4.000%						
			01/01/25	1,070,000.00	4.000%						
			01/01/26	1,105,000.00	4.000%	\$ 4,210,000.00	\$ 1,000,000.00	\$ 3,210,000.00			
Improvement to Sanitary Sewerage System Refunding Bonds of 2020	10/07/20	2,380,000.00	01/01/24	225,000.00	0.981%						
			01/01/25	215,000.00	1.151%						
			01/01/26	210,000.00	1.363%						
			01/01/27	205,000.00	1.513%						
			01/01/28	200,000.00	1.979%						
			01/01/29	195,000.00	1.979%						
			01/01/30	190,000.00	1.979%						
			01/01/31	185,000.00	2.279%						
			01/01/32	180,000.00	2.279%						
			01/01/33	175,000.00	2.279%	2,105,000.00	125,000.00	1,980,000.00			
			General Bonds of 2021	07/21/21	14,050,000.00	03/01/24	845,000.00	4.000%			
						03/01/25	865,000.00	4.000%			
03/01/26	880,000.00	4.000%									
03/01/27	900,000.00	4.000%									
03/01/28	915,000.00	4.000%									
03/01/29	935,000.00	4.000%									
03/01/30	955,000.00	3.000%									
03/01/31	975,000.00	2.000%									
03/01/32	990,000.00	2.000%									
03/01/33	1,015,000.00	2.000%									
03/01/34	1,035,000.00	2.000%									
03/01/35	1,055,000.00	2.000%									
03/01/36	1,075,000.00	2.000%									
						13,270,000.00	830,000.00	12,440,000.00			
						\$ 19,585,000.00	\$ 1,955,000.00	\$ 17,630,000.00			
Ref.						C	C				

TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY INFRASTRUCTURE BANK  
CONSTRUCTION LOANS PAYABLE

	<u>Ref.</u>	<u>Fund Loan</u>
Balance December 31, 2022	C	\$ 100,000.00
Increased by:		
Loans Issued		<u>1,996,924.00</u>
Balance December 31, 2023	C	<u>\$ 2,096,924.00</u>

SCHEDULE OF NOTE OUTSTANDING DECEMBER 31, 2023  
THE CONSTRUCTION FINANCING LOAN PROGRAM

<u>Project No.</u>	<u>Ord. No.</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2023</u>
FP (AMPLP)-18	18-16	9/18/2018	6/30/2026	0.00%	<u>\$ 2,096,924.00</u>

TOWNSHIP OF VERNON  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Bond Anticipation Notes Issued	NJIB Note Issued	Balance Dec. 31, 2023
16-15	Various Capital Improvements	\$ 325.00				\$ 325.00
18-16	Improvement of the Sanitary Sewerage System	40,000.00				40,000.00
20-11	Various Capital Improvements	440.00				440.00
21-12	Various Capital Improvements	1,130,000.00				1,130,000.00
22-05	Improvement of the Sanitary Sewerage System (Sand Hill Pump Station)	2,400,000.00			\$ 1,996,924.00	403,076.00
22-08	Acquisition of a New Fire Truck	47.00				47.00
23-12	Acquisition of New Fire Truck		\$ 320,300.00			320,300.00
23-15	Various Capital Improvements		2,432,486.00	\$ 2,432,000.00		486.00
23-16	Improvement of Sanitary Sewerage System		822,000.00			822,000.00
23-23	Improvement of Water Supply and Distribution System		1,448,445.00			1,448,445.00
		<u>\$ 3,570,812.00</u>	<u>\$ 5,023,231.00</u>	<u>\$ 2,432,000.00</u>	<u>\$ 1,996,924.00</u>	<u>\$ 4,165,119.00</u>



TOWNSHIP OF VERNON

PART II – SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2023

TOWNSHIP OF VERNON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2023

Name of Federal Agency or Department	Assistance Listing Number	Name of Program	State Account No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures	Provided to Subrecipients
					From	To				
U.S. Department of Justice (Passed thru N.J. Department of Law and Public Safety)	16.607	Bulletproof Vest Partnership Grant:								
		2022	N/A	\$ 4,950.75	01/01/22	12/31/24	\$ 1,098.05	\$ 2,286.20	\$ 2,614.60	
		2023	N/A	1,098.05	01/01/23	12/31/24				
Total Department of Justice				6,048.80			1,098.05	2,286.20	2,614.60	
U.S. Department of Homeland Security (Passed thru N.J. Department of Law and Public Safety)	97.036	Disaster Grants - Public Assistance - FEMA	100-066-1200							
		Tropical Storm Isaias	C73-069820	48,166.44	08/04/20	08/04/20	4,182.51	4,182.51 *	48,166.44	
		Severe Winter Storm and Snowstorm	C80-066290	80,154.01	01/31/21	02/02/21	4,218.64	4,218.64 *	80,154.01	
Total U.S. Department of Homeland Security				128,320.45			8,401.15	8,401.15	128,320.45	
U.S. Department of Treasury (Passed through New Jersey Department of Community Affairs)	21.027	COVID 19 - Coronavirus State and Local	100-022-8030-							
		Fiscal Recovery Funds	687-046010	2,301,556.85	03/03/21	12/31/24		929.38	53,324.13	
		American Rescue Plan Firefighter Grant	N/A	44,000.00	01/01/22	12/31/23		44,000.00	44,000.00	
Total Department of Treasury		ARPA Deep Core Testing Grant	N/A	100,000.00	01/01/23	12/31/24	100,000.00	22,977.84	22,977.84	
				2,445,556.85			100,000.00	67,907.22	120,301.97	
Total Federal Awards				\$ 2,579,926.10			\$ 109,499.20	\$ 78,594.57	\$ 251,237.02	\$ -0-

N/A - Not Applicable

\* Funds Expended in Prior Year

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

TOWNSHIP OF VERNON  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2023

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
Department of Law and Public Safety	Safe and Secure Communities	100-066-1020- 232-090940	\$ 32,400.00	01/01/22	12/31/23	\$ 11,430.00	\$ 32,400.00	\$ 32,400.00
			32,400.00	01/01/23	12/31/24	20,970.00	32,400.00	32,400.00
			64,800.00			32,400.00	64,800.00	64,800.00
	Body Armor Replacement Grant	718-066-1020- 001-090160	2,990.70	01/01/17	12/31/23		160.59	2,990.70
			3,557.34	01/01/19	12/31/24		145.34	3,557.30
			2,525.63	01/01/21	12/31/23		167.24	2,525.63
			1,698.33	01/01/22	12/31/24		1,527.43	1,527.43
			2,611.61	01/01/23	12/31/24	2,611.61		
			13,383.61			2,611.61	2,000.60	10,601.06
	Drunk Driving Enforcement Fund	100-078-6400-YYYY	11,433.01	01/01/16	12/31/23		915.05	11,433.01
			12,265.89	01/01/17	12/31/24		1,137.03	7,268.58
			23,698.90				2,052.08	18,701.59
Total Department of Law and Public Safety								
Department of Environmental Protection	Clean Communities Grant	765-042-4900- 004-178910	58,176.17	01/01/19	12/31/23		196.13	58,176.17
			52,455.58	01/01/20	12/31/23		5,510.14	52,455.58
			55,831.51	01/01/21	12/31/24		15,929.84	53,925.61
			54,505.72	01/01/22	12/31/24		36,222.30	36,222.30
	Stormwater Assistance Grant: 2023	100-042-4850 099-290400	61,134.79	01/01/23	12/31/24	61,134.79		
			282,103.77			61,134.79	57,858.41	200,779.66
	Radon Awareness Grant: 2023		75,000.00	01/01/23	12/31/24	25,000.00		
			75,000.00			25,000.00		
	NJ Infrastructure Bank Construction Financing Program - Asset Management and Wastewater Pump Station Replacement	100-042-4820 047-071200	2,000.00	01/01/23	12/31/23	2,000.00	2,000.00	2,000.00
			2,000.00			2,000.00	2,000.00	2,000.00
		S340745-03	2,096,924.00	01/01/21	12/31/26	1,086,637.00	1,086,637.00	1,185,915.00
			2,096,924.00			1,086,637.00	1,086,637.00	1,185,915.00
Total Department of Environmental Protection								

TOWNSHIP OF VERNON  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Department of Community Affairs</u>	Recreational Opportunities for Individuals with Disabilities Grant	100-022-8050 035-051570	\$ 12,337.00	01/01/23	12/31/24		\$ 12,247.00	\$ 12,247.00
	Lead Programs (P.L.2021, C.182)	100-022-8020 304-023110	10,400.00	01/01/23	12/31/24	\$ 10,400.00	5,905.40	5,905.40
			22,737.00			10,400.00	18,152.40	18,152.40
Total Department of Community Affairs								
<u>Department of Transportation</u>	Transportation Trust Fund Authority Act: 2021 Municipal Aid - Barrett Road	480-078-6320- AOP-606281	181,200.00	01/01/21	12/31/23	45,300.00	203,200.00	181,200.00
	2022 Municipal Aid - Old Coach Rd/Pleasant Valley Dr	AO1-606282	203,200.00	01/01/22	12/31/23	50,800.00	232,890.00	203,200.00
	2023 Municipal Aid - Sand Hill Road	APF-606283	232,890.00	01/01/23	12/31/23	174,667.50	232,890.00	232,890.00
Total Department of Transportation			617,290.00			270,767.50	436,090.00	617,290.00
<u>Department of Treasury</u> (Passed through the County of Sussex)	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance	205-3063-402-0435	7,472.00	07/01/23	06/30/24	7,382.00	7,472.00	7,472.00
			7,472.00			7,382.00	7,472.00	7,472.00
<u>NJ Highlands Council</u>	2012 Highlands Plan Conformance Grant	100-082-2078	255,247.15	01/01/12	12/31/24		13,910.00	177,785.45
	Open Space and Recreation Plan Conformance Grant	033-290220	12,000.00	01/01/21	12/31/23	12,000.00	12,000.00 *	12,000.00
	2022 - Farmland Preservation Study	N/A	15,000.00	01/01/22	12/31/24	14,460.00		
	2022 - Stormwater Management Study	N/A	27,500.00	01/01/22	12/31/23		14,005.00	27,500.00
	2022 - Trail Feasibility Study	N/A	38,000.00	01/01/22	12/31/24		25,522.50	28,642.50
	2023 - Lake Management Plan	N/A	149,000.00	01/01/23	12/31/24		74,800.00	74,800.00
			484,747.15			26,460.00	140,237.50	320,727.95
Total NJ Highlands Council								
Total State Awards			\$ 3,666,457.53			\$ 1,524,792.90	\$ 1,817,299.99	\$ 2,446,439.66
N/A - Not Available								
* Funds Expended in Prior Year								

TOWNSHIP OF VERNON  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2023

A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Township under programs of the federal and state governments for the year ended December 31, 2023. The information in these schedules is presented in accordance with 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* ("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 Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. 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. Pass-through identifying numbers are presented where available. The Township has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. 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.

D. N.J. INFRASTRUCTURE BANK (NJIB) LOANS PAYABLE

At December 31, 2023, the Township has a \$2,096,924.00 N.J. Infrastructure Bank Construction Financing Loan Payable outstanding which is recorded in the General Capital Fund. The project which relates to this loan is in progress. The Township drew down \$1,086,637 of the loan funds in the current year.

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 Mayor and Members  
 of the Township Council  
 Township of Vernon  
 Vernon, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Vernon, in the County of Sussex (the "Township") as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated May 10, 2024. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2023-001, that we consider to be a significant deficiency.

The Honorable Mayor and Members  
of the Township Council  
Township of Vernon  
Page 2

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

As part of obtaining reasonable assurance about whether the Township'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*.

## **The Township's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
May 10, 2024

*Nisivoccia LLP*

NISIVOCCIA LLP

*Man C Lee*

Man C. Lee

Registered Municipal Accountant No. 562

Certified Public Accountant

Report on Compliance For Each Major State Program;  
 Report on Internal Control Over Compliance Required by NJOMB 15-08

Independent Auditors' Report

The Honorable Mayor and Members  
 of the Township Council  
 Township of Vernon  
 Vernon, New Jersey

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

***Opinion on Each Major State Program***

We have audited the Township of Vernon's (the "Township's") compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the Township's major state program for the year ended December 31, 2023. The Township's major state program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2023.

***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 Township 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 the major state program. Our audit does not provide a legal determination of the Authority'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 Township's federal and state programs.



The Honorable Mayor and Members  
of the Township Council  
Township of Vernon  
Page 2

### ***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 Township'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 Township's compliance with the requirements of the major 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 Township'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 Township'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 Township'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.

The Honorable Mayor and Members  
of the Township Council  
Township of Vernon  
Page 3

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.

Mount Arlington, New Jersey  
May 10, 2024

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*  
\_\_\_\_\_  
Man C. Lee  
Certified Public Accountant  
Registered Municipal Accountant #562

TOWNSHIP OF VERNON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Township prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance for the year ended December 31, 2023 as federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance required by NJOMB 15-08*.
- The auditor's report on compliance for the major state program for the Township expresses an unmodified opinion on the major state program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Township's program tested as a major state program for the current year consisted of the following state program:

	<u>State Program No.</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State Program:</u>			
New Jersey Infrastructure Bank Loans:			
Sanitary Sewerage System Improvements	S340745-03	\$ 2,096,924	\$ 1,086,637

- The Township was determined not to be a "low-risk" auditee for state programs.
- The threshold used for distinguishing between Type A and B state programs was \$750,000.

TOWNSHIP OF VERNON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

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

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2023-001 (Repeat Finding 2022-001): Segregation of Duties

Criteria:

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition:

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permit and license fees; and recording of collections.

Cause:

This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures.

Effect or Potential Effect:

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation:

It is recommended that adequate segregation of duties be maintained with respect to the recording and treasury functions.

Management's Response:

The Township is aware that there is a lack of adequate segregation of duties. However, Management has determined that the increased costs and related inconvenience to the residents of the Township associated with resolving the finding are not reasonable at this time. The Township will continue to monitor this issue.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

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

TOWNSHIP OF VERNON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2023

The prior year finding 2022-001 regarding the segregation of duties was not resolved. Management has determined that the increased costs and related inconvenience to the residents of the Township associated with resolving the finding are not reasonable at this time. Thus, this finding is included in the current year audit report as finding 2023-001.

TOWNSHIP OF VERNON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

TOWNSHIP OF VERNON  
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Township of Vernon has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services".

TOWNSHIP OF VERNON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

On January 1, 2023, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

“WHEREAS, the Township of Vernon wishes to set forth procedures for the collection of taxes;

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Vernon that the procedures are set forth as follows:

DELINQUENT TAX PAYMENTS

The below-stated charges shall be assessed against delinquent accounts:

Interest – 8% per annum on first \$1,500. 18% per annum on amounts in excess of \$1,500.

Penalties – Additional 6% on amounts in excess of \$10,000 as of December 31 current year.

Grace Period – A ten (10) day grace period shall be granted for the payment of current taxes.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

Tax Title Liens/Assessment Liens

The last tax sale was held on December 6, 2023 and was complete with respect to all items eligible for sale.

The following comparison is made of the number of tax title liens and assessment liens receivable on December 31, of the last three years.

<u>Year</u>	<u>Number of Liens</u>
2023	1,059
2022	1,020
2021	1,024

The Township has numerous tax title liens and assessment liens outstanding as of December 31, 2023. Approximately 576 of the total 1,059 tax title liens are properties within two large property owners associations. These properties, generally, do not contribute revenue to the operations of the Township and instead act as a drain on Township resources. Since the Township is in the process of initiating additional foreclosure proceedings, a formal recommendation is not deemed necessary.



TOWNSHIP OF VERNON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Tax Title Liens/Assessment Liens (Cont'd)

During our testing, it was noted that the tax title lien receivable ledger did not agree to the Township's general ledger. It is recommended that the tax collector take extra care to ensure that tax title lien receivables are reconciled with the Treasurer's records on a monthly basis.

Management's Response

Extra care will be taken to ensure that tax title lien receivables are reconciled with the Treasurer's records on a monthly basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2024 Taxes	20
Payments of 2023 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3
Assessment Liens	3

Municipal Court

A summary of Municipal Court transactions for the year 2023 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
State of New Jersey	\$ 1,982.17	\$ 24,627.49	\$ 25,708.16	\$ 901.50
County	1,410.00	19,751.50	20,177.00	984.50
Municipality		47,985.94	47,985.94	
Municipality - POAA		10.00	10.00	
Conditional Dismissal		150.00	150.00	
Restitution	1,000.00	2,481.00	3,381.00	100.00
Weights and Measures		1,600.00	1,600.00	
Fish and Game		590.00	520.00	70.00
Public Defender		2,600.00	2,600.00	
Forest & Parks		355.00	355.00	
Miscellaneous	95.19	429.07	524.26	
Bail	3,200.00	6,050.00	8,125.00	1,125.00
	<u>\$ 7,687.36</u>	<u>\$ 106,630.00</u>	<u>\$ 111,136.36</u>	<u>\$ 3,181.00</u>

TOWNSHIP OF VERNON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 101, *Compensated Absences*, is effective for the year ended December 31, 2024. This statement requires that the liability for compensated absences to be calculated for 1 – leave that has not been used and 2 – leave that has been used but not yet paid. The liability should be recognized for leave that has not been used if (a) – the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. The Statement directs that for leave that has not been used the calculation should generally use an employee's pay rate as of the date of the financial statements.

COVID-19 Federal Funding

It is possible that the Township will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Township ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Township ensures that these funds are separately accounted for in the Township's accounting records and that any applicable Township policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

The American Rescue Plan funding must be obligated by December 31, 2024 and the liquidation of the obligation must be completed by December 31, 2026.

Status of Prior Year Recommendations

The prior year recommendations regarding the disposal of remaining dog tags and timely deposits of court receipts have been resolved. The prior year recommendations regarding segregation of duties and the tax title lien receivables have not been resolved and are included as recommendations in the 2023 audit report.

TOWNSHIP OF VERNON  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. The tax collector take extra care to ensure that tax title lien receivables are reconciled with the Treasurer's records on a monthly basis.

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