

**FREDON TOWNSHIP SCHOOL DISTRICT**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**Newton, New Jersey**

**ANNUAL COMPREHENSIVE**

**FINANCIAL REPORT**

**of the**

**Fredon Township School District**

**Newton, New Jersey**

**For The Fiscal Year Ended June 30, 2025**

**Prepared by**

**Business Office**

**FREDON TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

**FINANCIAL SECTION**

Independent Auditor's Report	1-3
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	4-14
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Position	15
A-2 Statement of Activities	16

**B. Fund Financial Statements**

*Governmental Funds*

B-1 Balance Sheet	17-18
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	19
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20

*Proprietary Funds*

B-4 Statement of Net Position	21
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	22
B-6 Statement of Cash Flows	23

*Fiduciary Funds – Not Applicable*

<b>Notes to the Financial Statements</b>	24-62
--	-------

**FREDON TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**C. Budgetary Comparison Schedules**

C-1	Budgetary Comparison Schedule – General Fund	63-69
C-2	Budgetary Comparison Schedule – Special Revenue Fund	70

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

C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	71
-----	--	----

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)**

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	72
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	73
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	74
L-4	Notes to Required Supplementary Information – Net Pension Liability	75
M-1	Required Supplementary Information – Schedule of Changes in the District’s Proportionate Share of Total OPEB Liability	76
M-2	Notes to Required Supplementary Information – Total OPEB Liability	77

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules – Not Applicable**

**E. Special Revenue Fund**

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	78
E-2	Schedule of Preschool Education Aid Expenditures – Budgetary Basis	79

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures – Budgetary Basis – Not Applicable	80
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Not Applicable	81

**FREDON TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS**

**Page**

**OTHER SUPPLEMENTARY INFORMATION (Continued)**

**G. Proprietary Funds**

*Enterprise Fund*

G-1	Combining Statement of Net Position – Not Applicable	82
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position – Not Applicable	82
G-3	Combining Statement of Cash Flows – Not Applicable	82

**H. Fiduciary Funds – Not Applicable**

**I. Long-Term Debt**

I-1	Schedule of Serial Bonds	83
I-2	Schedule of Obligations Under Lease Purchase Agreement – Not Applicable	84
I-3	Debt Service Fund Budgetary Comparison Schedule	85
I-4	Schedule of Obligations Subscription-Based Information Technology Arrangements – Not Applicable	

**J. STATISTICAL SECTION (Unaudited)**

J-1	Net Position by Component	86
J-2	Changes in Net Position	87-88
J-3	Fund Balances – Governmental Funds	89
J-4	Changes in Fund Balances – Governmental Funds	90
J-5	General Fund Other Local Revenue by Source	91
J-6	Assessed Value and Actual Value of Taxable Property	92
J-7	Direct and Overlapping Property Tax Rates	93
J-8	Principal Property Taxpayers	94
J-9	Property Tax Levies and Collections	95
J-10	Ratios of Outstanding Debt by Type	96
J-11	Ratios of Net General Bonded Debt Outstanding	97
J-12	Computation of Direct and Overlapping Outstanding Bonded Debt	98
J-13	Legal Debt Margin Information	99
J-14	Demographic Statistics	100
J-15	Principal Employers	101
J-16	Full-Time Equivalent District Employees by Function/Program	102
J-17	Operating Statistics	103
J-18	School Building Information	104
J-19	Schedule of Required Maintenance for School Facilities	105
J-20	Schedule of Insurance	106

**FREDON TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS**

**Page**

<b>K. SINGLE AUDIT SECTION</b>		
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards – Independent Auditor’s Report	107-108
K-2	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 - Independent Auditor’s Report	109-111
K-3	Schedule of Expenditure of Federal Awards	112
K-4	Schedule of Expenditures of State Financial Assistance	113-114
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	115-116
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	117-118
K-6	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	119
K-6	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	120
K-7	Summary Schedule of Prior Year Findings – Not Applicable	

## **INTRODUCTORY SECTION**



## Fredon Township School District

459 Route 94, Newton, NJ 07860

Tel: 973-383-4151 Fax: 973-383-3644 [www.fredon.org](http://www.fredon.org)

Dr. Kelly Hart, *Chief School Administrator/Principal*  
Mrs. Erin Siipola, *School Business Administrator/Board Secretary*  
Mr. Michael Jones, *Vice Principal*  
Ms. Kimberly Gallagher, *Director of Special Services*

---

November 4, 2025

Honorable President and  
Members of the Board of Education  
Fredon Township School District  
Newton, NJ 07860

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Fredon Township School District (the “Board” or “District”) for the fiscal year ended June 30, 2025, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Fredon Township School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A that should be read in conjunction with it. Fredon Township School District’s MD&A can be found immediately following the “Independent Auditor’s Report”.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District’s organizational chart, and a list of principal officials. The financial section includes the Independent Auditors’ Report, Management’s Discussion and Analysis and basic financial statements including the District-Wide financial statements presented in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statements. The basic financial statements also include individual fund financial statements, Notes to Financial Statements and Required Supplementary Information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the requirements of State OMB Circular 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.”

Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs, are included in the single audit section of this report.

**REPORTING ENTITY AND ITS SERVICES**

The Fredon Township School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Fredon Township School District constitutes the District’s reporting entity. The District has no component units included in this report which meet the criteria of legally separate entities for which the District is financially accountable. In addition, the District is not includable in any other reporting entity as a component unit.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, advanced placement courses, bilingual instruction in Spanish, English as a second language, vocational as well as special education for handicapped youngsters. The District completed the 2024/2025 fiscal year with an enrollment of 203 which is 17 students more than the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2024/2025	203	9.1%
2023/2024	186	2.8%
2022/2023	181	(1.1%)
2021/2022	183	4.6%
2020/2021	175	(8.9%)
2019/2020	192	(3.5%)
2018/2019	199	(8.7%)
2017/2018	218	(9.2%)
2016/2017	240	3.9%
2015/2016	231	(14%)

**ECONOMIC CONDITION AND OUTLOOK**

The Fredon Township School District continues to provide a high-quality education while maintaining a fiscally conservative approach. The Board has controlled costs and been mindful of the impact of its decisions on the local taxpayer. The result is that District has consistently ranked near the bottom in per pupil spending in the county, while provided its students with an excellent education. The State of New Jersey continues to add costly mandates while maintaining or reducing state aid with a 2% budget CAP. Despite the challenging environment, the Fredon Township School District is committed to move forward with the expectation of full compliance to regulations, adherence to the strict budget CAP and understanding of the difficult economic conditions of our taxpayers while continuing to provide high quality instruction to students.

The District continues to find itself in a strong economic position as indicated by its AA-Stable long-term credit rating from Standard & Poor’s, Inc. Global (“S&P”), Ratings Services. The S&P report dated 1/10/24, noted that the Fredon Township School District is characterized by stable and positive operating financial profile, which has allowed the district to significantly build up its fund balance over the last several years. The District’s debt burden is low and expects it to remain at the level in the foreseeable future.

## **RELEVANT FINANCIAL POLICES**

The operations of the Fredon Township School District are financed primarily through the local property tax levy; however, the District receives additional revenue from state and federal aid along with other miscellaneous local revenues. The school portion of the property tax levy, the largest revenue source for the district, has been held relatively stable over the past five years (under 2%) despite increases and decreases in contractual salaries and benefits, special educational placements and related transportation.

The administration continues to operate under the District's Standard Operating Procedures and Internal Controls which are reviewed and updated annually by the School Business Administrator. The policies include internal controls, accounting, budget development and purchasing in addition to other standardized procedures.

## **INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

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

## **BUDGETARY CONTROLS**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2025.

## **LONG-TERM FINANCIAL PLANNING**

Each year, as part of the annual budget development process, the administration sets forth the District's statement of priorities. This statement is used to document a District's initiatives, goals and priorities and how they relate to the budget process. The goals presented often balance fiscal and program issues.

The Fredon Township School District did a strategic plan for 2023-2028 with the following goals:

Goal Area	Goal Statement
Future Student Success	Foster an environment that encourages students to be well-rounded, confident, accountable, and prepared for the next step in their education.
Community Relations and Transparency	To maintain a level of communication that improves impressions of the school and broadcast school events to promote an atmosphere that encourages community involvement and academic achievement.
Academic Achievement and Accountability	To obtain consistent communication between staff, students, and families that promotes ownership, accountability, and self-advocacy skills that are necessary to be independent and successful learners.
High Quality Facilities and Operations	To create a safe, secure, and consistent learning environment while maximizing the best use of facilities and available personnel.

The Fredon Township Board goals for the 2024-2025 school are:

Annual Goals
Improve the process for identifying and addressing students in need.
Identify and address areas for academic growth in Math and ELA
Develop opportunities for students to learn and improve executive functioning skills.

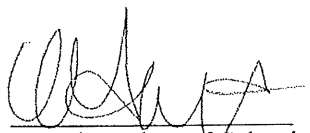
**OTHER INFORMATION**

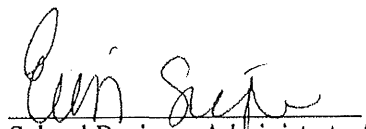
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Bliss, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the State OMB Circular 15-08. The auditor’s report on the basic financial statements is included in the financial section of this report. The auditor’s report related specifically to the single audit and Government Auditing Services is included in the single audit section of this report.

**ACKNOWLEDGEMENTS**

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

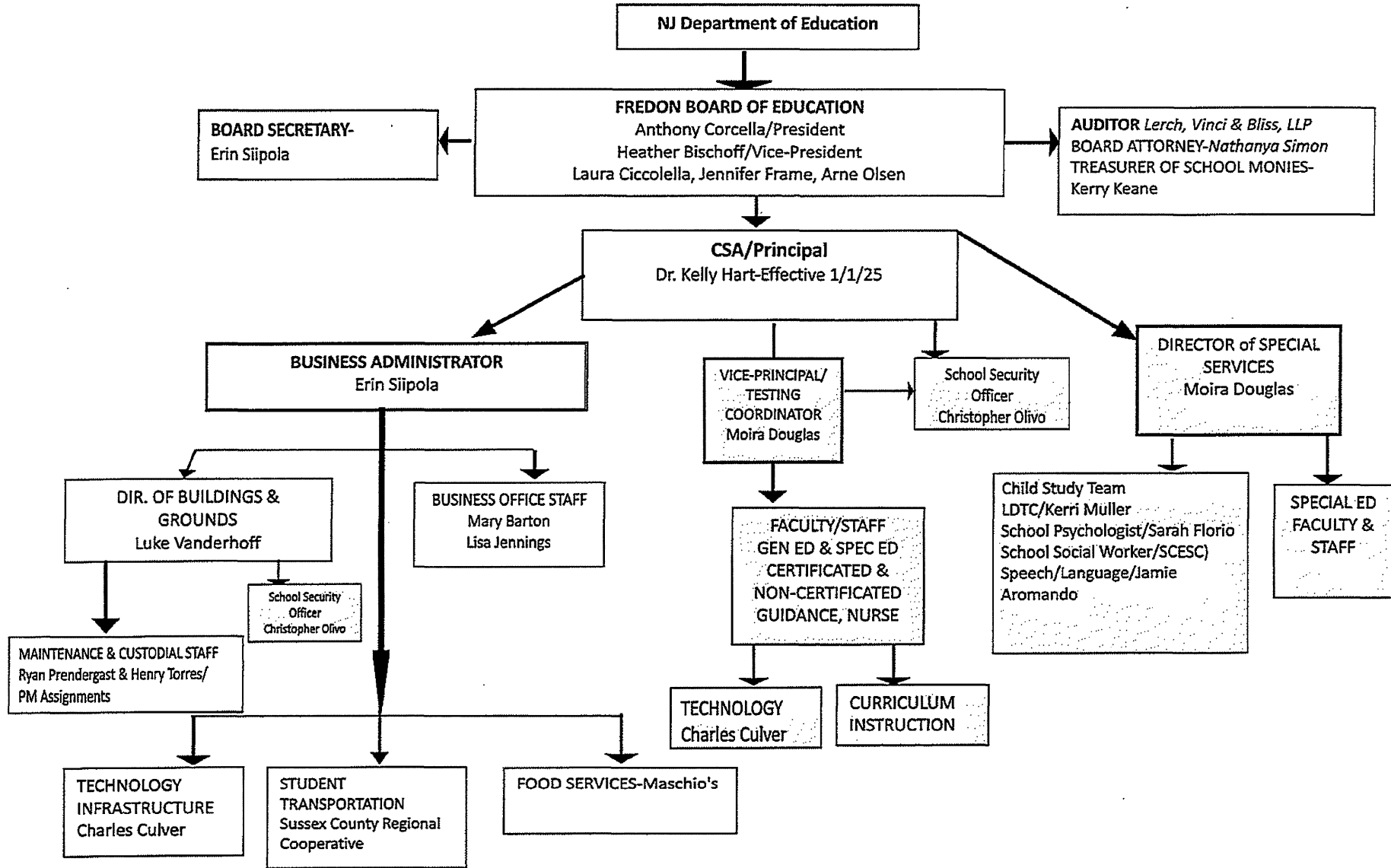
Respectfully submitted,

  
 Superintendent of Schools

  
 School Business Administrator/  
 Board Secretary

FREDON TOWNSHIP BOARD OF EDUCATION for approval at the 1/27/25 BOE meeting

REVISED ORGANIZATIONAL CHART REMAINDER OF THE 2024-2025 SY



**FREDON TOWNSHIP SCHOOL DISTRICT**

**ROSTER OF OFFICIALS**

**JUNE 30, 2025**

**Members of the Board of Education**

**Term Expires**

Anthony Corcella, President

2027

Arne Olsen, Vice-President

2026

Heather Bischoff

2025

Laura Ciccolella

2027

Jennifer Frame

2026

**Other Officials**

Braden Hirsch, Interim Chief School Administrator (July 2024 through December 2024)

Kelly Hart, Chief School Administrator (as of January 2025)

Erin Siipola, Business Administrator

Kerry A. Keane, Treasurer

**FREDON TOWNSHIP SCHOOL DISTRICT**

**CONSULTANTS & ADVISORS**

**JUNE 30, 2025**

**Audit Firm**

Lerch, Vinci & Bliss, LLP  
17-17 Route 280  
Fair Lawn, NJ 07410

**Attorneys**

Nathanya Simon, Esquire  
Scarinci Hollenbeck  
1100 Valley Brook Avenue  
Lyndhurst, NJ 07071

Marc Zitomer  
Schenck, Price, Smith & King, LLP  
200 Park Avenue, PO Box 991  
Florham Park, NJ 07932

**Official Depository**

Provident Bank  
Fredon Branch  
Route 94  
Newton, NJ 07860

**FINANCIAL SECTION**



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA  
ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA, PSA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA  
JOHN CUIFFO, CPA, PSA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Fredon Township School District  
Newton, New Jersey

### **Report on the Financial Statements**

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Fredon Township School District, as of and for the fiscal year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of the Fredon Township School District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 Fredon Township School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

### ***Auditor's Responsibilities for the Audit of 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 generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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 generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement 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 Fredon Township School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fredon Township School District's ability to continue as a going concern for a reasonable period of time.

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

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

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fredon Township School District’s basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Fredon Township School District. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


**Other Information**

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

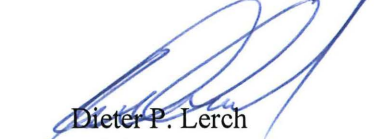
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If,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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2025 on our consideration of the Fredon Township School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fredon Township School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fredon Township School District’s internal control over financial reporting and compliance.



LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Public School Accountants



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 4, 2025

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# FREDON TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

This section of Fredon Township School District's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. The intent of this section is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2024-2025) and the prior year (2023-2024) is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-2025 fiscal year include the following:

- The assets and deferred outflows of resources of the Fredon Township School District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,970,316 (net position).
- Overall District revenues were \$5,819,618. General revenues accounted for \$4,760,006 or 82% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,059,612 of total revenues.
- The School District had \$5,209,881 in expenses for governmental activities; only \$948,563 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$4,757,560 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,767,814, an increase of \$353,038 when compared to the ending fund balance at June 30, 2024 of \$2,414,776.
- The General Fund unassigned fund balance at June 30, 2025 was in a surplus position of \$224,710, a decrease of \$1,613 when compared with the ending fund balance of \$226,323 at June 30, 2024.
- The General Fund unassigned budgetary fund balance at June 30, 2025 was \$279,610 which represents a decrease of \$477 when compared to the ending unassigned fund balance at June 30, 2024 of \$280,087.

# FREDON TOWNSHIP SCHOOL DISTRICT

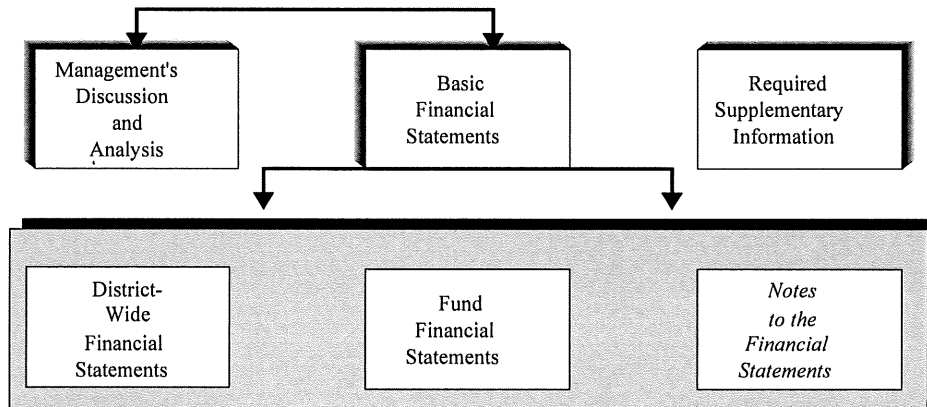
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The Governmental Funds statements tell how basic services were financed in the short term as well as what remains for future spending.
  - Proprietary Funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



# FREDON TOWNSHIP SCHOOL DISTRICT

## Management’s Discussion and Analysis Fiscal Year Ended June 30, 2025

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain, are summarized below. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary or fiduciary, such as instruction, special education building maintenance, and community education	Activities the district operates similar to private businesses: Enterprise funds
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

# FREDON TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

### District-Wide Financial Statements

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

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

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

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund is included here.

### Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

# FREDON TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

### Fund Financial Statements (Continued)

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's Enterprise Fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements.

### Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 and post-retirement medical benefits as required under GASB Statement No. 75. The required supplementary information can be found following the notes to the financial statements.

Combining and individual financial and schedules are presented immediately following the major budgetary comparisons if required.

# FREDON TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

### DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,970,316 and \$4,483,405 as of June 30, 2025 and 2024, as restated, respectively, as shown below.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Net Position as of June 30, 2025 and 2024

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
		<u>(Restated)</u>		<u>(Restated)</u>		<u>(Restated)</u>
<b>Assets</b>						
Current and Other Assets	\$ 3,006,235	\$ 2,653,858	\$ 47,572	\$ 67,623	\$ 3,053,807	\$ 2,721,481
Capital Assets	<u>5,651,586</u>	<u>5,858,997</u>	<u>49,598</u>	<u>35,531</u>	<u>5,701,184</u>	<u>5,894,528</u>
<b>Total Assets</b>	<u>8,657,821</u>	<u>8,512,855</u>	<u>97,170</u>	<u>103,154</u>	<u>8,754,991</u>	<u>8,616,009</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	<u>47,509</u>	<u>84,503</u>	<u>-</u>	<u>-</u>	<u>47,509</u>	<u>84,503</u>
<b>Total Assets and Deferred Outflows</b>	<u>8,705,330</u>	<u>8,597,358</u>	<u>97,170</u>	<u>103,154</u>	<u>8,802,500</u>	<u>8,700,512</u>
<b>Liabilities</b>						
Long-Term Liabilities	3,321,240	3,754,602			3,321,240	3,754,602
Other Liabilities	<u>272,968</u>	<u>275,921</u>	<u>3,785</u>	<u>2,289</u>	<u>276,753</u>	<u>278,210</u>
<b>Total Liabilities</b>	<u>3,594,208</u>	<u>4,030,523</u>	<u>3,785</u>	<u>2,289</u>	<u>3,597,993</u>	<u>4,032,812</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	227,780	179,735			227,780	179,735
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>6,411</u>	<u>4,560</u>	<u>6,411</u>	<u>4,560</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>3,821,988</u>	<u>4,210,258</u>	<u>10,196</u>	<u>6,849</u>	<u>3,832,184</u>	<u>4,217,107</u>
<b>Net Position</b>						
Net Investment in Capital Assets	3,046,586	3,003,997	49,598	35,531	3,096,184	3,039,528
Restricted	1,979,164	1,678,871			1,979,164	1,678,871
Unrestricted	<u>(142,408)</u>	<u>(295,768)</u>	<u>37,376</u>	<u>60,774</u>	<u>(105,032)</u>	<u>(234,994)</u>
<b>Total Net Position</b>	<u>\$ 4,883,342</u>	<u>\$ 4,387,100</u>	<u>\$ 86,974</u>	<u>\$ 96,305</u>	<u>\$ 4,970,316</u>	<u>\$ 4,483,405</u>

# FREDON TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

The changes in net position for fiscal years ended 2025 and 2024 are as follows:

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 4,870	\$ 5,134	\$ 78,265	\$ 81,524	\$ 83,135	\$ 86,658
Operating Grants and Contributions	943,693	1,030,524	32,784	37,208	976,477	1,067,732
General Revenues						
Property Taxes	4,518,919	4,445,637			4,518,919	4,445,637
State Aid	106,207	117,719			106,207	117,719
Investment Earnings	108,315	79,488	2,446	2,215	110,761	81,703
Miscellaneous	24,119	9,547	-	-	24,119	9,547
<b>Total Revenues</b>	<u>5,706,123</u>	<u>5,688,049</u>	<u>113,495</u>	<u>120,947</u>	<u>5,819,618</u>	<u>5,808,996</u>
<b>Expenses</b>						
Instruction						
Regular	1,985,775	1,954,854			1,985,775	1,954,854
Special Education	379,569	386,793			379,569	386,793
Other Instruction	1,870	247			1,870	247
School Sponsored Activities and Athletics	60,462	42,211			60,462	42,211
Support Services						
Student and Instruction Related Services	1,211,542	1,142,727			1,211,542	1,142,727
General Administration Services	234,242	255,116			234,242	255,116
School Administration Services	81,651	83,774			81,651	83,774
Plant Operation and Maintenance	670,897	620,027			670,897	620,027
Pupil Transportation	301,847	275,504			301,847	275,504
Central Services	206,443	189,635			206,443	189,635
Interest and Other Chgs on Long-Term Debt	75,583	80,579			75,583	80,579
Food Service	-	-	122,826	111,305	122,826	111,305
<b>Total Expenses</b>	<u>5,209,881</u>	<u>5,031,467</u>	<u>122,826</u>	<u>111,305</u>	<u>5,332,707</u>	<u>5,142,772</u>
Change in Net Position	496,242	656,582	(9,331)	9,642	486,911	666,224
<b>Net Position, Beginning of Year</b>	4,387,100	2,616,964	96,305	57,423	4,483,405	2,674,387
<b>Prior Period Adjustment</b>	-	1,113,554	-	29,240	-	1,142,794
<b>Net Position, End of Year</b>	<u>\$ 4,883,342</u>	<u>\$ 4,387,100</u>	<u>\$ 86,974</u>	<u>\$ 96,305</u>	<u>\$ 4,970,316</u>	<u>\$ 4,483,405</u>

**FREDON TOWNSHIP SCHOOL DISTRICT**

**Management’s Discussion and Analysis  
Fiscal Year Ended June 30, 2025**

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, maintaining existing programs with decreased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District’s resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

**Total and Net Cost of Governmental Activities.** The following schedule presents the District’s total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2025 and 2024.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Instruction				
Regular	\$ 1,985,775	\$ 1,954,854	\$ 1,674,340	\$ 1,605,415
Special Education	379,569	386,793	83,678	102,254
Other Instruction	1,870	247	1,737	221
School Sponsored Activities and Athletics	60,462	42,211	57,734	40,243
Support Services				
Student and Instruction Related Services	1,211,542	1,142,727	970,737	917,990
General Administration	234,242	255,116	224,014	237,280
School Administration Services	81,651	83,774	76,808	75,620
Plant Operation and Maintenance	670,897	620,027	656,230	544,303
Pupil Transportation	301,847	275,504	265,012	238,640
Central Services	206,443	189,635	193,181	172,128
Interest and Other Charges on Long-Term Debt	<u>75,583</u>	<u>80,579</u>	<u>57,847</u>	<u>61,715</u>
<b>Total</b>	<b><u>\$ 5,209,881</u></b>	<b><u>\$ 5,031,467</u></b>	<b><u>\$ 4,261,318</u></b>	<b><u>\$ 3,995,809</u></b>

# FREDON TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,767,814, an increase of \$353,038 from last year's fund balance of \$2,414,776.

Revenues for the District's governmental funds were \$6,460,372; total expenditures were \$6,107,334.

**General Fund** - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

Revenues of the General Fund were \$5,652,826 for the fiscal year ended June 30, 2025.

Expenditures of the General Fund were \$5,223,485. Instructional expenditures were \$2,529,182 for support services were \$2,694,303 and capital expenditures totaled \$0 for the fiscal year ended June 30, 2025.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$479,671 for the fiscal year ended June 30, 2025. State sources amounts to \$359,810; federal sources amounts to \$112,366; and local sources amount to \$7,495.

Expenditures of the Special Revenue Fund were \$555,974. Instructional expenditures were \$299,654 for support services were \$251,246 and capital expenditures totaled \$5,074 for the fiscal year ended June 30, 2025.

#### Proprietary Funds

The District maintains an Enterprise Fund to account for activities, which are supported in part through user fees.

**Enterprise Fund** - The District uses Enterprise Funds to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

# FREDON TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2024 encumbrances.
- Appropriation of Capital Reserve

### CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2025 and 2024, restated, amounts to \$5,701,184 and \$5,894,529 (net of accumulated depreciation), respectively. The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2024-2025 amounted to \$212,485 for governmental activities and \$3,279 for the Business-Type activities.

The following is a comparative analysis of capital assets at June 30, 2025 and 2024.

	Governmen tal Activities		Business- Type Activities		Total	
	<u>2025</u>	<u>2024</u> (Restated)	<u>2025</u>	<u>2024</u> (Restated)	<u>2025</u>	<u>2024</u> (Restated)
	Land Improvements	\$ 1,733	\$ 1,898			\$ 1,733
Buildings & Building Imp.	5,480,121	5,635,284			5,480,121	5,635,284
Machinery and Equipment	<u>169,732</u>	<u>221,815</u>	<u>\$ 49,598</u>	<u>\$ 35,532</u>	<u>219,330</u>	<u>257,347</u>
	Governmental Activities		Business- Type Activities		Total	
	<u>2025</u>	<u>2024</u> (Restated)	<u>2025</u>	<u>2024</u> (Restated)	<u>2025</u>	<u>2024</u> (Restated)
Land Improvements	\$ 1,733	\$ 1,898			\$ 1,733	\$ 1,898
Buildings & Building Imp.	5,480,121	5,635,284			5,480,121	5,635,284
Machinery and Equipment	<u>169,732</u>	<u>221,815</u>	<u>\$ 49,598</u>	<u>\$ 35,532</u>	<u>219,330</u>	<u>257,347</u>
<b>Total</b>	<u>\$ 5,651,586</u>	<u>\$ 5,858,997</u>	<u>\$ 49,598</u>	<u>\$ 35,532</u>	<u>\$ 5,701,184</u>	<u>\$ 5,894,529</u>

Additional information on the District's capital assets are presented in the Notes to the Financial Statements.

# **FREDON TOWNSHIP SCHOOL DISTRICT**

## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2025**

### **LONG TERM LIABILITIES**

At June 30, 2025, the District's long-term liabilities consisted of compensated absences payable of \$100,189, serial bonds of \$2,605,000, and net pension liability of \$616,051 totaling \$3,321,240. This is in comparison to long-term liabilities at June 30, 2024 of \$3,754,602 or a decrease of \$433,362.

Additional information on the District's long-term liabilities are presented in the Notes to the Financial Statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the District's administration during the process of developing the fiscal year 2025-2026 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing labor and related employee benefit costs. Other budgetary increases are anticipated with special education, and utilizes the required investment to repair the District's aging facilities.

These expenditures are to be paid for by the mandated 2% CAP on the property tax levy with certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be permitted.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Administrator, Fredon Township School District, Newton, New Jersey.

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**FREDON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2025**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,983,918	\$ 38,330	\$ 3,022,248
Receivables, net			
Receivables from Other Governments	15,196	1,003	16,199
Other Receivables	7,121	1,146	8,267
Inventory		7,093	7,093
Capital Assets, Not Being Depreciated			-
Capital Assets, Being Depreciated	<u>5,651,586</u>	<u>49,598</u>	<u>5,701,184</u>
Total Assets	<u>8,657,821</u>	<u>97,170</u>	<u>8,754,991</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>47,509</u>	<u>-</u>	<u>47,509</u>
Total Deferred Outflows of Resources	<u>47,509</u>	<u>-</u>	<u>47,509</u>
Total Assets and Deferred Outflows of Resources	<u>8,705,330</u>	<u>97,170</u>	<u>8,802,500</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	11,157	-	11,157
Payroll Deductions and Withholdings	57,773		57,773
Unearned Revenue	169,491	3,785	173,276
Accrued Interest Payable	34,547		34,547
Noncurrent Liabilities			
Due Within One Year	255,000		255,000
Due Beyond One Year	<u>3,066,240</u>	<u>-</u>	<u>3,066,240</u>
Total Liabilities	<u>3,594,208</u>	<u>3,785</u>	<u>3,597,993</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	227,780		227,780
Deferred Commodities Revenue	<u>-</u>	<u>6,411</u>	<u>6,411</u>
Total Deferred Inflows of Resources	<u>227,780</u>	<u>6,411</u>	<u>234,191</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,821,988</u>	<u>10,196</u>	<u>3,832,184</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,046,586	49,598	3,096,184
Restricted for			
Capital Projects	1,827,459		1,827,459
Other	151,705		151,705
Unrestricted	<u>(142,408)</u>	<u>37,376</u>	<u>(105,032)</u>
Total Net Position	<u>\$ 4,883,342</u>	<u>\$ 86,974</u>	<u>\$ 4,970,316</u>

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

FREDON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Operating Grants and Contributions	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 1,985,775	\$ 311,435			\$ (1,674,340)		\$ (1,674,340)
Special Education	379,569	295,891			(83,678)		(83,678)
Other Instruction	1,870	133			(1,737)		(1,737)
School Sponsored Activities & Athletics	60,462	(2,142)	\$ 4,870		(57,734)		(57,734)
Support Services							
Student and Instruction Related Services	1,211,542	240,805			(970,737)		(970,737)
General Administrative Services	234,242	10,228			(224,014)		(224,014)
School Administrative Services	81,651	4,843			(76,808)		(76,808)
Central Services	206,443	13,262			(193,181)		(193,181)
Plant Operations and Maintenance	670,897	14,667			(656,230)		(656,230)
Pupil Transportation	301,847	36,835			(265,012)		(265,012)
Interest on Debt	75,583	17,736	-	-	(57,847)	-	(57,847)
<b>Total Governmental Activities</b>	<b>5,209,881</b>	<b>943,693</b>	<b>4,870</b>	<b>-</b>	<b>(4,261,318)</b>	<b>-</b>	<b>(4,261,318)</b>
<b>Business-Type Activities</b>							
Food Service	122,826	32,784	78,265	-	-	\$ (11,777)	(11,777)
<b>Total Business-Type Activities</b>	<b>122,826</b>	<b>32,784</b>	<b>78,265</b>	<b>-</b>	<b>-</b>	<b>(11,777)</b>	<b>(11,777)</b>
<b>Total Primary Government</b>	<b>\$ 5,332,707</b>	<b>\$ 976,477</b>	<b>\$ 83,135</b>	<b>\$ -</b>	<b>(4,261,318)</b>	<b>(11,777)</b>	<b>(4,273,095)</b>
<b>General Revenues</b>							
Taxes Levied for General Purposes					4,265,718		4,265,718
Taxes Levied for Debt Service					253,201		253,201
State Aid - Unrestricted					49,269		49,269
State Aid - Restricted for Debt Service Principal					56,938		56,938
Investment Earnings					108,315	2,446	110,761
Miscellaneous Income					24,119	-	24,119
<b>Total General Revenues</b>					<b>4,757,560</b>	<b>2,446</b>	<b>4,760,006</b>
Change in Net Position					496,242	(9,331)	486,911
Net Position, Beginning of Year, Restated					4,387,100	96,305	4,483,405
Net Position, End of Year					<b>\$ 4,883,342</b>	<b>\$ 86,974</b>	<b>\$ 4,970,316</b>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**FUND FINANCIAL STATEMENTS**

**FREDON TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2025**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,816,008	\$ 167,910		\$ 2,983,918
Receivables, Net				
Due from Other Funds	303			303
Receivables from Other Governments	6,220	8,976		15,196
Other Accounts Receivable	4,496	2,625	-	7,121
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 2,827,027</u>	<u>\$ 179,511</u>	<u>\$ -</u>	<u>\$ 3,006,538</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 9,663	\$ 1,494		\$ 11,157
Due to Other Funds		303		303
Payroll Deductions & Withholdings Payable	57,773			57,773
Unearned Revenue	-	169,491	-	169,491
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>67,436</u>	<u>171,288</u>	<u>-</u>	<u>238,724</u>
Fund Balances				
Restricted				
Capital Reserve	1,647,459			1,647,459
Capital Reserve - Designated for				
Subsequent Year's Budget	180,000			180,000
Maintenance Reserve	25,000			25,000
Excess Surplus	250,000			250,000
Excess Surplus - Designated for				
Subsequent Year's Budget	250,000			250,000
Student Activities		8,223		8,223
Unemployment Compensation	118,482			118,482
Assigned				
Year End Encumbrances	33,853			33,853
Designated in Subsequent Year's Budget	30,087			30,087
Unassigned	224,710	-	-	224,710
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>2,759,591</u>	<u>8,223</u>	<u>-</u>	<u>2,767,814</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 2,827,027</u>	<u>\$ 179,511</u>	<u>\$ -</u>	<u>\$ 3,006,538</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**FREDON TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2025**

Total Fund Balances - Governmental Funds (Exhibit B-1)	\$	2,767,814
--	----	-----------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,035,495, accumulated depreciation is \$2,383,909.		5,651,586
---	--	-----------

Amounts resulting from net pension liabilities are reported as deferred inflows and outflows of resources on the statement of net position and amortized over the life of the debt.

	\$	(227,780)	
Deferred Inflows of Resources		47,509	
Deferred Outflows of Resources			(180,271)

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:		(34,547)
---	--	----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

	(2,605,000)	
Serial Bonds Payable	(616,051)	
Net Pension Liability	(100,189)	
Compensated Absences		(3,321,240)

Net Position of Governmental Activities (Exhibit A-1)	\$	4,883,342
---	----	-----------

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**FREDON TOWNSHIP SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>				
Local Sources				
Local Tax Levy	\$ 4,265,718		\$ 253,201	\$ 4,518,919
Investment Earnings	108,315			108,315
Miscellaneous	24,119	\$ 7,495	-	31,614
	<u>4,398,152</u>	<u>7,495</u>	<u>253,201</u>	<u>4,658,848</u>
Total - Local Sources				
State Sources	1,254,674	359,810	74,674	1,689,158
Federal Sources	-	112,366	-	112,366
	<u>-</u>	<u>112,366</u>	<u>-</u>	<u>112,366</u>
Total Revenues	<u>5,652,826</u>	<u>479,671</u>	<u>327,875</u>	<u>6,460,372</u>
<b>EXPENDITURES</b>				
Current				
Regular Instruction	2,077,470	240,167		2,317,637
Special Education Instruction	385,412	55,294		440,706
Other Instruction	2,283			2,283
School-Sponsored Activities and Athletics	64,017	4,193		68,210
Support Services				
Student and Instruction Related Services	1,083,998	249,543		1,333,541
General Administrative Services	261,192			261,192
School Administrative Services	98,364			98,364
Central Services	247,102			247,102
Plant Operations and Maintenance	705,420	1,703		707,123
Pupil Transportation	298,227			298,227
Debt Service				
Principal			250,000	250,000
Interest and Other Charges			77,875	77,875
Capital Outlay	-	5,074	-	5,074
	<u>-</u>	<u>5,074</u>	<u>-</u>	<u>5,074</u>
Total Expenditures	<u>5,223,485</u>	<u>555,974</u>	<u>327,875</u>	<u>6,107,334</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>429,341</u>	<u>(76,303)</u>	<u>-</u>	<u>353,038</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	76,980	-	76,980
Transfers Out	(76,980)	-	-	(76,980)
	<u>(76,980)</u>	<u>76,980</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses				
Net Change in Fund Balances	352,361	677	-	353,038
Fund Balance, Beginning of Year	2,407,230	7,546	-	2,414,776
	<u>2,407,230</u>	<u>7,546</u>	<u>-</u>	<u>2,414,776</u>
Fund Balance, End of Year	<u>\$ 2,759,591</u>	<u>\$ 8,223</u>	<u>\$ -</u>	<u>\$ 2,767,814</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**FREDON TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 353,038

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense.

Capital Outlay	\$ 5,074	
Depreciation Expense	<u>(212,485)</u>	
		(207,411)

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. for these items are measured by the amount of financial resources used (paid):

Decrease in Net Pension Expense	102,129	
Increase in Compensated Absences	<u>(3,806)</u>	
		98,323

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Bond Principal		250,000
----------------	--	---------

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>2,292</u>
------------------------------	--	--------------

Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 496,242</u>
---	--	-------------------

**FREDON TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2025**

	<b>Enterprise Fund - Food Service</b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 38,330
Intergovernmental Receivable	
State	52
Federal	951
Other Accounts Receivable	1,146
Inventory	<u>7,093</u>
Total Current Assets	<u>47,572</u>
Capital Assets	
Equipment	68,056
Less: Accumulated Depreciation	<u>(18,458)</u>
Total Capital Assets, Net	<u>49,598</u>
Total Assets	<u>97,170</u>
<b>LIABILITIES</b>	
Unearned Revenues	<u>3,785</u>
Total Liabilities	<u>3,785</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	<u>6,411</u>
Total Deferred Inflows of Resources	<u>6,411</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,196</u>
<b>NET POSITION</b>	
Investment in Capital Assets	49,598
Unrestricted	<u>37,376</u>
Total Net Position	<u>\$ 86,974</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**FREDON TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<b>Enterprise Fund - Food Service</b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Reimbursable	\$ 57,930
Daily Sales - Non-Reimbursable	<u>20,335</u>
 Total Operating Revenues	 <u>78,265</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable	27,329
Cost of Sales - Non-Reimbursable	25,896
Salaries & Wages	38,039
Insurance	5,793
Supplies	4,331
Professional Service	9,223
Management Fee	8,884
Miscellaneous	52
Depreciation	<u>3,279</u>
 Total Operating Expenses	 <u>122,826</u>
 Operating Loss	 <u>(44,561)</u>
<b>NONOPERATING REVENUES</b>	
Federal Sources	
National School Lunch Program	19,309
Food Distribution Program	10,981
Summer EBT Food Benefits	321
Local Food for Schools Cooperative Program	781
State Sources	
State School Lunch Program	1,070
State Summer EBT Food Benefits	322
Interest and Investment Revenue	<u>2,446</u>
 Total Nonoperating Revenues	 <u>35,230</u>
 Change in Net Position	 (9,331)
 Net Position, Beginning of Year, Restated	 <u>96,305</u>
 Net Position, End of Year	 <u>\$ 86,974</u>

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

	<b>Enterprise Fund - Food Service</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 79,779
Cash Payments to Employees for Salaries and Wages	(38,039)
Cash Payments to Suppliers for Goods and Services	<u>(70,465)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(28,725)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>21,402</u>
Net Cash Provided by Noncapital Financing Activities	<u>21,402</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of Capital Assets	<u>(17,345)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(17,345)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>2,446</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>2,446</u>
Net (Decrease) in Cash and Cash Equivalents	(22,222)
Cash and Cash Equivalents, Beginning of Year	<u>60,552</u>
Cash and Cash Equivalents, End of Year	<u>\$ 38,330</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	\$ <u>(44,561)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Food Distribution Program	10,981
Depreciation	3,279
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(1,789)
(Increase)/Decrease in Other Accounts Receivable	18
Increase/(Decrease) in Deferred Inflows of Resources	1,851
Increase (Decrease) in Unearned Revenue	<u>1,496</u>
Total Adjustments	<u>15,836</u>
Net Cash (Used for) Operating Activities	<u>\$ (28,725)</u>
Non-cash Investing, Capital and Financing Activities:	
Value Received- Food Distribution Program	<u>\$ 12,832</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Fredon Township School District (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade six (6) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Fredon Township School District this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2025, the District adopted the following GASB statements:

- GASB Statement No. 101, *Compensated Absences*, was effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB Statement No. 102, *Certain Risk Disclosures*, was effective beginning with the fiscal year ending June 30, 2025. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a school district vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a school district's financial condition.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective beginning with the fiscal year ending June 30, 2026. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from school district to school district, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective beginning with the fiscal year ending June 30, 2026. The objective of this Statement is to provide user of governmental financial statements with essential information about certain types of capital assets. The requirements of this Statement will improve financial reporting by provided users of the financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District has no fiduciary funds.

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

**Reclassifications**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, acquisitions under financing agreements, leases payable for intangible right-to-use leased assets and subscription arrangements for intangible right-to-use information technology (IT) software assets are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**Use of Estimates**

The preparation of financial statements requires management of the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**3. Inventories**

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arise only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***5. Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. The one item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other type of item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

***6. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***7. Pensions***

In the district-wide financial statements and proprietary fund types in the fund financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

***8. Long-Term Obligations***

In the district-wide financial statements, proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B).

*Capital Reserve - Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the 2025/2026 original budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2025 audited excess surplus that is required to be appropriated in the 2026/2027 original budget certified for taxes.

*Excess Surplus - Designated for Subsequent Year's Budget* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2024 audited excess surplus that was appropriated in the 2025/2026 original budget certified for taxes.

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2C).

*Unemployment Compensation* – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 4).

*Student Activities* – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**Governmental Fund Statements (Continued)**

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Year-End Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

*Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of fund balance appropriated in the 2025/2026 original budget certified for taxes.

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**10. *Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board of Education itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the Board of Education for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses (Continued)**

**2. *Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Tuition Expenditures***

Tuition Expenditures - Tuition charges for the fiscal years 2023-2024 and 2024-2025 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**4. *On-Behalf Payments***

Revenues and expenditures of the general fund include payments made by the State of New Jersey on-behalf of the District for social security, pension, long-term disability insurance and post-retirement medical benefit contributions for District employees enrolled in the Teacher Pension and Annuity Fund (TPAF) retirement system, including on-behalf payments for post-retirement medical contributions for District employees enrolled in the Public Employees Retirement System (PERS).

Revenues and expenses of governmental activities include the State’s proportionate share of the on-behalf actuarial determined pension and post-retirement medical benefit amounts attributable to the District for District employees enrolled in the TPAF retirement system, including the on-behalf actuarial determined post-retirement medical benefit amounts attributable to the District for District employees enrolled in the PERS retirement system.

**5. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year's general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters. The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board has adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required. Effective for the 2025/2026 school year budget, voter approval is not required for budgets that meet levy cap requirements regardless of when the school board member elections are held.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2024/2025. Also, during 2024/2025 the Board increased the original budget of the general fund by \$9,582 and the special revenue fund by \$39,788. The increases were funded by grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve**

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2025 is as follows:

Balance, July 1, 2024		\$ 1,562,352
Increased by		
Interest Earnings	\$ 44,650	
Deposits Approved by Board Resolution	220,457	
Total Increases	<u>265,107</u>	<u>265,107</u>
Balance, June 30, 2025		<u>\$ 1,827,459</u>

The June 30, 2025 LRFP balance of the total costs of uncompleted capital projects is estimated by management to be \$4,791,000. \$180,000 the capital reserve balance at June 30, 2025 was designated and appropriated for use in the 2025/2026 original budget certified for taxes.

**C. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Maintenance Reserve (Continued)**

The activity of the maintenance reserve for the fiscal year ended June 30, 2025 is as follows:

Balance, July 1, 2024		
Increased by		
Deposits Approved by Board Resolution	\$ 25,000	
Total Increases		<u>25,000</u>
Balance, June 30, 2025		<u>\$ 25,000</u>

The June 30, 2025 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$225,317.

**D. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2025 is \$500,000. Of this amount, \$250,000 was designated and appropriated in the 2025/2026 original budget certified for taxes and the remaining amount of \$250,000 will be appropriated in the 2026/2027 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee’s salary or funds which may pass to the local government upon the happening of a future condition.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2025, the book value of the Board's deposits was \$3,022,248 and bank and brokerage firm balances of the Board's deposits amounted to \$3,165,789. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ 2,964,113
Uninsured and Uncollateralized	<u>201,676</u>
	<u>\$ 3,165,789</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2025 the Board's bank balance of \$201,676 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 201,676</u>
	<u>\$ 201,676</u>

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

As of June 30, 2025, the Board had no outstanding investments.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

**B. Receivables**

Receivables as of June 30, 2025 for the district’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 4,496	\$ 2,625	\$ 1,146	\$ 8,267
Intergovernmental-				
Federal		8,976	951	9,927
State	<u>6,220</u>	<u>-</u>	<u>52</u>	<u>6,272</u>
Gross Receivables	10,716	11,601	2,149	24,466
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 10,716</u>	<u>\$ 11,601</u>	<u>\$ 2,149</u>	<u>\$ 24,466</u>

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>\$ 169,491</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Restated Balance, <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2025</u>
<b>Governmental Activities:</b>				
Capital Assets, Being Depreciated:				
Land Improvements	\$ 115,104			\$ 115,104
Buildings & Building Improvements	7,399,099			7,399,099
Machinery and Equipment	<u>516,218</u>	\$ 5,074	-	<u>521,292</u>
Total Capital Assets Being Depreciated	<u>8,030,421</u>	<u>5,074</u>	<u>-</u>	<u>8,035,495</u>
Less Accumulated Depreciation for:				
Land Improvements	(113,206)	(165)		(113,371)
Buildings & Building Improvements	(1,763,815)	(155,163)		(1,918,978)
Machinery and Equipment	<u>(294,403)</u>	<u>(57,157)</u>	-	<u>(351,560)</u>
Total Accumulated Depreciation	<u>(2,171,424)</u>	<u>(212,485)</u>	<u>-</u>	<u>(2,383,909)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,858,997</u>	<u>(207,411)</u>	<u>-</u>	<u>5,651,586</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,858,997</u>	<u>\$ (207,411)</u>	<u>\$ -</u>	<u>\$ 5,651,586</u>
	Restated Balance, <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2025</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 50,711	\$ 17,345	-	\$ 68,056
Total Capital Assets Being Depreciated	<u>50,711</u>	<u>17,345</u>	<u>-</u>	<u>68,056</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(15,179)	(3,279)	-	(18,458)
Total Accumulated Depreciation	<u>(15,179)</u>	<u>(3,279)</u>	<u>-</u>	<u>(18,458)</u>
Total Capital Assets, Being Depreciated, Net	<u>35,532</u>	<u>14,066</u>	<u>-</u>	<u>49,598</u>
Business-Type Activities Capital Assets, Net	<u>\$ 35,532</u>	<u>\$ 14,066</u>	<u>\$ -</u>	<u>\$ 49,598</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

<b>Governmental Activities:</b>		
Instruction		
Regular	\$	85,284
Special Education		16,217
Other Instruction		84
School-Sponsored/Activities and Athletics		<u>2,510</u>
 Total Instruction		 <u>104,095</u>
 Support Services		
Student and Instruction Related Services		49,071
General Administrative Services		9,611
School Administrative Services		3,620
Central Services & Info. Technology		9,093
Plant Operations and Maintenance		26,021
Pupil Transportation		<u>10,974</u>
 Total Support Services		 <u>108,390</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u>212,485</u>
 <b>Business-Type Activities:</b>		
Food Service Fund		<u>3,279</u>
 Total Depreciation Expense-Business-Type Activities	 \$	 <u>3,279</u>

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2025, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ <u>303</u>
Total		\$ <u><u>303</u></u>

The above balances are the result of revenues earned in one fund which are due to another fund.

The District expects all interfund balances to be liquidated within one year.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers (Continued)**

**Interfund Transfers**

	<u>Transfer In:</u>	
	<u>Special Revenue</u>	<u>Total</u>
Transfer Out:		
General Fund	\$ 76,980	\$ 76,980
 Total Transfers	 <u>\$ 76,980</u>	 <u>\$ 76,980</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2025 are comprised of the following issues:

\$4,165,000, 2017 Refunding Bonds, due in annual installments of \$255,000 to \$330,000 through July 15, 2033, interest at 2% to 3.25%	<u>\$ 2,605,000</u>
--	---------------------

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bond</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 255,000	\$ 72,825	\$ 327,825
2027	260,000	67,675	327,675
2028	270,000	61,025	331,025
2029	280,000	56,975	336,975
2030	290,000	44,225	334,225
2031-2034	<u>1,250,000</u>	<u>82,444</u>	<u>1,332,444</u>
 Total	 <u>\$ 2,605,000</u>	 <u>\$ 385,169</u>	 <u>\$ 2,990,169</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2025 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 13,678,212
Less: Net Debt Issued and Authorized But Not Issued	<u>2,605,000</u>
Remaining Borrowing Power	<u>\$ 11,073,212</u>

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2025, was as follows:

	Balance, July 1, 2024	Additions	Reductions	Balance, June 30, 2025	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 2,855,000		\$ 250,000	\$ 2,605,000	\$ 255,000
Compensated Absences *	96,383	\$ 3,806		100,189	
Net Pension Liability	<u>803,219</u>	<u>-</u>	<u>187,168</u>	<u>616,051</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 3,754,602</u>	<u>\$ 3,806</u>	<u>\$ 437,168</u>	<u>\$ 3,321,240</u>	<u>\$ 255,000</u>

\* The change in compensated absences liability is presented as a net change.

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

The District is a member of the School Alliance Insurance Fund (SAIF or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims. SAIF also provides insured coverage (multi-peril) to its member school districts.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2025	None	\$ 5,562	\$ 4,115	\$ 168	\$ 118,482
2024	None	5,203	3,262	2,831	108,973
2023	None	4,856	154	4,885	103,339

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2025, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2025, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

**NOTE 4 OTHER INFORMATION**

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

**Public Employees’ Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at [www.nj.gov/treasury/pensions/annual-reports](http://www.nj.gov/treasury/pensions/annual-reports).

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Definition</b>
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 tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the 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 ten years of service credit and have not reached the service retirement age for the respective tier.

**Teachers’ Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at [www.nj.gov/treasury/pensions/annual-reports](http://www.nj.gov/treasury/pensions/annual-reports).

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Descriptions and Benefits Provided (Continued)**

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

The following represent the membership tiers for TPAF:

<b>Tier</b>	<b>Definition</b>
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 tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for their respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions).

**Plan Amendments**

The authority to amend the provisions of the above plans rests with legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Empower Retirement (formerly Prudential) is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2024 is \$13.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 68.22%. The collective net pension liability of the State funded TPAF at June 30, 2024 is \$49.5 billion and the plan fiduciary net position as a percentage of total pension liability is 37.99%.

The total pension liabilities for the June 30, 2024 measurement date were determined based on actuarial valuations as of July 1, 2023 which were rolled forward to June 30, 2024.

**Actuarial Methods and Assumptions**

In the July 1, 2023 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2024.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2025 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was more than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2025, 2024 and 2023 were equal to the required contributions.

During the fiscal years ended June 30, 2025, 2024 and 2023 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2025	\$ 61,692	\$ 608,609	None
2024	74,116	530,498	None
2023	70,720	410,758	None

In addition for fiscal years 2025, 2024 and 2023 the State contributed \$292, \$174 and \$127, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$134,419 during the fiscal year ended June 30, 2025 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2023 through June 30, 2024. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due based on statutory requirements.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense/(benefit) are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2024 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2024.

At June 30, 2025, the District reported in the statement of net position (accrual basis) a liability of \$616,051 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2024. At June 30, 2024, the District's proportionate share was .00453 percent, which was a decrease of .00102 percent from its proportionate share measured as of June 30, 2023 of 0.00555 percent.

For the fiscal year ended June 30, 2025, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$40,437 for PERS. The pension contribution made by the District during the current 2023/2024 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2025 with a measurement date of the prior fiscal year end of June 30, 2024. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2025 for contributions made subsequent to the measurement date. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

	<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 12,341	\$ 1,640
Changes of Assumptions	765	7,009
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		28,565
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>34,403</u>	<u>190,566</u>
Total	<u>\$ 47,509</u>	<u>\$ 227,780</u>

At June 30, 2025, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2026	\$ (89,160)
2027	(2,951)
2028	(48,490)
2029	(37,435)
2030	(2,235)
Thereafter	<u>-</u>
	<u>\$ (180,271)</u>

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The District’s total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

*Mortality Rates*

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 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 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.

***Sensitivity of Net Pension Liability***

The following presents the District’s proportionate share of the PERS net pension liability as of the June 30, 2024 measurement date calculated using the discount rate of 7.00, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>818,580</u>	\$ <u>616,051</u>	\$ <u>443,700</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2024. A sensitivity analysis specific to the District’s net pension liability at June 30, 2024 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The non-employer allocation percentages presented are based on the ratio of the State's actual contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2022 through June 30, 2024. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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. For the fiscal year ended June 30, 2024, the State's pension contribution was more than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2025, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$22,192 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2025 the State's proportionate share of the net pension liability attributable to the District is \$6,083,610. The net pension liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2024. At June 30, 2024, the State's share of the net pension liability attributable to the District was 0.01231 percent, which was an increase of 0.00226 percent from its proportionate share measured as of June 30, 2023 of 0.01005 percent.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

***Mortality Rates***

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF’s target asset allocation as of June 30, 2024 are summarized in the following table:

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

***Discount Rate***

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

*Sensitivity of Net Pension Liability*

The following presents the State’s proportionate share of the TPAF net pension liability attributable to the District as of the June 30, 2024 measurement date calculated using the discount rate of 7.00%, as well as what the State’s proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ <u>7,231,232</u>	\$ <u>6,083,610</u>	\$ <u>5,117,096</u>

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2024. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2024 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The 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 above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2023:

Active Plan Members	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>153,556</u>
Total	<u>372,741</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2024 is \$59.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2024 were determined based on actuarial valuations as of July 1, 2023 which were rolled forward to June 30, 2024.

**Actuarial Methods and Assumptions**

In the July 1, 2023 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.50 billion to the OPEB plan in fiscal year 2024.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2025, 2024 and 2023 were \$177,836, \$144,382 and \$109,402, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2023 through June 30, 2024. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

For the fiscal year ended June 30, 2025, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,107. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2025 the State’s proportionate share of the OPEB liability attributable to the District is \$9,597,497. The State’s proportionate share of the OPEB liability attributable to the District was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2024 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2024. At both June 30, 2024 and 2023, the state’s share of the OPEB liability attributable to the District was .01609 percent which was a decrease of .00088 percent from its proportionate share measured as of June 30, 2023 of .01697 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55% Based on Years of Service	2.75% to 5.65% Based on Years of Service

**Mortality Rates**

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

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

**Health Care Trend Assumptions**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Discount Rate**

The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Changes in the Total OPEB Liability**

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2025 (measurement date June 30, 2024) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2023 Measurement Date	\$ <u>8,886,851</u>
Changes Recognized for the Fiscal Year:	
Service Cost	296,287
Interest on the Total OPEB Liability	315,927
Differences Between Expected and Actual Experience	(386,572)
Changes of Assumptions	718,020
Gross Benefit Payments	(241,278)
Contributions from the Member	8,262
Net Changes	\$ <u>710,646</u>
Balance, June 30, 2024 Measurement Date	\$ <u><u>9,597,497</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2023.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2024.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State’s proportionate share of the OPEB liability attributable to the District as of the June 30, 2024 measurement date calculated using the discount rate of 3.93%, as well as what the State’s proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	<b>1% Decrease <u>(2.93%)</u></b>	<b>Current Discount Rate <u>(3.93%)</u></b>	<b>1% Increase <u>(4.93%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>11,240,724</u>	\$ <u>9,597,497</u>	\$ <u>8,276,001</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State’s proportionate share of the OPEB liability attributable to the District as of the June 30, 2024 measurement date calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease <u></u></b>	<b>Healthcare Cost Trend Rates <u></u></b>	<b>1% Increase <u></u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>7,994,785</u>	\$ <u>9,597,497</u>	\$ <u>11,685,135</u>

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2024. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2024 were not provided by the pension system.

**F. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Fredon Township School District, the District’s share of abated taxes resulting from the municipality/county having entered into a tax abatement agreement is indeterminate.

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

**NOTE 5 RESTATEMENT**

**Governmental Activities**

The financial statements of the governmental activities as of June 30, 2024 have been restated to reflect certain activities related to capital assets. The effect of this restatement is to increase net position of governmental activities by \$1,113,554 from \$3,273,546 as previously reported to \$4,387,100 as of June 30, 2024.

**Business-Type Activities and Enterprise Funds**

The financial statements of the Business-Type Activities and Enterprise Funds as of June 30, 2024 have been restated to reflect certain activities related to capital assets. The effect of this restatement is to increase total Business-Type Activities and Enterprise Funds net position by \$29,240 from \$67,065 as previously reported to \$96,305 as of June 30, 2024. More specifically the effect of this restatement is to increase Food Service Enterprise Fund net position by \$29,240 from \$67,065 as previously reported to \$96,305 as of June 30, 2024.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

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

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 4,265,718	-	\$ 4,265,718	\$ 4,265,718	
Interest	25,000	-	25,000	63,665	\$ 38,665
Interest Earned - Capital Reserve	10,000	-	10,000	44,650	34,650
Miscellaneous	-	-	-	24,119	24,119
<b>Total Local Sources</b>	<b>4,300,718</b>	<b>-</b>	<b>4,300,718</b>	<b>4,398,152</b>	<b>97,434</b>
State Sources					
Special Education Aid	196,640	-	196,640	196,640	-
Transportation Aid	33,235	-	33,235	33,235	-
Equalization Aid	49,269	-	49,269	49,269	-
Security Aid	25,900	-	25,900	25,900	-
Extraordinary Aid		-		24,473	24,473
Non Public Transportation Reimbursements		-		5,137	5,137
On-behalf TPAF Pension Payments (Non-Budget) - Pension				601,162	601,162
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				7,447	7,447
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				177,836	177,836
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.				292	292
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	134,419	134,419
<b>Total State Sources</b>	<b>305,044</b>	<b>-</b>	<b>305,044</b>	<b>1,255,810</b>	<b>950,766</b>
<b>Total Revenues</b>	<b>4,605,762</b>	<b>-</b>	<b>4,605,762</b>	<b>5,653,962</b>	<b>1,048,200</b>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	1,700	-	1,700	95	1,605
Kindergarten	175,544	\$ (60,279)	115,265	114,479	786
Grades 1-5	733,406	48,986	782,392	777,552	4,840
Grades 6-8	114,547	11,293	125,840	124,307	1,533
Regular Programs - Home Instruction					
Salaries of Teachers	100	-	100		100
Purchased Professional - Educational Services	340	-	340		340
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	37,222	21,675	58,897	58,897	-
Purchased Professional - Educational Services	2,500	2,320	4,820	4,495	325
Other Purchased Services	61,557	2,390	63,947	58,958	4,989
General Supplies	45,498	(13,814)	31,684	25,954	5,730
Textbooks		5,747	5,747	245	5,502
Other Objects	900	-	900	393	507
<b>Total Regular Programs - Instruction</b>	<b>1,173,314</b>	<b>18,318</b>	<b>1,191,632</b>	<b>1,165,375</b>	<b>26,257</b>

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	\$ 204,630	\$ (10,201)	\$ 194,429	\$ 194,428	\$ 1
General Supplies	1,600	(998)	602	602	-
Total Resource Room/Resource Center	<u>206,230</u>	<u>(11,199)</u>	<u>195,031</u>	<u>195,030</u>	<u>1</u>
Total Special Education Instruction	<u>206,230</u>	<u>(11,199)</u>	<u>195,031</u>	<u>195,030</u>	<u>1</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,000	250	1,250	1,250	-
General Supplies	50	(50)	-	-	-
Total Basic Skills/Remedial - Instruction	<u>1,050</u>	<u>200</u>	<u>1,250</u>	<u>1,250</u>	<u>-</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	38,608	1,980	40,588	40,587	1
Purchased Services	1,650	(1,650)	-	-	-
Supplies and Materials	251	170	421	412	9
Other Objects	151	-	151	15	136
Total	<u>40,660</u>	<u>500</u>	<u>41,160</u>	<u>41,014</u>	<u>146</u>
Total School Sponsored Co/Extra Curricular Activities	<u>40,660</u>	<u>500</u>	<u>41,160</u>	<u>41,014</u>	<u>146</u>
Total Instruction	<u>1,421,254</u>	<u>7,819</u>	<u>1,429,073</u>	<u>1,402,669</u>	<u>26,404</u>
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Special	90,478	(7,650)	82,828	28,017	54,811
Tuition to Priv. Sch. for the Disabled Within State	-	1,650	1,650	1,650	-
Total Undistributed Expenditures - Instruction	<u>90,478</u>	<u>(6,000)</u>	<u>84,478</u>	<u>29,667</u>	<u>54,811</u>
Attendance and Social Work					
Salaries	36,265	46	36,311	31,139	5,172
Other Purchased Services	8,765	(46)	8,719	8,683	36
Total Attendance and Social Work	<u>45,030</u>	<u>-</u>	<u>45,030</u>	<u>39,822</u>	<u>5,208</u>

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

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 74,583	\$ 521	\$ 75,104	\$ 74,629	\$ 475
Other Purchased services	4,070	(521)	3,549	3,326	223
Supplies and Materials	2,170	-	2,170	1,258	912
<b>Total Health Services</b>	<b>80,823</b>	<b>-</b>	<b>80,823</b>	<b>79,213</b>	<b>1,610</b>
Speech, OT, PT and Related Services					
Salaries	42,097	441	42,538	42,537	1
Purchased Professional Educational Services	91,100	559	91,659	85,741	5,918
Supplies and Materials	400	200	600	554	46
<b>Total Speech, OT, PT and Related Services</b>	<b>133,597</b>	<b>1,200</b>	<b>134,797</b>	<b>128,832</b>	<b>5,965</b>
Other Support Service-Students- Extraordinary Services					
Salaries	65,862	-	65,862	47,629	18,233
Purchased Professional - Educational Services	29,100	4,000	33,100	27,255	5,845
Supplies and Materials	2,828	-	2,828	1,048	1,780
<b>Total Other Support Service-Students- Extraordinary Services</b>	<b>97,790</b>	<b>4,000</b>	<b>101,790</b>	<b>75,932</b>	<b>25,858</b>
Guidance					
Salaries of Other Professional Staff	72,596	(887)	71,709	69,596	2,113
Salaries of Secretarial and Clerical Assistants	20,164	1,148	21,312	21,311	1
Purchased Professional - Educational Services	755	-	755	704	51
Other Purchased Services	5,769	1	5,770	5,769	1
Supplies and Materials	450	300	750	749	1
<b>Total Guidance</b>	<b>99,734</b>	<b>562</b>	<b>100,296</b>	<b>98,129</b>	<b>2,167</b>
Child Study Teams					
Salaries of Other Professional Staff	52,484	12,189	64,673	64,063	610
Salaries of Secretarial and Clerical Assistants	25,456	-	25,456	25,456	-
Unused Vacation Pay- Terminated / Retired Staff	-	3,734	3,734	3,734	-
Purchased Professional- Educational Services	76,703	2,000	78,703	73,446	5,257
Other Purchased Professional and Tech. Services	5,811	-	5,811	5,741	70
Supplies and Materials	583	-	583	365	218
Other Objects	-	200	200	150	50
<b>Total Child Study Teams</b>	<b>161,037</b>	<b>18,123</b>	<b>179,160</b>	<b>172,955</b>	<b>6,205</b>
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	41,987	-	41,987	20,994	20,993
Salaries of Secretarial & Clerical Assistants	28,770	-	28,770	28,770	-
Other Salaries	-	1,494	1,494	1,494	-
Purchased Professional- Educational Services	13,885	-	13,885	13,788	97
Other Purchased Services	2,058	-	2,058	2,052	6
Supplies and Materials	100	-	100	-	100
<b>Total Improvement of Instructional Services</b>	<b>86,800</b>	<b>1,494</b>	<b>88,294</b>	<b>67,098</b>	<b>21,196</b>
Educational Media Services/School Library					
Salaries	25,251	-	25,251	25,251	-
Salaries of Technology Coordinators	25,215	-	25,215	25,215	-
Other Purchased Services	921	40	961	958	3
Supplies and Materials	1,200	-	1,200	99	1,101
Other Objects	250	-	250	-	250
<b>Total Educational Media Serv./School Library</b>	<b>52,837</b>	<b>40</b>	<b>52,877</b>	<b>51,523</b>	<b>1,354</b>

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

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Purchased Professional - Educational Services	\$ 10,400	-	\$ 10,400	\$ 7,538	\$ 2,862
Other Purchased Services	5,000	-	5,000	2,043	2,957
Supplies and Materials	501	-	501	-	501
<b>Total Instructional Staff Training Services</b>	<b>15,901</b>	<b>-</b>	<b>15,901</b>	<b>9,581</b>	<b>6,320</b>
Support Services General Administration					
Salaries	109,090	\$ 1	109,091	96,440	12,651
Legal Services	10,000	-	10,000	8,123	1,877
Audit Fees	21,000	2,000	23,000	23,000	-
Other Purchased Professional Services	1,500	12,411	13,911	7,000	6,911
Communications/Telephone	20,924	4,065	24,989	17,023	7,966
BOE Other Purchased Services	1,350	500	1,850	1,822	28
Miscellaneous Purchased Services	18,690	2,498	21,188	20,825	363
General Supplies	200	500	700	427	273
Miscellaneous Expenditures	2,767	1,524	4,291	3,144	1,147
BOE Membership Dues and Fees	3,000	(99)	2,901	2,900	1
<b>Total Support Services General Administration</b>	<b>188,521</b>	<b>23,400</b>	<b>211,921</b>	<b>180,704</b>	<b>31,217</b>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	44,870	3,378	48,248	48,248	-
Salaries of Secretarial and Clerical Assistants	5,172	-	5,172	5,172	-
Unused Vacation Pay-Term/Ret Staff	-	747	747	747	-
Supplies and Materials	542	-	542	494	48
Other Objects	-	900	900	890	10
<b>Total Support Services School Administration</b>	<b>50,584</b>	<b>5,025</b>	<b>55,609</b>	<b>55,551</b>	<b>58</b>
Central Services					
Salaries	125,050	2	125,052	125,051	1
Purchased Professional Services	2,050	8,000	10,050	4,477	5,573
Misc. Purchased Services	10,955	498	11,453	10,308	1,145
Supplies and Materials	1,435	-	1,435	1,433	2
Miscellaneous Expenditures	3,009	(243)	2,766	2,465	301
<b>Total Central Services</b>	<b>142,499</b>	<b>8,257</b>	<b>150,756</b>	<b>143,734</b>	<b>7,022</b>

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

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Required Maintenance For School Facilities					
Salaries	\$ 136,636		\$ 136,636	\$ 113,172	\$ 23,464
Cleaning, Repair and Maintenance Services	25,000	\$ 8,000	33,000	27,901	5,099
General Supplies	17,000	(5,726)	11,274	6,869	4,405
Other Objects	2,030	726	2,756	2,634	122
<b>Total Required Maint. For School Facilities</b>	<b>180,666</b>	<b>3,000</b>	<b>183,666</b>	<b>150,576</b>	<b>33,090</b>
Custodial Services					
Salaries	79,425	6,800	86,225	80,156	6,069
Cleaning, Repair and Maintenance Services	35,899	(2,761)	33,138	29,593	3,545
Insurance	129,153	(11,600)	117,553	117,167	386
Travel		600	600	518	82
Miscellaneous Purchased Services	2,100	-	2,100	2,100	-
General Supplies	16,350	(2,362)	13,988	5,180	8,808
Energy (Natural Gas)	50,000	(2,500)	47,500	26,677	20,823
Energy (Electricity)	60,000	3,600	63,600	47,514	16,086
Energy (Oil)	4,100	-	4,100	3,985	115
Energy (Gasoline)	200	-	200	93	107
Other Objects	300	(100)	200	-	200
<b>Total Custodial Services</b>	<b>377,527</b>	<b>(8,323)</b>	<b>369,204</b>	<b>312,983</b>	<b>56,221</b>
Care and Upkeep of Grounds					
Salaries	8,741	1	8,742	8,741	1
Cleaning, Repair, and Maintenance Services	50,250	4,928	55,178	33,878	21,300
General Supplies	3,500	(1,984)	1,516	516	1,000
<b>Total Care and Upkeep of Grounds</b>	<b>62,491</b>	<b>2,945</b>	<b>65,436</b>	<b>43,135</b>	<b>22,301</b>
Security Services					
Salaries	50,400	2,536	52,936	43,015	9,921
Purchased Professional & Technical Services	10,167	-	10,167	9,943	224
Cleaning, Repair, and Maintenance Services	11,047	(936)	10,111	5,082	5,029
General Supplies	1,100	7,800	8,900	1,786	7,114
<b>Total Security Services</b>	<b>72,714</b>	<b>9,400</b>	<b>82,114</b>	<b>59,826</b>	<b>22,288</b>
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & School) - Reg. (Bet Home & School) - Reg.	20,688	-	20,688	20,688	-
Salaries for Pupil Transportation (Bet Home & School) - Spec. Ed. (Bet Home & School) - Special Education	8,405	-	8,405	8,405	-
Management Fee - ESC and CTSA Transportation Program	12,257	-	12,257	4,769	7,488
Contracted Services - Aid in Lieu Payments - Nonpublic	15,145	5,000	20,145	16,478	3,667
Contracted Services - Aid in Lieu Payments - Charter School	2,000	-	2,000	1,165	835
Home and School - Vendors	12,020	-	12,020	11,736	284
Contract Services (Between Home and School)-Joint Agreements	4,898	-	4,898	1,755	3,143
Contracted Services - (Spl. Ed. Students) - Vendors		10,399	10,399	10,126	273
Contract Services (Regular Students)-ESCs and CTSA's	207,586	-	207,586	203,687	3,899
Contract Services (Special Ed Students)- ESCs and CTSA's	134,951	(54,532)	80,419	2,930	77,489
<b>Total Student Transportation Services</b>	<b>417,950</b>	<b>(39,133)</b>	<b>378,817</b>	<b>281,739</b>	<b>97,078</b>

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

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Adjustments/ Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final To Actual</b>
<b>CURRENT EXPENDITURES (Continued)</b>					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 65,000		\$ 65,000	\$ 62,308	\$ 2,692
Other Retirement Contributions - PERS	72,418	\$ (5,200)	67,218	62,332	4,886
Workmen's Compensation	30,771	-	30,771	25,449	5,322
Health Benefits	770,344	(35,921)	734,423	712,727	21,696
Tuition Reimbursement	17,000	-	17,000	5,621	11,379
Other Employee Benefits	14,000	-	14,000	10,923	3,077
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>969,533</b>	<b>(41,121)</b>	<b>928,412</b>	<b>879,360</b>	<b>49,052</b>
On-behalf TPAF Pension Payments					
(Non-Budget) - Pension				601,162	(601,162)
On-behalf TPAF Pension Payments					
(Non-Budget) - NCGI Premium				7,447	(7,447)
On-behalf TPAF Pension Payments					
(Non-Budget) - Post Retirement Medical Contr.				177,836	(177,836)
On-behalf TPAF Pension Payments					
(Non-Budget) - Long-Term Disability Ins.				292	(292)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	134,419	(134,419)
<b>Total On-Behalf Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>921,156</b>	<b>(921,156)</b>
<b>Total Undistributed Expenditures</b>	<b>3,326,512</b>	<b>(17,131)</b>	<b>3,309,381</b>	<b>3,781,516</b>	<b>(472,135)</b>
Interest Deposit to Capital Reserve	10,000	-	10,000	-	10,000
<b>Total Expenditures - Current Expenditures</b>	<b>4,757,766</b>	<b>(9,312)</b>	<b>4,748,454</b>	<b>5,184,185</b>	<b>(435,731)</b>
<b>CAPITAL OUTLAY</b>					
Facilities Acquisition and Construction Services					
Other Objects (Debt Service Assessment)	770	-	770	770	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>770</b>	<b>-</b>	<b>770</b>	<b>770</b>	<b>-</b>
<b>Total Capital Outlay</b>	<b>770</b>	<b>-</b>	<b>770</b>	<b>770</b>	<b>-</b>

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Transfer to Charter School	\$ 20,246	\$ 18,894	\$ 39,140	\$ 38,530	\$ 610
Total Expenditures	<u>4,778,782</u>	<u>9,582</u>	<u>4,788,364</u>	<u>5,223,485</u>	<u>(435,121)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(173,020)</u>	<u>(9,582)</u>	<u>(182,602)</u>	<u>430,477</u>	<u>613,079</u>
Other Financing Sources (Uses) Transfer Out - Special Revenue Fund	<u>(76,980)</u>	<u>-</u>	<u>(76,980)</u>	<u>(76,980)</u>	<u>-</u>
Total Other Financing Sources	<u>(76,980)</u>	<u>-</u>	<u>(76,980)</u>	<u>(76,980)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	<u>(250,000)</u>	<u>(9,582)</u>	<u>(259,582)</u>	<u>353,497</u>	<u>613,079</u>
Fund Balance, Beginning of Year	<u>2,460,994</u>	<u>-</u>	<u>2,460,994</u>	<u>2,460,994</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,210,994</u>	<u>\$ (9,582)</u>	<u>\$ 2,201,412</u>	<u>\$ 2,814,491</u>	<u>\$ 613,079</u>

**Recapitulation of Fund Balance**

Restricted	
Capital Reserve	\$ 1,647,459
Capital Reserve - Designated in Subsequent Year's Budget	180,000
Excess Surplus	250,000
Excess Surplus - Designated in Subsequent Year's Budget	250,000
Maintenance Reserve	25,000
Unemployment Compensation	118,482
Assigned	
Year End Encumbrances	33,853
Designated in Subsequent Year's Budget	30,087
Unassigned	<u>279,610</u>
	2,814,491
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Payments Not Recognized on GAAP Basis	<u>(54,900)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 2,759,591</u>

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 81,609	\$ 30,758	\$ 112,367	\$ 112,366	\$ (1)
State	384,900	2,488	387,388	356,514	(30,874)
Local	-	6,542	6,542	7,495	953
Total Revenues	<u>466,509</u>	<u>39,788</u>	<u>506,297</u>	<u>476,375</u>	<u>(29,922)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	149,033	4,494	153,527	152,611	916
Other Salaries	46,080	(3,251)	42,829	42,415	414
Tuition	44,454	8,060	52,514	52,514	-
Purchased Prof./Ed. Services	3,554	(774)	2,780	2,780	-
Other Purchased Services	-	-	-	-	-
Student Activities (Non-Budget)	-	-	-	4,193	(4,193)
General Supplies	22,848	22,502	45,350	42,516	2,834
Other Objects	-	3,150	3,150	2,625	525
Total Instruction	<u>265,969</u>	<u>34,181</u>	<u>300,150</u>	<u>299,654</u>	<u>496</u>
Support Services					
Salaries	-	-	-	-	-
Salaries of Supervisors of Instruction	10,215	2,535	12,750	10,497	2,253
Salaries of Principal/Asst. Principals/Program Dir.	10,215	1,029	11,244	10,497	747
Salaries of Other Professional Staff	7,668	259	7,927	7,927	-
Salaries of Secretaries and Clerical Assistants	5,045	127	5,172	5,172	-
Other Salaries	-	26,984	26,984	26,984	-
Salaries of Community Parent Involvement	3,000	-	3,000	3,000	-
Salaries of Master Teachers	6,000	(10)	5,990	3,312	2,678
Unused Vacation Pay-Terminated / Retired Staff	-	1,494	1,494	1,494	-
Personal Services-Employee Benefits	74,096	72,176	146,272	142,901	3,371
Purchased Prof./Ed. Services	5,281	5,318	10,599	8,233	2,366
Other Purchased Services	5,500	1,560	7,060	1,560	5,500
Contracted Services - Transportation	2,000	-	2,000	577	1,423
Travel	-	500	500	8	492
Supplies and Materials	48,500	(15,726)	32,774	24,799	7,975
Total Support Services	<u>177,520</u>	<u>96,246</u>	<u>273,766</u>	<u>246,961</u>	<u>26,805</u>
Facilities and Acquisition Construction Svcs.					
Construction Services	-	4,191	4,191	1,703	2,488
Instructional Equipment	50,000	(49,190)	810	-	810
Non-instructional Equipment	50,000	(45,640)	4,360	4,360	-
Total Facilities and Acq. Const. Svcs.	<u>100,000</u>	<u>(90,639)</u>	<u>9,361</u>	<u>6,063</u>	<u>3,298</u>
Total Expenditures	<u>543,489</u>	<u>39,788</u>	<u>583,277</u>	<u>552,678</u>	<u>30,599</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(76,980)</u>	<u>-</u>	<u>(76,980)</u>	<u>(76,303)</u>	<u>677</u>
Other Financing Sources (Uses)					
Transfer In - General Fund Contribution to					
Preschool Education	<u>76,980</u>	<u>-</u>	<u>76,980</u>	<u>76,980</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>76,980</u>	<u>-</u>	<u>76,980</u>	<u>76,980</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	677	(677)
Fund Balances, Beginning of Year	<u>7,546</u>	<u>-</u>	<u>7,546</u>	<u>7,546</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 7,546</u>	<u>\$ -</u>	<u>\$ 7,546</u>	<u>\$ 8,223</u>	<u>\$ (677)</u>

**FREDON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

		<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 5,653,962	(C-2)	\$ 476,375
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Current Year				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Prior Year, Net				3,296
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements - Prior Year		53,764		
State Aid payment and extraordinary aid recognized for budgetary purposes, not recognized for GAAP statements - Current Year		<u>(54,900)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	<u>\$ 5,652,826</u>		<u>\$ 479,671</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 5,223,485	(C-2)	\$ 552,678
Differences - Budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes - Prior Year				3,296
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes - Current Year		<u>-</u>		<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	<u>\$ 5,223,485</u>		<u>\$ 555,974</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

FREDON TOWNSHIP SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System

Last Ten Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's Proportion of the Net Position Liability (Asset)	.00453%	.00555%	.00561%	.00521%	.00647%	.00597%	.00648%	.00548%	.00616%	.00493%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 616,051	\$ 803,219	\$ 846,330	\$ 616,786	\$ 1,055,646	\$ 1,076,379	\$ 1,276,749	\$ 1,274,567	\$ 1,826,630	\$ 1,108,729
District's Covered-Employee Payroll	\$ 370,179	\$ 403,957	\$ 394,308	\$ 416,816	\$ 416,760	\$ 465,664	\$ 415,976	\$ 415,976	\$ 391,178	\$ 638,676
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	166.42%	198.84%	214.64%	147.98%	253.30%	231.15%	306.93%	306.40%	466.96%	173.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

FREDON TOWNSHIP SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 61,692	\$ 74,116	\$ 70,720	\$ 60,974	\$ 70,816	\$ 58,379	\$ 64,499	\$ 50,723	\$ 54,791	\$ 42,463
Contributions in Relation to the Contractually Required Contribution	<u>61,692</u>	<u>74,116</u>	<u>70,720</u>	<u>60,974</u>	<u>70,816</u>	<u>58,379</u>	<u>64,499</u>	<u>50,723</u>	<u>54,791</u>	<u>42,463</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 418,078	\$ 370,179	\$ 403,957	\$ 394,308	\$ 416,816	\$ 416,760	\$ 465,664	\$ 415,976	\$ 415,976	\$ 391,178
Contributions as a Percentage of Covered-Employee Payroll	14.76%	20.02%	17.51%	15.45%	16.98%	14.00%	13.84%	12.19%	13.17%	10.86%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FREDON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Ten Fiscal Years\***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 6,083,610</u>	<u>\$ 5,127,632</u>	<u>\$ 8,266,929</u>	<u>\$ 8,696,509</u>	<u>\$ 10,866,948</u>	<u>\$ 9,891,992</u>	<u>\$ 10,965,503</u>	<u>\$ 12,176,611</u>	<u>\$ 13,508,244</u>	<u>\$ 12,436,112</u>
<b>Total</b>	<u>\$ 6,083,610</u>	<u>\$ 5,127,632</u>	<u>\$ 8,266,929</u>	<u>\$ 8,696,509</u>	<u>\$ 10,866,948</u>	<u>\$ 9,891,992</u>	<u>\$ 10,965,503</u>	<u>\$ 12,176,611</u>	<u>\$ 13,508,244</u>	<u>\$ 12,436,112</u>
District's Covered-Employee Payroll	\$ 1,783,266	\$ 1,678,798	\$ 1,051,427	\$ 1,378,303	\$ 1,764,882	\$ 1,653,271	\$ 1,742,905	\$ 1,742,905	\$ 1,696,395	\$ 1,675,073
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.74%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FREDON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

**FREDON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last Seven Fiscal Years\***

	2025	2024	2023	2022	2021	2020	2019
<b>Total OPEB Liability</b>							
Service Cost	\$ 296,287	\$ 286,719	\$ 485,251	\$ 627,447	\$ 351,688	\$ 353,860	\$ 395,496
Interest on Total OPEB Liability	315,927	312,984	224,172	293,778	297,348	372,425	376,862
Changes of Benefit Terms				(12,054)			
Differences Between Expected and Actual Experience	(386,572)	46,239	(1,091,165)	(1,938,450)	1,585,278	(1,745,652)	(312,531)
Changes of Assumptions	718,020	17,912	(2,269,190)	11,173	2,295,526	122,995	(1,077,689)
Gross Benefit Payments	(241,278)	(243,976)	(222,049)	(231,414)	(218,778)	(253,224)	(251,118)
Contribution from the Member	8,262	8,021	7,123	7,510	6,631	7,506	8,679
<b>Net Change in Total OPEB Liability</b>	710,646	427,899	(2,865,858)	(1,242,010)	4,317,693	(1,142,090)	(860,301)
<b>Total OPEB Liability - Beginning</b>	8,886,851	8,458,952	11,324,810	12,566,820	8,249,127	9,391,217	10,251,518
<b>Total OPEB Liability - Ending</b>	<u>\$ 9,597,497</u>	<u>\$ 8,886,851</u>	<u>\$ 8,458,952</u>	<u>\$ 11,324,810</u>	<u>\$ 12,566,820</u>	<u>\$ 8,249,127</u>	<u>\$ 9,391,217</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	8,886,851	8,886,851	8,458,952	11,324,810	12,566,820	8,249,127	9,391,217
Total OPEB Liability - Ending	<u>\$ 8,886,851</u>	<u>\$ 8,886,851</u>	<u>\$ 8,458,952</u>	<u>\$ 11,324,810</u>	<u>\$ 12,566,820</u>	<u>\$ 8,249,127</u>	<u>\$ 9,391,217</u>
District's Covered-Employee Payroll	<u>\$ 2,153,445</u>	<u>\$ 2,082,755</u>	<u>\$ 1,445,735</u>	<u>\$ 1,795,119</u>	<u>\$ 2,181,642</u>	<u># \$ 2,118,935</u>	<u>\$ 2,159,881</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FREDON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 4.

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

FREDON TOWNSHIP SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ESSA		IDEA Part B		ARP - ESSER III				Rural Education Achievement Program	Preschool Education Aid	SHIF Wellness Grant	Student Activities	Total
	Title II-A	Title IV	Basic	Preschool	ARP - ESSER	Evidence Based Summer Learning	Evidence Based Comp. Learning	NJTSS Mental Health					
<b>REVENUES</b>													
Intergovernmental													
Federal	\$ 2,780	\$ 10,000	\$ 52,514	\$ 2,606	\$ 1,703	\$ 53	\$ 1,560	\$ 800	\$ 40,350				\$ 112,366
State										\$ 356,514			356,514
Local	-	-	-	-	-	-	-	-	-		\$ 2,625	\$ 4,870	7,495
Total Revenues	\$ 2,780	\$ 10,000	\$ 52,514	\$ 2,606	\$ 1,703	\$ 53	\$ 1,560	\$ 800	\$ 40,350	\$ 356,514	\$ 2,625	\$ 4,870	\$ 476,375
<b>EXPENDITURES</b>													
Instruction													
Salaries of Teachers						\$ 53				\$ 152,558			\$ 152,611
Other Salaries										42,415			42,415
Tuition			\$ 52,514										52,514
Purchased Prof./Ed. Services	\$ 2,780												2,780
Student Activities												\$ 4,193	4,193
General Supplies									\$ 40,350	2,166			42,516
Other Objects	-	-	-	-	-	-	-	-	-	-	\$ 2,625	-	2,625
Total Instruction	2,780	-	52,514	-	-	53	-	-	40,350	197,139	2,625	4,193	299,654
Support Services													
Salaries													\$ -
Salaries of Supervisors of Instruction										10,497			10,497
Salaries of Principal/Asst. Principals/Program Dir.										10,497			10,497
Salaries of Other Professional Staff										7,927			7,927
Salaries of Secretaries and Clerical Assistants										5,172			5,172
Other Salaries										26,984			26,984
Salaries of Community Parent Involvement										3,000			3,000
Salaries of Master Teachers										3,312			3,312
Unused Vacation Pay - Terminated / Retired Staff										1,494			1,494
Personal Services - Employee Benefits										142,901			142,901
Purchased Prof./Ed. Services		\$ 4,165		\$ 2,606				\$ 800		662			8,233
Other Purchased Services								\$ 1,560					1,560
Contracted Services - Transportation										577			577
Travel										8			8
Supplies and Materials		\$ 5,835							\$ -	18,964			24,799
Total Support Services	-	10,000	-	2,606	-	-	-	800	-	231,995	-	-	246,961
Facilities and Acquisition Construction Svcs.													
Construction Services					\$ 1,703								1,703
Instructional Equipment										4,360			4,360
Non-Instructional Equipment													
Total Facilities and Acq. Const. Svcs.	-	-	-	-	1,703	-	-	-	# -	4,360	-	-	6,063
Total Expenditures	\$ 2,780	\$ 10,000	\$ 52,514	\$ 2,606	\$ 1,703	\$ 53	\$ 1,560	\$ 800	\$ 40,350	\$ 433,494	\$ 2,625	\$ 4,193	\$ 552,678
Excess (Deficiency) of Revenues													
Over/(Under) Expenditures	-	-	-	-	-	-	-	-	-	(76,980)	-	677	(76,303)
Transfers In										76,980			76,980
Net Changes in Fund Balance												677	677
Fund Balances, Beginning of Year												7,546	7,546
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,223	\$ 8,223

**FREDON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
PRESCHOOL - ALL PROGRAMS  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<b>EXPENDITURES</b>	<b><u>Budget</u></b>	<b><u>Budget Adjustments</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
<b>Instruction</b>					
Salaries of Teachers	\$ 149,033	\$ 4,441	\$ 153,474	\$ 152,558	\$ 916
Other Salaries for Instruction	46,080	(3,251)	42,829	42,415	414
General Supplies	-	5,000	5,000	2,166	2,834
<b>Total Instruction</b>	<b>195,113</b>	<b>6,190</b>	<b>201,303</b>	<b>197,139</b>	<b>4,164</b>
<b>Support Services</b>					
Salaries of Supervisors of Instruction	10,215	2,535	12,750	10,497	2,253
Salaries of Principal/Asst. Principals/Program Dir.	10,215	1,029	11,244	10,497	747
Salaries of Other Professional Staff	7,668	259	7,927	7,927	-
Salaries of Secretaries and Clerical Assistants	5,045	127	5,172	5,172	-
Other Salaries		26,984	26,984	26,984	-
Salaries of Community Parent Involvement	3,000	-	3,000	3,000	-
Salaries of Master Teachers	6,000	(10)	5,990	3,312	2,678
Unused Vacation Pay-Terminated / Retired Staff		1,494	1,494	1,494	-
Personnel Services - Employee Benefits	74,096	72,176	146,272	142,901	3,371
Other Purchased Professional -Ed. Services	3,028	-	3,028		3,028
Other Purchased Professional Services	5,500	-	5,500	662	4,838
Contracted Services - Transportation	2,000	-	2,000	577	1,423
Travel		500	500	8	492
Supplies and Materials	40,000	(13,061)	26,939	18,964	7,975
<b>Total Support Services</b>	<b>166,767</b>	<b>92,033</b>	<b>258,800</b>	<b>231,995</b>	<b>26,805</b>
<b>Facilities Acquisition and Construction</b>					
Instructional Equipment	50,000	(49,190)	810		810
Non-Instructional Equipment	50,000	(45,640)	4,360	4,360	-
<b>Total Facilities Acquisition and Construction</b>	<b>100,000</b>	<b>(94,830)</b>	<b>5,170</b>	<b>4,360</b>	<b>810</b>
<b>Total Expenditures</b>	<b>\$ 461,880</b>	<b>\$ 3,393</b>	<b>\$ 465,273</b>	<b>\$ 433,494</b>	<b>\$ 31,779</b>

**Calculation of Budget Carryover**

Total revised 2024-2025 Preschool Education Aid Allocation	\$ 384,900
Add: Budgeted Transfer from General Fund	76,980
Add Actual Preschool Education Carryover (June 30, 2024)	<u>177,013</u>
<b>Total Preschool Education Aid Funds Available for 2024-2025 Budget</b>	<b>638,893</b>
Less: 2024-2025 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(465,273)</u>
<b>Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2025</b>	<b>173,620</b>
Add: June 30, 2025 Unexpended Preschool Education Aid	<u>31,779</u>
<b>2024-2025 Carryover - Preschool Education Aid /Preschool Programs</b>	<b>\$ 205,399</b>
<b>2024-2025 Preschool Education Aid Carryover Budgeted in 2025-2026</b>	<b>\$ 177,013</b>

**CAPITAL PROJECTS FUND**

**FREDON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOT APPLICABLE**

**FREDON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**FREDON TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NOT APPLICABLE**

**LONG-TERM DEBT**

**FREDON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2024</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2025</u>
			<u>Date</u>	<u>Amount</u>					
2017 School Bonds	9/29/2016	\$ 4,165,000	7/15/2025	\$ 255,000	2.000%	<u>\$ 2,855,000</u>		<u>\$ 250,000</u>	<u>\$ 2,605,000</u>
			7/15/2026	260,000	2.000%				
			7/15/2027	270,000	3.000%				
			7/15/2028	280,000	3.000%				
			7/15/2029	290,000	3.000%				
			7/15/2030	295,000	3.125%				
			7/15/2031	305,000	3.125%				
			7/15/2032	320,000	3.250%				
			7/15/2033	330,000	3.250%				
					<u>\$ 2,855,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 2,605,000</u>	

**FREDON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOT APPLICABLE**

FREDON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
State Sources					
Local Tax Levy	\$ 253,201	-	\$ 253,201	\$ 253,201	\$ -
Debt Service Aid	74,674	-	74,674	74,674	-
Total Revenues	<u>327,875</u>	<u>-</u>	<u>327,875</u>	<u>327,875</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	245,000	\$ 5,000	250,000	250,000	
Interest	82,875	(5,000)	77,875	77,875	-
Total Expenditures	<u>327,875</u>	<u>-</u>	<u>327,875</u>	<u>327,875</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

98

	Fiscal Year Ended									
	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023	2024 (Restated)	2025
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 258,541	\$ (71,042)	\$ (33,540)	\$ 518,127	\$ 423,379	\$ 409,539	\$ 734,298	\$ 1,010,880	\$ 3,003,997	\$ 3,046,586
Restricted	1,355,826	2,127,459	2,100,523	1,358,900	1,611,570	1,644,920	1,619,006	1,928,051	1,678,871	1,979,164
Unrestricted	(1,380,467)	(1,268,188)	(1,208,926)	(1,187,355)	(966,044)	(635,323)	(287,496)	(321,967)	(295,768)	(142,408)
<b>Total Governmental Activities Net Position</b>	<b>\$ 233,900</b>	<b>\$ 788,229</b>	<b>\$ 858,057</b>	<b>\$ 689,672</b>	<b>\$ 1,068,905</b>	<b>\$ 1,419,136</b>	<b>\$ 2,065,808</b>	<b>\$ 2,616,964</b>	<b>\$ 4,387,100</b>	<b>\$ 4,883,342</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets								\$ 6,757	\$ 35,531	\$ 49,598
Restricted										
Unrestricted	\$ 11,629	\$ 16,048	\$ 7,264	\$ 8,683	\$ 11,513	\$ 12,018	\$ 26,884	50,666	60,774	37,376
<b>Total Business-Type Activities Net Position</b>	<b>\$ 11,629</b>	<b>\$ 16,048</b>	<b>\$ 7,264</b>	<b>\$ 8,683</b>	<b>\$ 11,513</b>	<b>\$ 12,018</b>	<b>\$ 26,884</b>	<b>\$ 57,423</b>	<b>\$ 96,305</b>	<b>\$ 86,974</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 258,541	\$ (71,042)	\$ (33,540)	\$ 518,127	\$ 423,379	\$ 409,539	\$ 734,298	\$ 1,017,637	\$ 3,039,528	\$ 3,096,184
Restricted	1,355,826	2,127,459	2,100,523	1,358,900	1,611,570	1,644,920	1,619,006	1,928,051	1,678,871	1,979,164
Unrestricted	(1,368,838)	(1,252,140)	(1,201,662)	(1,178,672)	(954,531)	(623,305)	(260,612)	(271,301)	(234,994)	(105,032)
<b>Total District Net Position</b>	<b>\$ 245,529</b>	<b>\$ 804,277</b>	<b>\$ 865,321</b>	<b>\$ 698,355</b>	<b>\$ 1,080,418</b>	<b>\$ 1,431,154</b>	<b>\$ 2,092,692</b>	<b>\$ 2,674,387</b>	<b>\$ 4,483,405</b>	<b>\$ 4,970,316</b>

Note 1 - Fund Balances at June 30, 2020 have been restated to reflect the implementation of GASB No. 84 "Fiduciary Activities".

Note 2 - Fund Balances at June 30, 2024 have been restated to reflect certain activities related to capital assets.

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

	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 2,296,540	\$ 2,491,320	\$ 3,149,465	\$ 2,815,553	\$ 2,515,370	\$ 2,809,820	\$ 2,442,440	\$ 1,983,722	\$ 1,954,854	\$ 1,985,775
Special Education	318,778	332,725	298,033	474,052	392,984	435,697	367,621	438,370	386,793	379,569
Other Instruction	246,445	249,524	200,857	215,235	168,443	184,386	40,550	1,182	247	1,870
School Sponsored Activities And Athletics				51,539	39,878	37,641	58,444	43,745	42,211	60,462
Support Services:										
Tuition	89,706	31,907	37,510							
Student & Instruction Related Services	842,836	924,371	1,167,017	1,168,672	1,050,428	971,844	899,928	1,042,000	1,142,727	1,211,542
General Administration	525,889	619,013	669,537	264,892	256,350	328,820	273,254	282,807	255,116	234,242
School Administrative Services	113,042	173,521	153,719	129,708	123,220	115,267	87,015	107,477	83,774	81,651
Other Support Services				200,164	169,091	205,875	174,992	186,955	189,635	206,443
Plant Operations And Maintenance	668,616	701,000	1,018,560	822,288	712,257	692,973	656,959	578,142	620,027	670,897
Pupil Transportation	293,174	307,023	314,191	339,541	362,165	364,826	322,653	350,911	275,504	301,847
Unallocated Depreciation	22,278	18,333	18,604							
Interest On Long-Term Debt	187,591	342,448	112,109	103,130	98,380	93,780	89,646	85,450	80,579	75,583
<b>Total Governmental Activities Expenses</b>	<b>5,604,895</b>	<b>6,191,185</b>	<b>7,139,602</b>	<b>6,584,774</b>	<b>5,888,566</b>	<b>6,240,929</b>	<b>5,413,502</b>	<b>5,100,761</b>	<b>5,031,467</b>	<b>5,209,881</b>
<b>Business-Type Activities:</b>										
Food Service	80,015	73,297	80,144	67,618	53,355	69,302	104,332	98,554	111,305	122,826
AM Program	2,850	29,216	813	-	-	-	-	-	-	-
<b>Total Business-Type Activities Expense</b>	<b>82,865</b>	<b>102,513</b>	<b>80,957</b>	<b>67,618</b>	<b>53,355</b>	<b>69,302</b>	<b>104,332</b>	<b>98,554</b>	<b>111,305</b>	<b>122,826</b>
<b>Total District Expenses</b>	<b>\$ 5,687,760</b>	<b>\$ 6,293,698</b>	<b>\$ 7,220,559</b>	<b>\$ 6,652,392</b>	<b>\$ 5,941,921</b>	<b>\$ 6,310,231</b>	<b>\$ 5,517,834</b>	<b>\$ 5,199,315</b>	<b>\$ 5,142,772</b>	<b>\$ 5,332,707</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Instruction (Tuition)		\$ 25,437	\$ 50,244	\$ 87,092	\$ 44,100	\$ 30,450	\$ 64,400	\$ 91,000	\$ 5,134	\$ 4,870
Operating Grants And Contributions	\$ 1,706,727	\$ 1,991,903	2,428,120	1,723,265	1,359,138	1,826,313	1,549,129	1,173,382	1,030,524	943,693
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>1,706,727</b>	<b>2,017,340</b>	<b>2,478,364</b>	<b>1,810,357</b>	<b>1,403,238</b>	<b>1,856,763</b>	<b>1,613,529</b>	<b>1,264,382</b>	<b>1,035,658</b>	<b>948,563</b>
<b>Business-Type Activities:</b>										
Charges For Services:										
Food Service	\$ 51,767	\$ 48,331	\$ 50,822	\$ 49,315	\$ 40,388	\$ 1,684	\$ 11,399	\$ 70,567	\$ 81,524	\$ 78,265
AM Program	8,734	32,767	1							
Operating Grants And Contributions	21,206	20,978	24,062	19,703	15,768	68,108	107,772	58,455	37,208	32,784
<b>Total Business Type Activities Program Revenues</b>	<b>81,707</b>	<b>102,076</b>	<b>74,885</b>	<b>69,018</b>	<b>56,156</b>	<b>69,792</b>	<b>119,171</b>	<b>129,022</b>	<b>118,732</b>	<b>111,049</b>
<b>Total District Program Revenues</b>	<b>\$ 1,788,434</b>	<b>\$ 2,119,416</b>	<b>\$ 2,553,249</b>	<b>\$ 1,879,375</b>	<b>\$ 1,459,394</b>	<b>\$ 1,926,555</b>	<b>\$ 1,732,700</b>	<b>\$ 1,393,404</b>	<b>\$ 1,154,390</b>	<b>\$ 1,059,612</b>

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

	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (3,898,168)	\$ (4,173,845)	\$ (4,661,238)	\$ (4,774,417)	\$ (4,485,328)	\$ (4,384,166)	\$ (3,799,973)	\$ (3,836,379)	\$ (3,995,809)	\$ (4,261,318)
Business-Type Activities	(1,158)	(437)	(6,072)	1,400	2,801	490	14,839	30,468	7,427	(11,777)
<b>Total District-Wide Net Expense</b>	<b>\$ (3,899,326)</b>	<b>\$ (4,174,282)</b>	<b>\$ (4,667,310)</b>	<b>\$ (4,773,017)</b>	<b>\$ (4,482,527)</b>	<b>\$ (4,383,676)</b>	<b>\$ (3,785,134)</b>	<b>\$ (3,805,911)</b>	<b>\$ (3,988,382)</b>	<b>\$ (4,273,095)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 4,497,000	\$ 4,582,279	\$ 4,444,811	\$ 4,311,467	\$ 4,441,686	\$ 4,268,352	\$ 3,968,352	\$ 4,110,270	\$ 4,192,475	\$ 4,265,718
Taxes Levied For Debt Service	266,234	268,860	252,152			151,667	252,163	110,245	253,162	253,201
Investment Earnings	2,656	4,382	4,099	4,376	4,311	4,442	4,094	4,251	79,488	108,315
Federal and State Aid - Unrestricted				277,974	246,113	199,978	155,417	101,914	61,920	49,269
State Aid Restricted for Debt Service				50,105	52,383	52,383	53,522	54,660	55,799	56,938
Miscellaneous Income	4,664	25,905	21,381	13,454	21,425	57,575	13,097	6,195	9,547	24,119
Accrued Interest on Bonds	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>4,770,554</b>	<b>4,881,426</b>	<b>4,722,443</b>	<b>4,657,376</b>	<b>4,765,918</b>	<b>4,734,397</b>	<b>4,446,645</b>	<b>4,387,535</b>	<b>4,652,391</b>	<b>4,757,560</b>
Business-Type Activities:										
Investment Earnings	21	10	10	19	29	15	27	71	2,215	2,446
Miscellaneous Income	-	4,846	5,901	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>21</b>	<b>4,856</b>	<b>5,911</b>	<b>19</b>	<b>29</b>	<b>15</b>	<b>27</b>	<b>71</b>	<b>2,215</b>	<b>2,446</b>
<b>Total District-Wide</b>	<b>\$ 4,770,575</b>	<b>\$ 4,886,282</b>	<b>\$ 4,728,354</b>	<b>\$ 4,657,395</b>	<b>\$ 4,765,947</b>	<b>\$ 4,734,412</b>	<b>\$ 4,446,672</b>	<b>\$ 4,387,606</b>	<b>\$ 4,654,606</b>	<b>\$ 4,760,006</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 872,386	\$ 707,581	\$ 61,205	\$ (117,041)	\$ 280,590	\$ 350,231	\$ 646,672	\$ 551,156	\$ 656,582	\$ 496,242
Business-Type Activities	(1,137)	4,419	(161)	1,419	2,830	505	14,866	30,539	9,642	(9,331)
<b>Total</b>	<b>\$ 871,249</b>	<b>\$ 712,000</b>	<b>\$ 61,044</b>	<b>\$ (115,622)</b>	<b>\$ 283,420</b>	<b>\$ 350,736</b>	<b>\$ 661,538</b>	<b>\$ 581,695</b>	<b>\$ 666,224</b>	<b>\$ 486,911</b>

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

	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	\$ 1,360,569	\$ 2,238,673	\$ 2,215,757	\$ 1,393,093	\$ 1,744,561	\$ 1,928,651	\$ 2,384,923	\$ 2,420,601	\$ 2,171,325	\$ 2,470,941
Committed										
Assigned				103,963	134,443	248,927	20,491	90,632	9,582	63,940
Unassigned	202,501	198,575	200,944	202,071	203,632	208,240	215,060	241,646	226,323	224,710
Total General Fund	\$ 1,563,070	\$ 2,437,248	\$ 2,416,701	\$ 1,699,127	\$ 2,082,636	\$ 2,385,818	\$ 2,620,474	\$ 2,752,879	\$ 2,407,230	\$ 2,759,591
All Other Governmental Funds										
Restricted	\$ 6	\$ 18,735	\$ 18,729	\$ 66,293	\$ 72,432	\$ 72,269	\$ 5,517	\$ 7,450	\$ 7,546	\$ 8,223
Total All Other Governmental Funds	\$ 6	\$ 18,735	\$ 18,729	\$ 66,293	\$ 72,432	\$ 72,269	\$ 5,517	\$ 7,450	\$ 7,546	\$ 8,223

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

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Tax Levy	\$ 4,763,234	\$ 4,851,139	\$ 4,696,963	\$ 4,311,467	\$ 4,441,686	\$ 4,420,019	\$ 4,220,515	\$ 4,220,515	\$ 4,445,637	\$ 4,518,919
Tuition Charges		25,437	50,244	87,092	44,100	30,450	64,400	91,000	5,134	-
Interest Earnings	2,656	4,382	4,099	4,376	4,311	4,442	4,094	4,251	79,488	108,315
Miscellaneous	4,664	25,905	21,381	13,454	21,425	57,586	14,256	9,796	13,973	31,614
State Sources	1,040,008	1,111,890	1,165,067	1,198,484	1,205,166	1,340,219	1,405,368	1,084,127	1,388,662	1,689,158
Federal Sources	44,865	68,628	187,383	181,569	124,163	170,635	330,283	431,043	302,957	112,366
<b>Total Revenue</b>	<b>5,855,427</b>	<b>6,087,381</b>	<b>6,125,137</b>	<b>5,796,442</b>	<b>5,840,851</b>	<b>6,023,351</b>	<b>6,038,916</b>	<b>5,840,732</b>	<b>6,235,851</b>	<b>6,460,372</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,305,306	1,353,919	1,799,334	2,331,084	2,165,166	2,311,538	2,476,956	2,094,362	2,206,534	2,317,637
Special Education Instruction	209,019	202,857	186,115	405,278	348,063	372,799	371,189	451,477	435,412	440,706
Other Instruction	161,591	152,131	125,431	176,154	142,795	148,942	41,236	1,243	287	2,283
School Sponsored Activities and Athletics				46,383	38,505	32,959	63,374	53,056	49,391	68,210
<b>Support Services:</b>										
Tuition	89,706	31,907	37,510							
Student and Inst. Related Services	552,637	563,574	728,776	1,036,640	950,251	851,279	919,377	1,104,086	1,250,159	1,333,541
General Administration				242,541	243,421	293,097	278,703	266,300	282,015	261,192
School Administrative Services	74,120	105,793	95,994	104,323	102,500	99,266	84,397	115,916	108,777	98,364
Plant Operations And Maintenance	390,023	426,797	636,068	769,011	677,006	626,247	679,519	631,452	667,026	707,123
Pupil Transportation	293,174	307,023	314,191	325,528	338,637	337,551	324,278	354,330	276,785	298,227
Other Support Services	344,819	377,402	339,832	184,903	162,250	183,001	177,619	194,437	217,069	247,102
Unallocated Benefits	1,176,204	1,277,282	1,429,431							
Charter Schools	50,901	14,707	44,121							
Capital Outlay	93,685	38,361	92,591	517,707	50,764	137,765	127,833	112,360	760,124	5,074
<b>Debt Service:</b>										
Debt Service	344,752	342,721	324,919							
Principal				220,000	230,000	230,000	235,000	240,000	245,000	250,000
Interest and Other Charges				106,900	100,488	95,888	91,531	87,375	82,825	77,875
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>5,085,937</b>	<b>5,194,474</b>	<b>6,154,313</b>	<b>6,466,452</b>	<b>5,549,846</b>	<b>5,720,332</b>	<b>5,871,012</b>	<b>5,706,394</b>	<b>6,581,404</b>	<b>6,107,334</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	769,490	892,907	(29,176)	(670,010)	291,005	303,019	167,904	134,338	(345,553)	353,038
<b>Other Financing Sources (Uses)</b>										
Serial Bond Proceeds										
Premium Interest on Bonds										
Payment to Refunded Bond Escrow Agent										
Cancellation of Unexpended SDA Grant										
Transfers In			8,623	817,719	125,000	100,000	66,293	142,570	72,755	76,980
Transfers Out	-	-	-	(817,719)	(125,000)	(100,000)	(66,293)	(142,570)	(72,755)	(76,980)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>8,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 769,490</b>	<b>\$ 892,907</b>	<b>\$ (20,553)</b>	<b>\$ (670,010)</b>	<b>\$ 291,005</b>	<b>\$ 303,019</b>	<b>\$ 167,904</b>	<b>\$ 134,338</b>	<b>\$ (345,553)</b>	<b>\$ 353,038</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	6.91%	6.65%	5.36%	5.50%	6.01%	5.84%	5.69%	5.85%	5.63%	5.37%

\* Noncapital expenditures are total expenditures less capital outlay.

**FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>Tuition</u>	<u>Interest on Deposits</u>	<u>Misc.</u>	<u>Total</u>
2025	\$ -	\$ 108,315	\$ 24,119	\$ 132,434
2024	5,134	79,488	9,547	94,169
2023	91,000	4,251	6,195	101,446
2022	64,400	4,094	13,097	81,591
2021	30,450	4,442	57,575	92,467
2020	44,100	4,311	21,425	69,836
2019	87,092	4,376	13,454	104,922
2018	50,244	4,099	21,381	75,724
2017	25,437	4,352	12,637	42,426
2016	6,100	2,612	4,010	12,722

FREDON TOWNSHIP SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate *
2016	\$ 6,312,700	\$ 354,237,400	\$ 53,697,600	\$ 1,942,600	\$ 16,093,500	\$ 5,900,500		\$ 438,184,300	\$ 391,473	\$ 438,575,773	\$ 440,346,934	1.101
2017	6,312,700	354,237,400	53,697,600	1,942,600	16,093,500	5,900,500		438,184,300	391,473	438,575,773	440,346,934	1.101
2018	6,009,500	351,806,200	54,666,700	1,700,200	15,671,800	5,336,300		435,190,700	467,097	435,657,797	427,779,556	1.096
2019	5,696,700	352,781,400	53,463,900	1,694,800	16,227,500	5,236,300		435,100,600	580,869	435,681,469	N/A	1.019
2020	5,641,800	354,044,900	52,097,400	1,699,100	16,225,900	5,236,300		434,945,400	-	434,945,400	431,331,481	1.021
2021	5,261,300	356,169,100	51,735,300	1,617,500	15,718,900	5,236,300		435,738,400	-	435,738,400	439,646,083	1.003
2022	5,365,900	357,756,200	50,404,700	1,602,300	15,612,100	5,236,300		435,977,500	-	435,977,500	452,572,789	0.951
2023	4,940,900	358,108,500	50,095,800	1,657,400	15,442,900	4,988,800		435,234,300	-	435,234,300	492,058,258	1.011
2024	5,072,800	358,057,400	50,052,900	1,628,800	14,905,600	4,988,800		434,706,300	-	434,706,300	553,640,064	1.031
2025	4,232,700	355,643,900	52,622,900	1,781,500	14,901,800	4,988,800		434,171,600	-	434,171,600	597,520,301	1.056

Source: County Abstract of Ratables

a Tax rates are per \$100

**FREDON TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Regional School District</u>	<u>Municipality</u>	<u>County</u>
2025	\$ 3.160	\$ 1.056	\$ 1.025	\$ 0.483	\$ 0.596
2024	3.117	1.031	1.013	0.473	0.600
2023	2.985	1.011	0.933	0.455	0.586
2022	2.925	0.951	0.944	0.444	0.586
2021	2.991	1.003	0.962	0.434	0.592
2020	2.975	1.021	0.950	0.424	0.580
2019	2.938	1.019	0.919	0.424	0.576
2018	2.899	1.096	0.833	0.409	0.561
2017	2.874	1.101	0.832	0.400	0.541
2016	2.783	1.074	0.802	0.390	0.517

FREDON TOWNSHIP SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS,  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)

2025			2016		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Mira Plastics	\$ 2,470,000	0.57%			
23 Players Blvd, LLC	2,352,400	0.54%			
TF Storage Solutions	1,813,300	0.42%			
Individual Taxpayer #1	1,628,300	0.38%			
Individual Taxpayer #2	1,354,600	0.31%			
Khalil Alijla LLC	1,248,400	0.29%			
Individual Taxpayer #3	1,216,700	0.28%			
Cedar Valley Properties, LLC	1,103,400	0.25%			
Individual Taxpayer #4	1,069,600	0.25%			
Individual Taxpayer #5	941,400	0.22%			
	<u>\$ 15,198,100</u>	<u>3.50%</u>			

Information Not Available

Source: Municipal Tax Assessor

**FREDON TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 4,763,234	\$ 4,763,234	100.00%	
2017	4,851,139	4,851,139	100.00%	
2018	4,696,963	4,696,963	100.00%	
2019	4,311,467	4,311,467	100.00%	
2020	4,441,686	4,441,686	100.00%	
2021	4,420,019	4,420,019	100.00%	
2022	4,220,515	4,220,515	100.00%	
2023	4,220,515	4,220,515	100.00%	
2024	4,445,637	4,445,637	100.00%	
2025	4,518,919	4,518,919	100.00%	

FREDON TOWNSHIP SCHOOL DISTRICT  
 RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Intergovernmental Loan	Capital Leases			
2016	\$ 4,435,000					\$ 4,435,000	3,223	1,386
2017	4,465,000					4,465,000	3,200	1,402
2018	4,255,000					4,255,000	3,186	1,340
2019	4,035,000					4,035,000	3,179	1,277
2020	3,805,000					3,805,000	3,165	1,210
2021	3,575,000					3,575,000	3,145	1,098
2022	3,340,000					3,340,000	3,257	1,025
2023	3,100,000					3,100,000	3,277	946
2024	2,855,000					2,855,000	3,293	867
2025	2,605,000					2,605,000	3,316	786

Source: District records

**FREDON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2016	\$ 4,435,000		\$ 4,435,000	1.01%	1,376
2017	4,465,000		4,465,000	1.02%	1,395
2018	4,255,000		4,255,000	0.98%	1,336
2019	4,035,000		4,035,000	0.93%	1,269
2020	3,805,000		3,805,000	0.87%	1,202
2021	3,575,000		3,575,000	0.82%	1,137
2022	3,340,000		3,340,000	0.77%	1,025
2023	3,100,000		3,100,000	0.71%	946
2024	2,855,000		2,855,000	0.66%	867
2025	2,605,000		2,605,000	0.60%	786

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**FREDON TOWNSHIP SCHOOL DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2024  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Township of Fredon	\$ 837,600		\$ 837,600
Local School District	<u>2,605,000</u>	<u>\$ 2,605,000</u>	<u>-</u>
	<u>\$ 3,442,600</u>	<u>\$ 2,605,000</u>	<u>837,600</u>
Overlapping Debt Apportioned to the Municipality:			
County of Sussex (A)			<u>2,017,262</u>
Total Direct and Overlapping Debt			<u>\$ 2,854,862</u>

Sources:

- (1) Township of Fredon 2024 Annual Debt Statement
- (2) Based on Equalized Value of Municipality to County Total

FREDON TOWNSHIP SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2025

Average equalized valuation of taxable property	\$ 547,128,497
Debt limit (2.5 % of average equalization value)	13,678,212
Total Net Debt Applicable to Limit	<u>2,605,000</u>
Legal debt margin	<u>\$ 11,073,212</u>

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 10,991,378	\$ 10,810,028	\$ 10,739,159	\$ 10,756,029	\$ 10,773,730	\$ 12,977,956	\$ 13,190,620	\$ 11,503,421	\$ 12,464,258	\$ 13,678,212
Total Net Debt Applicable to Limit	<u>4,435,000</u>	<u>4,465,000</u>	<u>4,255,000</u>	<u>4,035,000</u>	<u>3,805,000</u>	<u>3,575,000</u>	<u>3,340,000</u>	<u>3,100,000</u>	<u>2,855,000</u>	<u>2,605,000</u>
Legal Debt Margin	<u>\$ 6,556,378</u>	<u>\$ 6,345,028</u>	<u>\$ 6,484,159</u>	<u>\$ 6,721,029</u>	<u>\$ 6,968,730</u>	<u>\$ 9,402,956</u>	<u>\$ 9,850,620</u>	<u>\$ 8,403,421</u>	<u>\$ 9,609,258</u>	<u>\$ 11,073,212</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	40.35%	41.30%	39.62%	37.51%	35.32%	27.55%	25.32%	26.95%	22.91%	19.04%

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>School District Population</u>
2025	3.9%	N/A	3,316
2024	3.5%	\$ 75,364	3,293
2023	3.6%	71,343	3,277
2022	6.1%	70,228	3,257
2021	10.0%	66,361	3,145
2020	3.5%	63,036	3,165
2019	3.6%	59,870	3,179
2018	4.3%	57,565	3,186
2017	4.5%	55,872	3,200
2016	4.1%	54,485	3,223

Source: United States Bureau of Census - Population Division NJ Department of Labor,  
Bureau of Labor Force Statistics

N/A - Updated information not available

FREDON TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

<u>Employer</u>	<u>2025</u>		<u>2016</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

**FREDON TOWNSHIP SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)**

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction										
Regular	22	24	24	24	23	18	16	15	15	17
Special Education	4	4	4	4	3	2	2	2	3	3
Other Special Education	2	2	1	1	1					
Vocational										
Other Instruction						4	4	3	1	1
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services						11	10	10	10	12
General Administration	2	2	2	2	2	1	1	1	1	1
School Administrative Services	3	3	3	3	3			1	1	1
Other Administrative Services										
Central Services	2	2	3	3	3	1	1	1	1	1
Administrative Information Technology										
Plant Operations And Maintenance						4	4	4	4	4
Pupil Transportation						1	1	1	1	1
Other Support Services										1
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>35</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>35</u>	<u>42</u>	<u>39</u>	<u>38</u>	<u>37</u>	<u>42</u>

Source: District Personnel Records

FREDON TOWNSHIP SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2016	238	4,647,500	19,527	5.41%	34	1:7.0	N/A	N/A	237	231	-14.18%	97.39%
2017	242	4,813,392	19,890	1.86%	30	1:8.1	N/A	N/A	240	231	1.14%	96.29%
2018	221	5,736,803	25,958	30.51%	30	1:7.4	N/A	N/A	218	210	-9.17%	96.34%
2019	199	5,621,845	28,250	8.83%	26	1:7.7	N/A	N/A	194	187	-11.01%	96.39%
2020	192	5,168,594	26,920	-4.71%	24	1:8.0	N/A	N/A	191	187	-1.55%	97.91%
2021	196	5,256,679	26,820	-0.37%	24	1:8.0	N/A	N/A	191	187	0.00%	97.91%
2022	185	5,416,648	29,279	9.17%	24	1:8.0	N/A	N/A	184	176	-3.66%	95.65%
2023	181	5,266,659	29,098	-0.62%	24	1:08	N/A	N/A	177	168	-3.80%	94.92%
2024	186	5,493,455	29,535	1.50%	24	1:7.8	N/A	N/A	187	179	5.65%	95.72%
2025	203	5,774,385	28,445	-3.69%	24	1:8.5	N/A	N/A	206	195	10.16%	94.66%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.

FREDON TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Square Feet	39,391	39,391	39,391	39,391	39,391	39,391	39,391	39,391	39,391	39,391
Capacity (students)	330	330	330	330	330	330	330	330	330	330
Enrollment	236	240	221	199	192	196	185	181	186	203

Number of Schools at June 30, 2025  
 Elementary = 1  
 Middle School =  
 Senior High School =  
 Other =

Source: District Records

**FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
(Unaudited)**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

		<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
School Facilities	Project #										
Fredon Township School	N/A	\$ 150,576	\$ 130,347	\$ 145,791	\$ 163,497	\$ 175,971	\$ 193,186	\$ 173,641	\$ 322,464	\$ 141,668	\$ 141,604
Grand Total		\$ 150,576	\$ 130,347	\$ 145,791	\$ 163,497	\$ 175,971	\$ 193,186	\$ 173,641	\$ 322,464	\$ 141,668	\$ 141,604

Source: School District Financial Statements

**FREDON TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2025**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<b>School package Policy - School Alliance Insurance Fund:</b>		
Property		
Building & Personal Property	\$ 500,000,000	\$ 2,500
Inland Marine - Auto Physical Damage		\$ 1,000
Boiler & Machinery	\$ 100,000,000	\$ 2,500
Comprehensive General Liability Including Auto Liability:		
Per Occurrence	\$ 10,000,000	
General Aggregate	\$ 46,000,000	
Product - Completed Operations		
Personal Injury		
Fire Damage	\$ 2,500,000	
Medical Expenses (excluding students taking part in athletics)	\$ 10,000	
Automobile Coverage	\$ 10,000,000	\$ 1,000
Security Guard Liability		
Environmental Impairment Liability (See PFAS Exclusion/No Coverage)	\$1,000,000/\$10,000,000	\$ 10,000
Comprehensive Crime Coverage Blanket	\$ 50,000	\$ 1,000
Dishonesty Bond	\$ 500,000	\$ 1,000
Excess Liability	\$ 5,000,000	
School Board Legal Liability	\$ 5,000,000	\$ 5,000
Cyber Liability	\$ 750,000	\$ 10,000
Worker's Compensation		
Employer's Liability	\$ 5,000,000	
Supplemental Indemnity		
Bollinger Insurance:		
Student Accident	\$ 5,000,000.00	\$ 25,000.00
Public Official Bond - Treasurer of School Monies	\$ 200,000	
Public Official Bond - Business Administrator/Board Secretary	\$ 200,000	

Source: School District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA  
ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA, PSA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA  
JOHN CUIFFO, CPA, PSA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Education  
Fredon Township School District  
Newton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Fredon Township School District as of and for the fiscal year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Fredon Township School District’s basic financial statements and have issued our report thereon dated November 4, 2025.

**Report on Internal Control Over Financial Reporting**

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

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


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

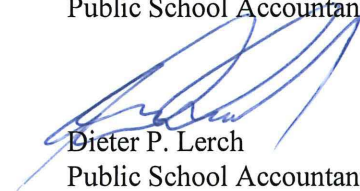
### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fredon Township School District's financial statements are free from 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### **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 Fredon Township School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fredon Township School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Public School Accountants

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 4, 2025



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA  
ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA, PSA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA  
JOHN CUIFFO, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Fredon Township School District  
Newton, New Jersey

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

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

We have audited the Fredon Township School District's compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Fredon Township School District's major state programs for the fiscal year ended June 30, 2025. The Fredon Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Fredon Township School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2025.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards and New Jersey OMB Circular 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 Fredon Township School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Fredon Township School District's compliance with the compliance requirements referred to above.

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

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

## ***Auditor's 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 Fredon Township School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey 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 omission, misrepresentation, 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 Fredon Township School District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement 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 Fredon Township School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Fredon Township School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Fredon Township School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

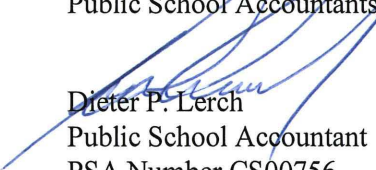
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, of the Fredon Township School District, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated November 4, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Public School Accountants



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 4, 2025

FREDON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal/Grantor/Pass-Through Grantor Program Title	Federal AL Number	FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2024	Cash Received	Budgetary Expenditures	Balance, June 30, 2025		MEMO GAAP Receivable
									Accounts Receivable	Unearned Revenue	
<b>U.S. Department of Agriculture</b>											
<b>Passed-Through State Dept. of Agriculture</b>											
<i>Enterprise Fund</i>											
Food Distribution Program											
Non-Cash Assistance	10.555	251NJ304N1099	N/A	7/1/24-6/30/25	\$ 12,832		\$ 12,832	\$ 6,421		\$ 6,411	
Non-Cash Assistance	10.555	241NJ304N1099	N/A	7/1/23-6/30/24	14,516	\$ 4,560		4,560			
Cash Assistance	10.555	251NJ304N1099	N/A	7/1/24-6/30/25	19,309		18,358	19,309	\$ (951)		\$ 951
Cash Assistance	10.555	241NJ304N1099	N/A	7/1/23-6/30/24	11,624	(558)		558			
Summer-EBT Administrative Cost	10.646	202424N180341	N/A	7/1/24-6/30/25	321		321	321			
Local Food for Schools Cooperative Program	10.185	AM22CPLFS000C015	N/A	7/1/24-6/30/25	781		781	781			
Total U.S. Department of Agriculture						4,002	32,850	31,392	(951)	6,411	951
<b>U.S. Department of Education</b>											
<b>Passed-Through State Dept. of Education</b>											
<i>Special Revenue Fund</i>											
I.D.E.A. Part B, Basic Regular	84.027	H027A240100	IDEA520023	7/1/24-9/30/25	52,514		49,373	52,514	(3,141)	-	3,141
I.D.E.A. Part B, Preschool	84.173A	H173A240114	IDEA520023	7/1/24-9/30/25	2,606		2,606	2,606	-	-	
Cluster Total - Special Education						-	51,979	55,120	(3,141)	-	3,141
ESEA - Title II-A	84.367	S367A240029	ESEA520023	7/1/24-9/30/25	2,780		2,780	2,780	-	-	-
ESEA - Title IV-A	84.424A	S424A240031	ESEA520023	7/1/24-9/30/25	10,000		4,165	10,000	(5,835)	-	5,835
Rural Education Achievement Program	84.358	S358B240030	ESEA520023	7/1/24-9/30/25	22,299		22,299	22,299			
Rural Education Achievement Program	84.358	S358B230030	ESEA520023	7/1/23-9/30/24	18,051		18,051	18,051			
Elementary and Secondary School Emergency Relief (ESSER III)											
American Rescue Plan (ARP) Act											
ARP ESSER	84.425U	S425U210027		3/13/20-9/30/24	327,115	(13,685)	15,388	1,703			
Evidence Based Summer Learning and Enrichment	84.425U	S425U210027		3/13/20-9/30/24	40,000	(74)	127	53			
Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027		3/13/20-9/30/24	40,000	(7)	1,567	1,560			
NJTSS Mental Health Support Staffing	84.425U	S425U210027		3/13/20-9/30/24	45,000	(1,213)	2,013	800			
Total Special Revenue Fund						(14,979)	118,369	112,366	(8,976)	-	8,976
Total Federal Awards						\$ (10,977)	\$ 151,219	\$ 143,758	\$ (9,927)	\$ 6,411	\$ 9,927

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Note: The District is not subject to a Federal Single Audit.

FREDON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2024	Cash Received	Budgetary Expenditures	General Fund Contribution	Balance, June 30, 2025		MEMO	
								Accounts Receivable	Unearned Revenue	GAAP Receivable	Cumulative Expenditures
<b>State Department of Education</b>											
<i>General Fund</i>											
Special Education Aid	25-495-034-5120-089	7/1/24-6/30/25	\$ 196,640		\$ 177,026	\$ 196,640		\$ (19,614)		*	\$ 196,640
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	183,763	(18,326)	18,326					*	
Equalization Aid	25-495-034-5120-078	7/1/24-6/30/25	49,269		44,355	49,269		(4,914)		*	49,269
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	49,269	(4,914)	4,914					*	
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	25,900		23,316	25,900		(2,584)		*	25,900
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	25,900	(2,583)	2,583					*	
Cluster Total - State Aid Public				(25,823)	270,520	271,809	-	(27,112)	-	*	271,809
Transportation Aid	25-495-034-5120-015	7/1/24-6/30/25	33,235		29,920	33,235		(3,315)		*	33,235
Transportation Aid	24-495-034-5120-015	7/1/23-6/30/24	33,235	(3,314)	3,314					*	
Non Public Transportation Reimb.	N/A	7/1/24-6/30/25	5,137			5,137		(5,137)		* \$	5,137
Non Public Transportation Reimb.	N/A	7/1/23-6/30/24	5,460	(5,460)	5,460					*	-
Cluster Total - Transportation Aid				(8,774)	38,694	38,372	-	(8,452)	-	*	5,137
Extraordinary Aid	25-100-034-5120-473	7/1/24-6/30/25	24,473			24,473		(24,473)		*	24,473
Extraordinary Aid	24-100-034-5120-473	7/1/23-6/30/24	24,627	(24,627)	24,627					*	-
On-Behalf TPAF -Pension	25-495-034-5094-002	7/1/24-6/30/25	601,162		601,162	601,162				*	601,162
On Behalf TPAF - NCGI Premium	25-100-034-5094-004	7/1/24-6/30/25	7,447		7,447	7,447				*	7,447
On Behalf TPAF - Post Ret. Med.	25-495-034-5094-001	7/1/24-6/30/25	177,836		177,836	177,836				*	177,836
On Behalf TPAF - LTDI	25-100-034-5094-004	7/1/24-6/30/25	292		292	292				*	292
Reimbursed TPAF Social Security	25-495-034-5094-003	7/1/24-6/30/25	134,419		133,336	134,419		(1,083)		*	1,083
Reimbursed TPAF Social Security	24-495-034-5094-003	7/1/23-6/30/24	130,766	(12,208)	12,208					*	-
Total General Fund				(71,432)	1,266,122	1,255,810	-	(61,120)	-	*	6,220
<i>Special Revenue Fund</i>											
Preschool Education Expansion Aid	25-495-034-5120-086	7/1/24-6/30/25	384,900		346,410	256,481	\$ 76,980	(38,490)	\$ 205,399	*	256,481
Preschool Education Expansion Aid	24-495-034-5120-086	7/1/23-6/30/24	363,775	55,753	121,260	177,013				*	177,013
SDA Grant		7/1/23 - 9/30/24	3,773	2,488	-	-			2,488	*	-
Total Special Revenue Fund				58,241	467,670	433,494	76,980	(38,490)	207,887	*	433,494
<i>Debt Service Fund</i>											
Debt Service Type II Aid	25-100-034-5120-124	7/1/24-6/30/25	74,674	-	74,674	74,674		-		*	74,674
Total Debt Service Fund				-	74,674	74,674	-	-	-	*	74,674
<i>Enterprise Fund</i>											
National School Lunch Program	25-100-010-3350-023	7/1/24-6/30/25	1,070		1,018	1,070		(52)		*	52
National School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	1,393	(45)	45					*	-
Summer-EBT Administrative Cost	N/A	7/1/24-6/30/25	322		322	322				*	322
Total Enterprise Fund				(45)	1,385	1,392	-	(52)	-	*	52
<b>State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (13,236)</b>	<b>\$ 1,809,851</b>	<b>\$ 1,765,370</b>	<b>\$ 76,980</b>	<b>\$ (99,662)</b>	<b>\$ 207,887</b>	<b>* \$</b>	<b>\$ 6,272</b>
										*	<b>\$ 1,765,370</b>

**FREDON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2024	Cash Received	Budgetary Expenditures	General Fund Contribution	Balance, June 30, 2025		MEMO	
								Accounts Receivable	Unearned Revenue	GAAP Receivable	Cumulative Expenditures
<b>State Financial Assistance</b>										*	
<b>Not Subject to Single Audit Determination</b>										*	
<b>General Fund</b>										*	
On-Behalf TPAF -Pension	25-495-034-5094-002	7/1/24-6/30/25	\$ 601,162		\$ (601,162)	\$ (601,162)			*		\$ (601,162)
On Behalf TPAF - NCGI Premium	25-100-034-5094-004	7/1/24-6/30/25	7,447		(7,447)	(7,447)			*		(7,447)
On Behalf TPAF - Post Ret. Med.	25-495-034-5094-001	7/1/24-6/30/25	177,836		(177,836)	(177,836)			*		(177,836)
On Behalf TPAF - LTDI	25-100-034-5094-004	7/1/24-6/30/25	292	-	(292)	(292)	-	-	*	-	(292)
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<b>\$ (13,236)</b>	<b>\$ 1,023,114</b>	<b>\$ 978,633</b>	<b>\$ 76,980</b>	<b>\$ (99,662)</b>	<b>\$ 207,887</b>	<b>\$ 6,272</b>	<b>\$ 978,633</b>

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 1 REPORTING ENTITY**

The Fredon Township School District (the “Board” or the “District”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board’s Financial Statements.

**NOTE 2 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board's financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

**NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$1,136 for the general fund and an increase of \$3,296 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,254,674	\$ 1,254,674
Special Revenue Fund	\$ 112,366	359,810	472,176
Debt Service Fund		74,674	74,674
Food Service Fund	<u>31,392</u>	<u>1,392</u>	<u>32,784</u>
 Total Awards and Financial Assistance	 <u>\$ 143,758</u>	 <u>\$ 1,690,550</u>	 <u>\$ 1,834,308</u>

**FREDON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 6 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$134,419 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2025. The amount reported as TPAF Pension System Contributions in the amount of \$608,609, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$177,836 and TPAF Long-Term Disability Insurance in the amount of \$292 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2025.

**NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 8 DE MINIMIS INDIRECT COST RATE**

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

FREDON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Part I – Summary of Auditor’s Results

**Financial Statement Section**

- A) Type of auditor's report issued: Unmodified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified?            yes   X   no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?            yes   X   none reported
- C) Noncompliance material to basic financial statements noted?            yes   X   no

**Federal Awards Section**

Not Applicable



**FREDON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

FREDON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable.

**CURRENT YEAR STATE AWARDS**

There are none.