

SCHOOL DISTRICT
OF
AVON-BY-THE-SEA

Avon-By-The-Sea Board of Education
Avon-By-The-Sea, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021

AVON-BY-THE-SEA SCHOOL DISTRICT

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INTRODUCTORY SECTION

Avon Board of Education

505 Lincoln Avenue
Avon-by-the-Sea, New Jersey 07717

Amy S. Lerner, Board Secretary
School Business Administrator

(732) 775-4310, ext. 201

Fax (732) 775-0761

amy_lerner@avonschool.com

February 23, 2022

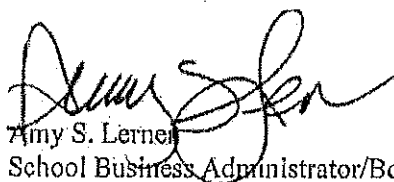
Honorable President and
Members of the Board of Education
Avon-By-The-Sea School District
Lincoln & 5th Avenues
Avon-By-The- Sea, NJ 07717

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Avon-By-The-Sea School District ("District") for the fiscal year ended June 30, 2021, 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 Avon-By-The-Sea Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

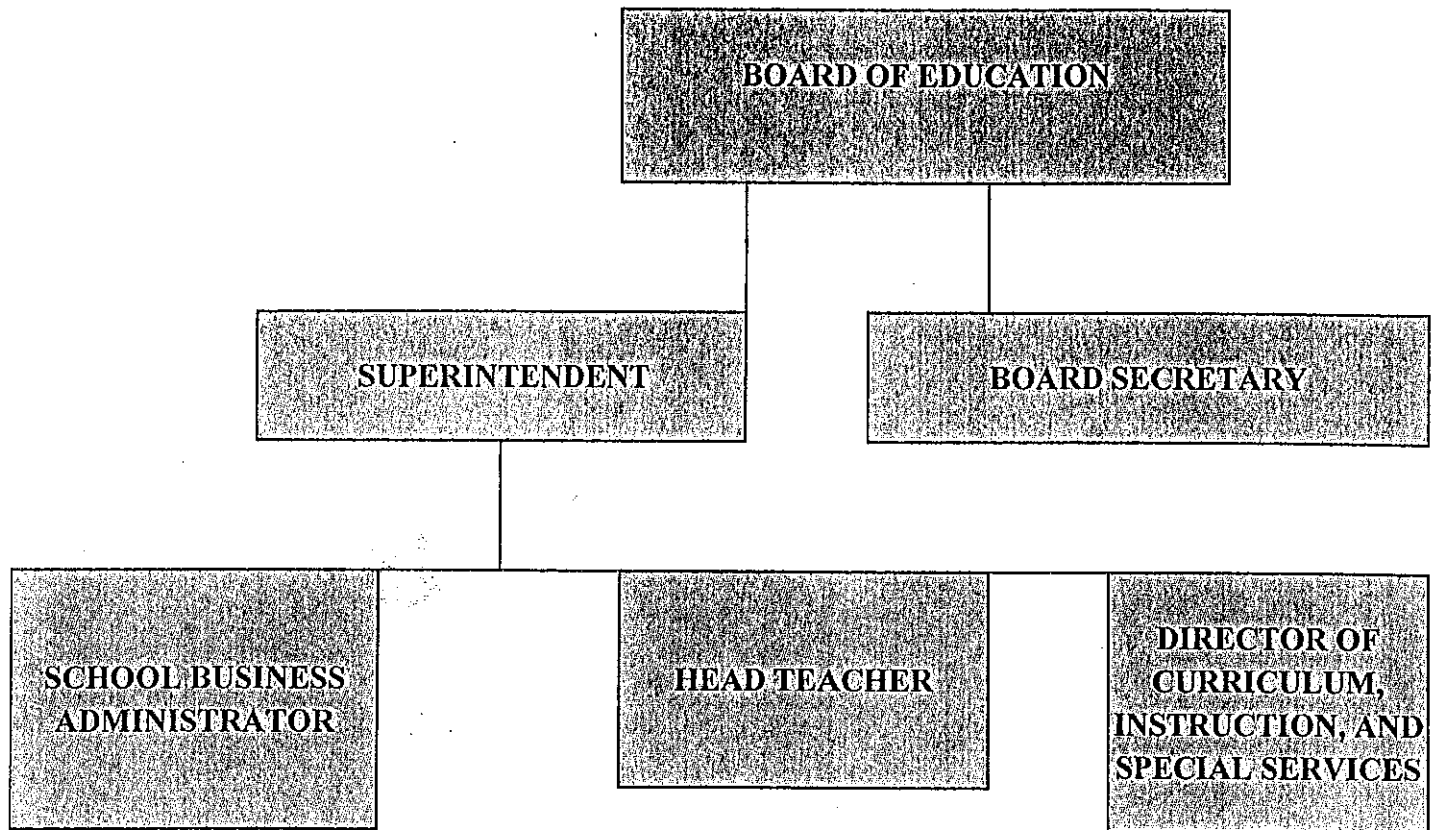
The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the district-wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments, OMB Circular Uniform Guidance and the New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Information related to this audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Respectfully submitted,



Amy S. Lerner
School Business Administrator/Board Secretary

**AVON BOARD OF EDUCATION
ORGANIZATIONAL CHART**



**AVON-BY-THE-SEA BOARD OF EDUCATION
AVON-BY-THE-SEA, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
William Bing, President	2021
Lynn Belletier, Vice President	2022
Laura Davey	2021
Michael Evans	2023
Christopher Devoy	2022
Matthew Johnson	2023
Kristen Scrabis-Fletcher	2023

Other Officials

Christopher Albrizio, Superintendent of Schools

Amy S. Lerner, Board Secretary/School Business Administrator

Christopher Mullins, Treasurer of School Funds

Adams, Gutierrez & Lattiboudere, LLC, Attorney

AVON-BY-THE-SEA BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

JUNE 30, 2021

AUDIT FIRM

Allen B. Shechter, CPA, RMA, PSA
Alvino & Shechter, L.L.C.
110 Fortunato Place
Neptune, NJ 07753

ATTORNEY

Adams, Gutierrez & Lattiboudere, L.L.C.
1037 Raymond Blvd.
Suite 900
Newark, NJ 07102

OFFICIAL DEPOSITORY

Kearny Savings Bank
611 Main Street
Belmar, NJ 07719

FINANCIAL SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222
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Member

American Institute of Certified Public Accountants
New Jersey Society of Certified Public Accountants
PCPS of the AICPA Division of CPA Firms

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Avon-By-The-Sea Board of Education
County of Monmouth, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Avon-By-The-Sea School District (the "District") in the County of Monmouth, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Avon-By-The-Sea School District, in the County of Monmouth, as of June 30, 2021, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021 the District adopted GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

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 and other post-employment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 inquires 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.

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the accompanying schedules of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the 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.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary schedules and 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.

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 District's internal control over financial reporting and compliance.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

February 23, 2022
Neptune, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**AVON-BY-THE-SEA SCHOOL DISTRICT
AVON-BY-THE-SEA, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

(Unaudited)

The discussion and analysis of the Avon-By-The-Sea School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- * General revenues accounted for \$5,721,941.51 in revenue or 95.89% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$245,509.80 or 4.11% of total revenues of \$5,967,451.31.
- * Total net position of governmental activities increased by \$239,703.18.
- * The School District had \$5,727,748.13 in expenses; only \$245,509.80 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,521,941.51 were adequate to provide for these programs.
- * The General Fund had \$4,917,168.09 in revenues and \$4,765,778.74 in expenditures and transfers. The General Fund's balance increased \$151,389.35 over 2020.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Avon-By-The-Sea School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the specific financial activities.

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Avon-By-The-Sea School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The *Statement of Net Position* and the *Statement of Activities* helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those positions. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the School District is divided into two distinct kinds of activities:

Governmental Activities - All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds is included in the 2020-21 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

The *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2021 compared to June 30, 2020.

Table 1
Net Position

	<u>2021</u>	<u>2020</u>
Assets		
Current and Other Assets	1,587,071.35	1,428,693.78
Capital Assets	<u>6,351,201.25</u>	<u>6,511,329.50</u>
Total Assets	<u>\$7,938,272.60</u>	<u>\$7,940,023.28</u>
Deferred Outflows of Resources	<u>\$ 275,005.11</u>	<u>\$ 344,932.18</u>
Liabilities		
Current Liabilities	354,864.28	353,513.99
Long-Term Liabilities	<u>5,099,772.09</u>	<u>5,459,828.61</u>
Total Liabilities	<u>\$5,454,636.37</u>	<u>\$5,813,342.60</u>
Deferred Inflows of Resources	<u>\$ 241,771.00</u>	<u>\$ 212,026.00</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	1,569,797.15	1,498,861.92
Restricted	1,153,879.79	1,085,938.63
Unrestricted	<u>(206,806.60)</u>	<u>(325,213.69)</u>
Total Net Position	<u>\$2,516,870.34</u>	<u>\$2,259,586.86</u>

Table 2 provides a comparison analysis of District-Wide changes in net position from fiscal years 2021 and 2020.

Table 2
Changes in Net Position

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charge for Services	143,436.80	106,399.32
Operating Grants and Contributions	102,073.00	73,642.35
General Revenues:		
Property Taxes	4,189,878.00	4,031,101.00
State Aid not Restricted	1,499,399.70	1,129,928.32
Other	<u>32,663.81</u>	<u>19,786.39</u>
Total Revenues	<u>\$5,967,451.31</u>	<u>\$5,360,857.38</u>
Program Expenses		
Instruction	2,674,315.36	2,411,455.76
Support Services:		
Pupils and Instructional Staff	1,907,896.82	1,928,496.50
General Administration, School		
Administration, Central Services	341,323.70	309,662.60
Operations and Maintenance of Facilities	235,304.82	240,632.39
Pupil Transportation	198,891.77	212,419.23
Interest on Long-Term Debt and Other Charges	177,076.47	187,327.70
Unallocated Depreciation	169,941.45	169,772.11
Food Service	<u>22,997.74</u>	<u>22,892.53</u>
Total Expenses	<u>\$5,727,748.13</u>	<u>\$5,482,658.82</u>
Increase/(Decrease) in Net Position	<u>\$ 239,703.18</u>	<u>\$ (121,801.44)</u>

Governmental Activities

Property taxes made up 70.37% of revenues for governmental activities for the Avon-By-The-Sea School District for the fiscal year 2021. The School District's total revenues were \$5,953,646.34 for the fiscal year ended June 30, 2021. Federal, state and local grants accounted for another 26.71% of revenues.

The total cost of all programs and services was \$5,704,750.39. Instruction comprises 47.29% of School District expenses.

Revenues for the School District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements. This deficit was made up by transfers from the General Fund.

* Food service expenses exceeded revenues by \$9,238.19.

* Charges for services represent \$2,780.80 of revenue. This represents amounts paid by patrons for daily food services.

* Federal and state reimbursements for meals, including payments for free and reduced lunches was \$10,978.75.

The *Statement of Activities* reflects the cost of program services and program revenues, consisting of the charges for services and sales and grants and contributions, offsetting those services. Table 3, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlements.

Table 3

Governmental Activities

	<u>2021</u>		<u>2020</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	2,674,315.36	2,458,172.11	2,411,455.76	2,260,841.99
Support Services:				
Pupil and Instructional Staff	1,907,896.82	1,892,735.82	1,928,496.50	1,912,886.55
General Administration, School Administration, Central Services	341,323.70	341,323.70	309,662.60	309,662.60
Operation and Maintenance of Facilities	235,304.82	235,304.82	240,632.39	240,632.39
Pupil Transportation	198,891.77	198,445.77	212,419.23	211,659.23
Interest on Long-Term Debt	177,076.47	177,076.47	187,327.70	187,327.70
Unallocated Depreciation	<u>169,941.45</u>	<u>169,941.45</u>	<u>169,772.11</u>	<u>169,772.11</u>
Total Expenses	<u>\$5,704,750.39</u>	<u>\$5,473,000.14</u>	<u>\$5,459,766.29</u>	<u>\$5,292,782.57</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and central services include expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and other charges involve the transactions associated with the payment of interest and other related charges to debt of the School District including the costs associated with the issuance of bonds.

The School District's Funds

Information about the School District's major funds is included in the 2020-21 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e. General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) had total revenues of \$5,417,011.34 and expenditures of \$5,263,268.42 and net other financing uses of \$9,192.77. The net change in fund balance for the year in the General Fund, was an increase of \$144,550.15. The School District is able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2021, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019/20</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	4,363,152.39	80.55%	214,677.26	5.17%
State Sources	962,764.70	17.77%	115,990.38	13.70%
Federal Sources	<u>91,094.25</u>	<u>1.68%</u>	<u>21,830.53</u>	<u>31.52%</u>
Total	<u>\$5,417,011.34</u>	<u>100.00%</u>	<u>352,498.17</u>	<u>6.96%</u>

The increase in Local Sources is attributed to an increase in the local tax levy.

The increase in State Sources is attributed to an increase in on-behalf payments.

The increase in Federal Sources is due to a an increase in the Federal Aid.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2021.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019/20</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
Instruction	1,816,565.53	34.51%	61,243.77	3.49%
Undistributed Expenditures	3,023,594.79	57.45%	(41,051.55)	(1.34%)
Debt Service	408,573.70	7.76%	(1,001.23)	(.24%)
Capital Outlay	14,534.40	.28%	4,280.42	41.74%
Total	<u>\$5,263,268.42</u>	<u>100.00%</u>	<u>23,471.41</u>	<u>.45%</u>

The increase in Current - Instruction is attributed to an increase in purchased professional education services and supplies.

The decrease in Current - Undistributed Expenditures is attributed to a decrease in tuition costs.

The decrease in debt service is attributed to the decrease in interest expense.

The increase in Capital Outlay is attributed to increased capital purchases.

General Fund Budgeting Highlights

The School District's budget is prepared according to the New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2021 year, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems designed to tightly control total program budgets but provide flexibility for program management.

- * Staffing changes based on student needs.
- * Additional costs for student transportation both in regular education and special education.
- * Accounting changes in maintenance and operations.
- * Changes in appropriations to prevent budget overruns.

While the School District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$151,220.35 increase in surplus funds for a total unassigned free balance of \$313,881.00 at June 30, 2021.

Capital Assets

At the end of the fiscal 2021 year, the School District had \$6,344,797.15 invested in land, site improvements, building and building improvements, and machinery and equipment, net of depreciation.

Table 4
Capital Assets (Net of Depreciation) at June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Land	8,800.00	8,800.00
Construction in Progress	14,480.40	.00
Site Improvements	63,432.02	67,722.02
Buildings and Improvements	6,169,611.11	6,319,341.48
Licensed Vehicles	.00	.00
Machinery and Equipment	88,473.62	115,466.00
Totals	<u>\$6,344,797.15</u>	<u>\$6,511,329.50</u>

Debt Administration

At June 30, 2021, the School District had \$5,339,772.09 as outstanding debt. Of this amount, \$51,078.89 is for Compensated Absences and \$4,775,000.00 is for general obligation bonds, \$134,864.20 is for unamortized bond premiums and \$378,829.00 is for net pension liability.

At June 30, 2021, the School District's overall legal debt margin was \$28,683,986.00.

For the Future

The goal of the Avon-By-The-Sea School District is to provide a comprehensive educational program that meets the needs of all students. Inherent in this goal is the District's determination to provide safe and adequate facilities that contribute to the District's ability to meet its educational goals.

There is concern for the future as rising special education costs, new funding formulas, technology needs, and New Jersey Common Core Curricular State Standards place increasing demands on limited financial resources.

The uncertainty of state aid and levy cap restrictions continue to present new challenges for the Avon-By-The-Sea School District as the budget for the 2022/23 school year is developed. The Avon-By-The-Sea School District will continue to maintain sound fiscal management, while continuously improving the existing program and addressing safety, security and facility needs.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the School Business Administrator/Board Secretary at Avon-By-The-Sea Board of Education, Lincoln & 5th Avenues, Avon-By-The-Sea, NJ 07717.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the doubling-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

AVON-BY-THE-SEA SCHOOL DISTRICT**Statement of Net Position****June 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	533,920.15	5,881.43	539,801.58
Receivables, Net	444,017.75	1,311.57	445,329.32
Restricted Cash and Cash Equivalents	601,940.45	.00	601,940.45
Capital Assets, Net (Note 5)	<u>6,344,797.15</u>	<u>6,404.10</u>	<u>6,351,201.25</u>
Total Assets	<u>7,924,675.50</u>	<u>13,597.10</u>	<u>7,938,272.60</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Loss on Refunding of Debt	169,906.11	.00	169,906.11
Deferred Outflows Related to Pensions (Note 11)	<u>105,099.00</u>	<u>.00</u>	<u>105,099.00</u>
Total Deferred Outflows of Resources	<u>275,005.11</u>	<u>.00</u>	<u>275,005.11</u>
LIABILITIES:			
Accounts Payable	23,973.44	13,549.55	37,522.99
Accrued Interest	70,572.90	.00	70,572.90
Unearned Revenue	6,768.39	.00	6,768.39
Noncurrent Liabilities (Note 6):			
Due Within One Year	240,000.00	.00	240,000.00
Due Beyond One Year	<u>5,099,772.09</u>	<u>.00</u>	<u>5,099,772.09</u>
Total Liabilities	<u>5,441,086.82</u>	<u>13,549.55</u>	<u>5,454,636.37</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions (Note 11)	<u>241,771.00</u>	<u>.00</u>	<u>241,771.00</u>
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	1,569,797.15	.00	1,569,797.15
Restricted for:			
Excess Surplus	551,757.91	.00	551,757.91
Capital Reserve	469,651.31	.00	469,651.31
Tuition Reserve	114,676.00	.00	114,676.00
Debt Service	181.43	.00	181.43
Unemployment Compensation	17,613.14	.00	17,613.14
Unrestricted (Deficit)	<u>(206,854.15)</u>	<u>47.55</u>	<u>(206,806.60)</u>
Total Net Position	<u>\$2,516,822.79</u>	<u>47.55</u>	<u>2,516,870.34</u>

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction:								
Regular Instruction	1,349,186.82	670,127.75	140,210.00	75,933.25	.00	(1,803,171.32)	.00	(1,803,171.32)
Special Education Instruction	379,329.36	193,329.59	.00	.00	.00	(572,658.95)	.00	(572,658.95)
Other Instruction	81,699.35	642.49	.00	.00	.00	(82,341.84)	.00	(82,341.84)
Support Services:								
Tuition	964,656.36	.00	.00	.00	.00	(964,656.36)	.00	(964,656.36)
Student & Instruction Related Services	649,553.91	293,686.55	.00	15,161.00	.00	(928,079.46)	.00	(928,079.46)
General Administration	229,155.58	50,540.91	.00	.00	.00	(279,696.49)	.00	(279,696.49)
School Administrative Services	12,813.43	417.21	.00	.00	.00	(13,230.64)	.00	(13,230.64)
Central Services	46,878.00	1,518.57	.00	.00	.00	(48,396.57)	.00	(48,396.57)
Plant Operations and Maintenance	229,758.80	5,546.02	.00	.00	.00	(235,304.82)	.00	(235,304.82)
Pupil Transportation	197,502.68	1,389.09	446.00	.00	.00	(198,445.77)	.00	(198,445.77)
Unallocated Employee Benefits	1,213,594.46	(1,213,594.46)	.00	.00	.00	(.00)	.00	(.00)
Interest on Long-Term Debt and Other Charges	177,076.47	.00	.00	.00	.00	(177,076.47)	.00	(177,076.47)
Unallocated Depreciation	173,545.17	(3,603.72)	.00	.00	.00	(169,941.45)	.00	(169,941.45)
Total Governmental Activities	\$5,704,750.39	.00	140,656.00	91,094.25	.00	(5,473,000.14)	.00	(5,473,000.14)
BUSINESS-TYPE ACTIVITIES:								
Food Service	22,997.74	.00	2,780.80	10,978.75	.00	.00	(9,238.19)	(9,238.19)
Total Business-Type Activities	22,997.74	.00	2,780.80	10,978.75	.00	.00	(9,238.19)	(9,238.19)
Total Primary Government	\$5,727,748.13	.00	143,436.80	102,073.00	.00	(5,473,000.14)	(9,238.19)	(5,482,238.33)
GENERAL REVENUES:								
Taxes:								
Property Taxes Levied for General Purposes						3,875,495.00	.00	3,875,495.00
Property Taxes Levied for Debt Service						314,383.00	.00	314,383.00
State Aid Not Restricted						1,499,399.70	.00	1,499,399.70
Interest Earnings -Restricted						2,137.12	.00	2,137.12
Interest Earnings - Unrestricted						4,605.82	45.42	4,651.24
Miscellaneous Income						25,875.45	.00	25,875.45
Transfers						(9,192.77)	9,192.77	.00
Total General Revenues, Special Items, Extraordinary Items and Transfers						5,712,703.32	9,238.19	5,721,941.51
Change in Net Position						239,703.18	.00	239,703.18
Net Position - July 1						2,259,579.00	7.86	2,259,586.86
Prior Period Adjustment						17,540.61	39.69	17,580.30
Net Position - July 1 (Restated)						2,277,119.61	47.55	2,277,167.16
Net Position - End of Year						\$2,516,822.79	47.55	2,516,870.34

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information fund type.

AVON-BY-THE-SEA SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	533,920.15	.00	.00	.00	533,920.15
Receivables:					
Interfunds Receivable	44,409.27	.00	.00	.00	44,409.27
Receivables from Other Governments	392,355.70	14,386.25	.00	26,198.62	432,940.57
Other Receivables	302.96	.00	.00	.00	302.96
Restricted Cash and Cash Equivalents	<u>601,940.45</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>601,940.45</u>
Total Assets	<u>\$1,572,928.53</u>	<u>14,386.25</u>	<u>.00</u>	<u>26,198.62</u>	<u>1,613,513.40</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable:					
Interfunds Payable	.00	7,617.86	.00	26,017.19	33,635.05
Payroll Deductions and Withholdings Payable	2,343.06	.00	.00	.00	2,343.06
Unemployment Compensation Claims Payable	3,950.33	.00	.00	.00	3,950.33
Other	17,680.05	.00	.00	.00	17,680.05
Unearned Revenue	<u>.00</u>	<u>6,768.39</u>	<u>.00</u>	<u>.00</u>	<u>6,768.39</u>
Total Liabilities	<u>23,973.44</u>	<u>14,386.25</u>	<u>.00</u>	<u>26,017.19</u>	<u>64,376.88</u>
Fund Balances:					
Restricted For:					
Excess Surplus - Current Year	272,112.87	.00	.00	.00	272,112.87
Excess Surplus Designated for Subsequent Year's Expenditures	279,645.04	.00	.00	.00	279,645.04
Capital Reserve	469,651.31	.00	.00	.00	469,651.31
Tuition Reserve	114,676.00	.00	.00	.00	114,676.00
Debt Service	.00	.00	.00	181.43	181.43
Capital Projects	.00	.00	.00	.00	.00
Unemployment Compensation	17,613.14	.00	.00	.00	17,613.14
Assigned To:					
Encumbrances	58,760.77	.00	.00	.00	58,760.77
Designated by the BOE for Subsequent Year's Expenditures	41,609.96	.00	.00	.00	41,609.96
Unassigned:					
General Fund	<u>294,886.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>294,886.00</u>
Total Fund Balances	<u>1,548,955.09</u>	<u>.00</u>	<u>.00</u>	<u>181.43</u>	<u>1,549,136.52</u>
Total Liabilities and Fund Balances	<u>\$1,572,928.53</u>	<u>14,386.25</u>	<u>.00</u>	<u>26,198.62</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$8,541,466.94 and the accumulated depreciation is \$(2,196,669.79). (See Note 5)

6,344,797.15

Deferred outflows and inflows of resources are applicable to future periods and therefore not reported in the funds.

Deferred Outflows Related to Pensions (See Note 11)	105,099.00	
Loss on Refunding Bonds (See Note 6)	169,906.11	
Deferred Inflows Related to Pensions (See Note 11)	<u>(241,771.00)</u>	33,234.11

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 6)

(5,339,772.09)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.

(70,572.90)

Net Position of Government Funds

\$2,516,822.79

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local Sources:					
Local Tax Levy	3,875,495.00	.00	.00	314,383.00	4,189,878.00
Tuition from Individuals	140,210.00	.00	.00	.00	140,210.00
Transportation Fees from Individuals	446.00	.00	.00	.00	446.00
Interest Earned on Capital Reserve	2,064.59	.00	.00	.00	2,064.59
Other Restricted Miscellaneous Revenues	72.53	.00	.00	.00	72.53
Unrestricted Miscellaneous Revenue	<u>30,481.27</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>30,481.27</u>
Total - Local Sources	4,048,769.39	.00	.00	314,383.00	4,363,152.39
State Sources	868,398.70	.00	.00	94,366.00	962,764.70
Federal Sources	<u>.00</u>	<u>91,094.25</u>	<u>.00</u>	<u>.00</u>	<u>91,094.25</u>
Total Revenues	<u>4,917,168.09</u>	<u>91,094.25</u>	<u>.00</u>	<u>408,749.00</u>	<u>5,417,011.34</u>
EXPENDITURES:					
Current:					
Regular Instruction	1,279,603.57	75,933.25	.00	.00	1,355,536.82
Special Education Instruction	379,329.36	.00	.00	.00	379,329.36
Other Instruction	81,699.35	.00	.00	.00	81,699.35
Support Services:					
Tuition	964,656.36	.00	.00	.00	964,656.36
Student & Instruction Related Services	634,392.91	15,161.00	.00	.00	649,553.91
General Administration	229,155.58	.00	.00	.00	229,155.58
School Administrative Services	12,750.00	.00	.00	.00	12,750.00
Central Services	46,878.00	.00	.00	.00	46,878.00
Plant Operations and Maintenance	229,704.80	.00	.00	.00	229,704.80
Pupil Transportation	197,502.68	.00	.00	.00	197,502.68
Unallocated Employee Benefits	693,393.46	.00	.00	.00	693,393.46
Debt Service:					
Principal	.00	.00	.00	230,000.00	230,000.00
Interest and Other Charges	.00	.00	.00	178,573.70	178,573.70
Capital Outlay	<u>14,534.40</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>14,534.40</u>
Total Expenditures	<u>4,763,600.47</u>	<u>91,094.25</u>	<u>.00</u>	<u>408,573.70</u>	<u>5,263,268.42</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>153,567.62</u>	<u>.00</u>	<u>.00</u>	<u>175.30</u>	<u>153,742.92</u>
OTHER FINANCING SOURCES (USES):					
Transfers	<u>(2,178.27)</u>	<u>(.00)</u>	<u>(7,014.50)</u>	<u>(.00)</u>	<u>(9,192.77)</u>
Total Other Financing Sources and (Uses)	<u>(2,178.27)</u>	<u>(.00)</u>	<u>(7,014.50)</u>	<u>(.00)</u>	<u>(9,192.77)</u>
Net Change in Fund Balances	<u>151,389.35</u>	<u>.00</u>	<u>(7,014.50)</u>	<u>175.30</u>	<u>144,550.15</u>
Fund Balance - July 1	1,380,025.13	.00	7,014.50	6.13	1,387,045.76
Prior Period Adjustments	<u>17,540.61</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>17,540.61</u>
Fund Balance - July 1 (Restated)	<u>1,397,565.74</u>	<u>.00</u>	<u>7,014.50</u>	<u>6.13</u>	<u>1,404,586.37</u>
Fund Balance - June 30	<u>\$1,548,955.09</u>	<u>.00</u>	<u>.00</u>	<u>181.43</u>	<u>1,549,136.52</u>

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental funds (from B-2)		144,550.15
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current fiscal year.		
Depreciation Expense	(173,545.17)	
Capital Outlay	<u>14,480.40</u>	(159,064.77)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the Statement of Activities.		230,000.00
In the statement of activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		6,286.57
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Amortization of Original Issue Premium	8,990.95	
Amortization of Deferred Loss on Refunding of Debt	<u>(11,327.07)</u>	(2,336.12)
District pension contribution are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District Pension Contribution - 2021	25,413.00	
Less: Pension Expense	<u>(8,979.00)</u>	16,434.00
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.		3,833.35
Per GASB No. 68 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.		
Increase in On-behalf State Aid TPAF Pension Revenue	171,333.00	
Increase in On-behalf TPAF Pension Expense	<u>(171,333.00)</u>	.00
Per GASB No. 75 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf TPAF & PERS post-retirement medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.		
Increase in On-behalf State Aid TPAF & PERS Post-Retirement Medical Revenue	365,302.00	
Increase in On-behalf State Aid TPAF & PERS Post-Retirement Medical Expense	<u>(365,302.00)</u>	.00
Change in net position of governmental activities		<u>\$239,703.18</u>

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

AVON-BY-THE-SEA SCHOOL DISTRICT**Statement of Net Position****Proprietary Funds****June 30, 2021****Business-Type Activities-
Enterprise Funds****Food Service****ASSETS:**

Current Assets:

Cash and Cash Equivalents

5,881.43

Accounts Receivable:

State

87.21

Federal

1,224.36

Total Current Assets

7,193.00

Noncurrent Assets:

Equipment

21,353.13

Less Accumulated Depreciation

(14,949.03)

Total Noncurrent Assets

6,404.10

Total Assets

13,597.10**LIABILITIES:**

Current Liabilities:

Accounts Payable:

Interfund Payable

10,774.22

Students Charge Accounts

533.50

Other Payable - Neptune City School District

2,241.83

Total Current Liabilities

13,549.55**NET POSITION:**

Invested in Capital Assets, Net of Related Debt

.00

Unrestricted

47.55

Total Net Position

\$ 47.55

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

Business-Type Activities-
Enterprise Funds

Food Service

OPERATING REVENUES:

Local Sources:

Daily Sales - Non-Reimbursable Programs 2,780.80

Total Operating Revenues 2,780.80

OPERATING EXPENSES:

Cost of Sales - Reimbursable Programs 10,320.40

Cost of Sales - Non-Reimbursable Programs 1,074.51

Salaries 9,770.39

Employee Benefits 747.43

Depreciation 1,063.48

Miscellaneous Expenses 21.53

Total Operating Expenses 22,997.74

Operating Loss (20,216.94)

NONOPERATING REVENUES:

State Sources:

State School Lunch Program - Seamless Summer Option 510.83

Federal Sources:

National School Lunch Program - Seamless Summer Option 10,263.24

HHFKA - Performance Based - Seamless Summer Option 204.68

Interest Earnings 45.42

Total Nonoperating Revenues 11,024.17

Loss Before Contributions and Transfers (9,192.77)

Operating Transfer In: Board Contribution 9,192.77

Change in Net Position .00

Total Net Position - July 1 7.86

Prior Period Adjustment 39.69

Total Net Position - July 1 (Restated) 47.55

Total Net Position - June 30 \$ 47.55

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

AVON-BY-THE-SEA SCHOOL DISTRICT**Statement of Cash Flows****Proprietary Funds****For the Fiscal Year Ended June 30, 2021****Business-Type Activities-**
Enterprise Funds**Food Service****CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received from Daily Sales	2,780.80
Payments to Suppliers	(11,416.44)
Payments to Employees	(9,770.39)
Payments for Employee Benefits	<u>(747.43)</u>
Net Cash Used for Operating Activities	<u>(19,153.46)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State Sources	468.70
Federal Sources	9,586.56
Board Contribution	9,192.77
Interfunds	(5,651.56)
Student Charge Accounts	<u>(751.30)</u>
Net Cash Provided by Noncapital Financing Activities	<u>12,845.17</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on Investments	<u>45.42</u>
Net Cash Provided by Investing Activities	<u>45.42</u>
Net Decrease in Cash and Cash Equivalents	(6,262.87)
Cash and Cash Equivalents - July 1	<u>12,144.30</u>
Cash and Cash Equivalents - June 30	<u>\$ 5,881.43</u>

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:

Operating Loss	<u>(20,216.94)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	<u>1,063.48</u>
Total Adjustments	<u>1,063.48</u>
Net Cash Used for Operating Activities	<u>\$(19,153.46)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Avon-By-The-Sea School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of Avon-By-The-Sea School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity:

The Avon-By-The-Sea School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three year-terms. The purpose of the District is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the district holds the corporate powers of the organization
- the district appoints a voting majority of the organization's board
- the district is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the district
- there is a fiscal dependency by the organization on the district

Based on the aforementioned criteria, the District has no component units.

B. New Accounting Standards:

During fiscal year 2021, the District adopted the following GASB statements:

- GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial purposes and how those activities should be reported. The District has implemented this Statement and it impacted the financial statements. See Note 20 for additional information.
- GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, will be effective for the year ended June 30, 2021. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Implementation of this Statement did not impact the District's financial statements.

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

- GASB Statement No. 87, *Leases*, will be effective for the year ended June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Management is currently evaluating the effects this Statement will have on future financial statements.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for the year ended June 30, 2022. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not expect this Statement to impact the District's financial statements.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. New Accounting Standards (Cont'd):

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include (Cont'd):

- GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the year ended June 30, 2023. The objective of this Statement is to provide a single method of reporting conduit debt obligations. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 92, *Omnibus 2020*, will be effective for the year ended June 30, 2022. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will be effective for the year ended June 30, 2022. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of IBOR. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the year ended June 30, 2023. The primary objectives of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for the year ended June 30, 2024. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*, will be effective for the year ended June 30, 2022. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstance in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not expect this Statement to impact the District's financial statements.

C. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-Wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation

District-Wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

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

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

The District reports the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP as it pertains to governmental entities states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd)

The District reports the following major governmental funds (Cont'd):

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following major proprietary fund:

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

Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide and Proprietary Fund Financial Statements: The District-Wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. The Board voted to adopt P.L. 2011 c.202, effective January 17, 2012, which eliminated the annual voter referendum on budgets which meet the statutory tax levy cap limitations and the board of education members are elected at the November general elections. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 GAAP with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as presented in the Notes to Required Supplementary Information. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

The accounting records of the special revenue fund 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.

E. Encumbrances:

Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

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

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Investments are reported at fair value.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Interfund Transactions:

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

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

Bond Premiums:

Bond premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position.

Allowance for Uncollectible Accounts:

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

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 1992 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. The cost of normal maintenance and repairs is not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.00.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Capital Assets (Cont'd):

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Office & Computer Equipment	5-10
Instructional Equipment	10
Site Improvements	20
Licensed Vehicles	8

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

Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as unearned revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-Wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. The amortization expense for the year ended June 30, 2021 amounted to \$11,327.07. As of June 30, 2021, the District has an unamortized balance of \$169,906.11 recorded as a deferred outflow of resources.

Net Position:

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the School District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Fund Balance:

Beginning with the fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definition". The School District reports fund balance in classifications that comprise hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net 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 District has two items that qualify for reporting in this category, deferred loss on refunding bond issuance and deferred outflows related to pensions.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Deferred Outflows/Inflows of Resources (Cont'd):

In addition to liabilities, the statement of net 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 District has one item that qualifies for reporting in this category, deferred inflows related to pensions.

Revenues - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and pension benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense allocation column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function is reported separately on the Statement of Activities.

Management Estimates:

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

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2021, and reported at fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			1,135,860.60
Investments:			
None			<u>.00</u>
Total deposits and investments			<u>\$1,135,860.60</u>
Reconciliation of Statement of Net Position:			
Cash and Cash Equivalents			533,920.15
Restricted Assets:			
Capital Reserve Account - Cash			469,651.31
Tuition Reserve Account - Cash			114,676.00
Unemployment Compensation - Cash			<u>17,613.14</u>
			<u>\$1,135,860.60</u>

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$1,192,829.10 at June 30, 2021. Of the bank balance \$250,000.00 was fully insured by depository insurance and \$942,829.10 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

Investment Interest Rate Risk - The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or 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.
4. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by school district;
6. Local governments investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
8. Agreements for the repurchase of fully collateralized securities.

Concentration of Investment Credit Risk - The District places no limit on the amount it may invest in any one issuer. At June 30, 2021, the District had no investments.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Avon-By-The-Sea Board of Education in October 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$460,572.22
Interest earnings	2,064.59
Transfer from Capital Projects Fund	7,014.50
Withdrawals	
Approved by Board resolution	(.00)
Ending balance, June 30, 2021	<u>\$469,651.31</u>

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects at June 30, 2021 is \$0. There were no withdrawals this year from the capital reserve account for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 4. RECEIVABLES

Receivables at June 30, 2021, consisted of interfunds and intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
Local Tax Levy	349,156.46	349,156.46
State Aid	69,397.86	69,485.07
Federal Aid	14,386.25	15,610.61
Interfunds	44,409.27	10,774.22
Other	<u>302.96</u>	<u>302.96</u>
Gross Receivables	477,652.80	445,329.32
Less: Allowance for Uncollectibles	<u>.00</u>	<u>.00</u>
Total Receivables, Net	<u>\$477,652.80</u>	<u>445,329.32</u>

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	8,800.00	.00	.00	8,800.00
Construction in Progress	<u>.00</u>	<u>14,480.40</u>	<u>.00</u>	<u>14,480.40</u>
Total capital assets not being depreciated	<u>8,800.00</u>	<u>14,480.40</u>	<u>.00</u>	<u>23,280.40</u>
Capital assets being depreciated:				
Site improvements	130,946.00	.00	.00	130,946.00
Building and building improvements	7,516,133.50	.00	.00	7,516,133.50
Machinery and equipment	855,607.04	.00	.00	855,607.04
Licensed vehicles	<u>15,500.00</u>	<u>.00</u>	<u>.00</u>	<u>15,500.00</u>
Total capital assets being depreciated	<u>8,518,186.54</u>	<u>.00</u>	<u>.00</u>	<u>8,518,186.54</u>
Total at historical cost	<u>8,526,986.54</u>	<u>14,480.40</u>	<u>.00</u>	<u>8,541,466.94</u>
Less accumulated depreciation for:				
Site Improvements	(63,223.98)	(4,290.00)	.00	(67,513.98)
Building and improvements	(1,196,792.02)	(149,730.36)	.00	(1,346,522.38)
Machinery and equipment	(747,608.62)	(19,524.81)	.00	(767,133.43)
Licensed vehicles	<u>(15,500.00)</u>	<u>(.00)</u>	<u>.00</u>	<u>(15,500.00)</u>
Total accumulated depreciation	<u>(2,023,124.62)</u>	<u>(173,545.17)</u>	<u>.00</u>	<u>(2,196,669.79)</u>
Governmental activity capital assets, net	<u>\$ 6,503,861.92</u>	<u>(159,064.77)</u>	<u>.00</u>	<u>6,344,797.15</u>
Business-Type activities:				
Capital assets being depreciated:				
Equipment	21,353.13	.00	.00	21,353.13
Less accumulated depreciation	<u>(13,885.55)</u>	<u>(1,063.48)</u>	<u>.00</u>	<u>(14,949.03)</u>
Enterprise fund capital assets, net	<u>\$ 7,467.58</u>	<u>(1,063.48)</u>	<u>.00</u>	<u>6,404.10</u>

Depreciation expense was charged to the following governmental programs:

Instruction - Regular	3,045.05
Support Services - Administration	52.80
Maintenance - Custodial	505.87
Unallocated	169,941.45
Total	<u>\$173,545.17</u>

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 6. LONG-TERM OBLIGATIONS:

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

A. Long-term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds Payable	5,005,000.00	.00	(230,000.00)	4,775,000.00	240,000.00
Add: Unamortized Premium	<u>143,855.15</u>	<u>.00</u>	<u>(8,990.95)</u>	<u>134,864.20</u>	<u>.00</u>
	5,148,855.15	.00	(238,990.95)	4,909,864.20	240,000.00
Compensated Absences	57,365.46	4,866.84	(11,153.41)	51,078.89	.00
Net Pension Liability	<u>483,608.00</u>	<u>.00</u>	<u>(104,779.00)</u>	<u>378,829.00</u>	<u>.00</u>
	<u>\$5,689,828.61</u>	<u>4,866.84</u>	<u>(354,923.36)</u>	<u>5,339,772.09</u>	<u>240,000.00</u>

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

Government Activities			
Issue Dates	Interest Rates	Date of Maturity	Principal Balance June 30, 2021
2015 Refunding Bonds	06/25/2015	1.50%-5.00%	02/01/2036 <u>\$4,775,000.00</u>

B. Debt Service Requirements:

Principal and interest on bonds payable at June 30, 2021 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	240,000.00	169,375.00	409,375.00
2023	255,000.00	157,375.00	412,375.00
2024	265,000.00	147,175.00	412,175.00
2025	275,000.00	136,575.00	411,575.00
2026-2030	1,535,000.00	527,131.26	2,062,131.26
2031-2035	1,800,000.00	261,375.02	2,061,375.02
2036	<u>405,000.00</u>	<u>14,175.00</u>	<u>419,175.00</u>
	<u>\$4,775,000.00</u>	<u>1,413,181.28</u>	<u>6,188,181.28</u>

C. Bonds Authorized But Not Issued: The District has no authorized but not issued bonds at June 30, 2021.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 6. LONG-TERM OBLIGATIONS (CONT'D):

D. Long-Term Debt Defeasance: On June 25, 2015, the District refunded \$5,730,000.00 of its March 1, 2006 School District Bonds and issued \$5,930,000.00 Refunding School Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$237,868.53 and this amount is being amortized over the remaining life of the new debt issued and reported as a Deferred Outflow of Resources on the Statement of Net Position. The refunding resulted in a savings of \$425,371.32, throughout the life of the bonds and a net present value savings of \$315,167.26 at the time the refunding bonds were issued.

NOTE 7. OPERATING LEASES

The District had three operating leases for Savin copiers, one expired March 28, 2021, one expires November 28, 2025, and one expires May 28, 2026. The District also has an operating lease for a software program that monitors printing usage by staff members which expires on April 28, 2025. The total operating lease payments made during the year ended June 30, 2021 were \$11,683.22. Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>
2022	12,363.96
2023	12,363.96
2024	12,363.96
2025	8,840.06
2026	<u>5,192.80</u>
Total minimum lease payments	<u>\$51,124.74</u>

NOTE 8. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,548,955.09 General Fund fund balance at June 30, 2021, \$272,112.87 has been restricted for excess surplus; \$279,645.04 has been restricted for excess surplus at June 30, 2020 and has been appropriated and included as anticipated revenue for the year ending June 30, 2022; \$469,651.31 has been restricted for the Capital Reserve Account; \$114,676.00 has been restricted for tuition adjustment in accordance with N.J.A.C. 6A:23-3.1(f)(8); \$17,613.14 has been restricted for Unemployment Compensation Account; \$58,760.77 of encumbrances for outstanding purchase orders have been assigned for other purposes; \$41,609.96 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2022; \$294,886.00 is unassigned.

NOTE 9. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1997 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$272,112.87.

NOTE 10. CONTINGENT LIABILITIES

Grant Programs:

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

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 11. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - For purpose 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 Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$8,800,035 as measured on June 30, 2020 and \$7,650,479 as measured on June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$547,224 and revenue of \$547,224 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>06/30/2019</u>	<u>06/30/2020</u>
Collective deferred outflows of resources	\$10,077,460,797	\$9,589,140,982
Collective deferred inflows of resources	17,525,379,167	14,409,361,877
Collective net pension liability (Nonemployer-State of New Jersey)	\$61,370,943,870	65,848,796,740
State's portion of the net pension liability that was associated with the district	7,650,479	8,800,035
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.0124659629%	0.0133640027%

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 11. PENSION PLANS (CONT'D)

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

Actuarial assumptions - The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55% - 4.45%
	Based on Years of Service
Thereafter	2.75% - 5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) (Cont'd):

Discount rate. The discount rate used to measure the State's total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on 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. 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 78% 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 projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/annrpts.shtml>.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

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

At June 30, 2021, the District reported a liability of \$378,829 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the year ended June 30, 2020. At June 30, 2020, the District's proportion was 0.0023230504% which was a decrease of 0.0003609070% from its proportion measured as of June 30, 2019.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 11. PENSION PLANS (CONT'D)

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

For the year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$8,979. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	6,898	1,340
Changes of assumptions	12,290	158,619
Net difference between projected and actual earnings on pension plan investments	12,949	-
Changes in proportion and differences between District contributions and proportionate share of contributions	47,549	81,812
District contributions subsequent to the measurement date	<u>25,413</u>	<u>-</u>
Total	<u>\$105,099</u>	<u>\$241,771</u>

\$25,413 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30</u>
2022	\$(48,784)
2023	(58,008)
2024	(30,737)
2025	(20,416)
2026	<u>(4,140)</u>
Total	<u>\$(162,085)</u>

Additional Information:

Local Group Collective balances at June 30, 2019 and 2020 are as follows:

	<u>06/30/2019</u>	<u>06/30/2020</u>
Collective deferred outflows of resources	\$3,149,522,616	\$2,347,583,337
Collective deferred inflows of resources	7,645,087,574	7,849,949,467
Collective net pension liability (Non State - Local Group)	\$18,143,832,135	16,435,616,426
District's portion of net pension liability	483,608	378,829
District's portion %	0.0026839574%	0.0023230504%

Actuarial assumptions - The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00%
	Based on Years of Service
Thereafter	3.00% - 7.00%
	Based on Years of Service
Investment Rate of Return	7.00%

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 11. PENSION PLANS (CONT'D)

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with a 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount rate. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 11. PENSION PLANS (CONT'D)

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate of (7.00%), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$451,184	\$378,829	\$317,513

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Member contributions are matched by a 3% employer contribution. For the year ended June 30, 2021, employee contributions total \$7,422.06 and the District recognized pension expense of \$4,551.39. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 11. PENSION PLANS (CONT'D)

Significant Legislation (Cont'd)

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 7.50% and the PERS rate is 7.50% of covered payroll.

The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Liability</u>
6/30/21	25,413	100%	-
6/30/20	26,326	100%	-
6/30/19	24,199	100%	-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Liability</u>
6/30/21	375,891	100%	-
6/30/20	298,378	100%	-
6/30/19	250,307	100%	-

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 11. PENSION PLANS (CONT'D)

Contribution Requirements (Cont'd)

During the fiscal year ended June 30, 2021, the State of New Jersey did contribute \$117,799.00 to the TPAF for post-retirement medical benefits and \$389.00 for long-term disability insurance on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$109,766.70 during the year ended June 30, 2021, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in the fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NOTE 12. OTHER POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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 provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. 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. In Fiscal Year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 12. OTHER POST-RETIREMENT BENEFITS (CONT'D)

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

Plan Membership

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

Local Education

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not	
Yet Receiving Benefit Programs	-
Total Plan Members	<u>366,108</u>

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial Assumptions and Other Inputs

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Total Nonemployer OPEB Liability	\$67,809,962,608		
Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.45%	2.00 - 6.00%	3.25 - 15.25%
	Based on Service	Based on Service	Based on Service
	Years	Years	Years
Thereafter	1.55 - 4.45%	3.00 - 7.00%	Applied to All
	Based on Service	Based on Service	Future Years
	Years	Years	

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 12. OTHER POST-RETIREMENT BENEFITS (CONT'D)

General Information about the OPEB Plan (Cont'd)

Total Nonemployer OPEB Liability (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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 State's Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$41,729,081,045
Changes for Year:	
Service Cost	1,790,973,822
Interest on the Total OPEB Liability	1,503,341,357
Differences Between Expected and Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Gross Benefit Payments by the State	(1,180,515,618)
Contributions from Members	<u>35,781,384</u>
Net Changes	<u>26,080,881,563</u>
Balance at June 30, 2020	<u>\$67,809,962,608</u>

Changes of assumptions reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>June 30, 2020 Discount Rate</u>	<u>1% Increase</u>
	<u>(1.21%)</u>	<u>(2.21%)</u>	<u>(3.21%)</u>
Total OPEB Liability (School Retirees)	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 12. OTHER POST-RETIREMENT BENEFITS (CONT'D)

General Information about the OPEB Plan (Cont'd)

Total Nonemployer OPEB Liability (Cont'd)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

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

	<u>June 30, 2020</u>		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$54,738,488,540	\$67,809,962,608	\$83,375,182,975

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

For the year ended June 30, 2020, the board of education recognized OPEB expense of \$483,101 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the Avon Board of Education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	10,295,318,750	(9,170,703,615)
Assumption Changes	11,534,251,250	(7,737,500,827)
Contributions Made in Fiscal Year Ending 2020 After June 30, 2019 Measurement Date	<u>TBD</u>	<u>N/A</u>
	<u>\$21,829,570,000</u>	<u>\$(16,908,204,442)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$43,440,417
2022	\$43,440,417
2023	\$43,440,417
2024	\$43,440,417
2025	\$43,440,417
Thereafter	\$4,704,163,473

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 13. COMPENSATED ABSENCES

The District accounts for Compensated Absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for Compensated Absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The entire liability for compensated absences is reported in the District-Wide Statements of Net Position in two components - the amount due within one year and the amount due in more than one year.

NOTE 14. DEFERRED COMPENSATION

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

AXA Equitable
Met Life
Equi-Vest

NOTE 15. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Unemployment Compensation Claims Payable</u>	<u>Ending Balance</u>
2020-2021	72.53	5,684.93	1,734.60	3,950.33	17,613.14
2019-2020	100.51	4,137.45	1.30	.00	17,540.61
2018-2019	14,840.00	3,678.27	15,385.32	.00	13,303.95

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 16. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2021 consisted of the following:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Food Service Fund	10,774.22*	.00
Special Revenue Fund	7,617.86	.00
Debt Service Fund	26,017.19	.00
Special Revenue Fund:		
General Fund	.00	7,617.86
Debt Service Fund:		
General Fund	.00	26,017.19
Food Service Fund:		
General Fund	.00	10,774.22
	<u>44,409.27</u>	<u>44,409.27</u>

All of the above interfunds represent short-term loans.

*Reported as a receivable on the District-Wide statement of net position.

As of June 30, 2021, the District's operating transfers consisted of the following:

\$9,192.77	From the General Fund to the Enterprise Fund to cover the deficit in operations.
\$7,014.50	From the Capital Projects Fund to the General Fund Capital Reserve Account for unexpended funds from local share of financing.

NOTE 17. INVENTORY

The District had no inventory at June 30, 2021.

NOTE 18. DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of (\$206,854.15) existed as of June 30, 2021 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 19. PRIOR PERIOD ADJUSTMENTS

GASB Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year ended June 30, 2021. As part of this implementation, the Unemployment Compensation Trust Fund which had been previously reported in the Fiduciary Funds is now reported in the General Fund. The cumulative effect of this implementation has resulted in a prior period adjustment of \$17,540.71 to increase the ending balances as of June 30, 2020 to the General Fund Balance and the Net Position.

The District had to increase prior year Accounts Receivable as reflected on the Schedule of Expenditures of State Financial Assistance in the adjustment column. The cumulative effect of this adjustment has resulted in a prior period adjustment of \$39.69 to increase the ending balance as of June 30, 2020 to the Net Position in the Business-Type Activities.

NOTE 20. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and February 23, 2022, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and below is the only item that came to the attention of the District that would require disclosure:

The COVID-19 pandemic in the United States and specifically in New Jersey has continued to cause disruption of the District's normal operations. The pandemic is having significant effects on global markets, supply chains, businesses and communities. Though the impact on the District's financial operations cannot be reasonably estimated at this date, it is likely that there will be an impact on various parts of the fiscal year 2022 operations, revenue sources and financial results including but not limited to, school re-opening on a full-time basis. Management believes the District is taking appropriate actions to mitigate the negative impact and additional Federal and State Grants made available to the District will help alleviate some of the additional costs to be incurred. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

AVON-BY-THE-SEA SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	3,875,495.00	0.00	3,875,495.00	3,875,495.00	0.00
Tuition from Individuals	85,422.00	0.00	85,422.00	140,210.00	54,788.00
Transportation Fees from Individuals	0.00	0.00	0.00	446.00	446.00
Interest Earned on Capital Reserve Funds	400.00	0.00	400.00	2,064.59	1,664.59
Other Restricted Miscellaneous Revenues	0.00	0.00	0.00	72.53	72.53
Unrestricted Miscellaneous Revenues	5,300.00	0.00	5,300.00	30,481.27	25,181.27
Total - Local Sources	3,966,617.00	0.00	3,966,617.00	4,048,769.39	82,152.39
State Sources:					
Transportation Aid	63,965.00	0.00	63,965.00	63,965.00	0.00
Special Education Categorical Aid	122,510.00	(2,594.00)	119,916.00	119,916.00	0.00
Security Aid	16,622.00	0.00	16,622.00	16,622.00	0.00
Extraordinary Special Education Costs Aid	15,000.00	0.00	15,000.00	60,339.00	45,339.00
Reimbursed Nonpublic School Transportation Costs Aid	0.00	0.00	0.00	3,542.00	3,542.00
TPAF - Pension Contributions (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	375,891.00	375,891.00
TPAF - Post Retirement Medical Contrib. (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	117,799.00	117,799.00
TPAF - LTD Insurance Contributions (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	389.00	389.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	109,766.70	109,766.70
Total State Sources	218,097.00	(2,594.00)	215,503.00	868,229.70	652,726.70
Total Revenues	4,184,714.00	(2,594.00)	4,182,120.00	4,916,999.09	734,879.09
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	51,156.00	680.00	51,836.00	50,835.75	1,000.25
Kindergarten - Salaries of Teachers	98,779.00	(4,059.97)	94,719.03	94,592.10	126.93
Grades 1-5 - Salaries of Teachers	423,083.00	(11,602.98)	411,480.02	410,860.47	619.55
Grades 6-8 - Salaries of Teachers	333,189.00	(24,786.22)	308,402.78	302,875.84	5,526.94
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	23,770.00	348.93	24,118.93	24,118.93	0.00
Purchased Professional - Educational Services	0.00	22,800.00	22,800.00	22,800.00	0.00
General Supplies	121,676.00	(47,699.32)	73,976.68	68,541.18	5,435.50
Other Objects	41,067.00	2,905.91	43,972.91	41,281.45	2,691.46
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,092,720.00	(61,413.65)	1,031,306.35	1,015,905.72	15,400.63
Resource Room/Resource Center:					
Salaries of Teachers	349,050.00	(1,032.00)	348,018.00	316,534.24	31,483.76
Other Salaries for Instruction	0.00	17,750.00	17,750.00	17,250.00	500.00
General Supplies	500.00	0.00	500.00	406.09	93.91
Total Resource Room/Resource Center - Instr.	349,550.00	16,718.00	366,268.00	334,190.33	32,077.67
TOTAL SPECIAL EDUCATION - INSTRUCTION	349,550.00	16,718.00	366,268.00	334,190.33	32,077.67
Bilingual Education - Inst.					
Salaries of Teachers	500.00	0.00	500.00	427.50	72.50
Total Bilingual Education - Inst.	500.00	0.00	500.00	427.50	72.50
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	13,389.00	(196.00)	13,193.00	11,639.00	1,554.00
Other Objects	1,200.00	1,215.17	2,415.17	2,385.41	29.76
Total School-Spon. Cocurricular Actvts. - Inst.	14,589.00	1,019.17	15,608.17	14,024.41	1,583.76
School-Spon. Cocurricular Athletics - Inst.					
Salaries	25,279.00	(5,658.96)	19,620.04	19,620.04	0.00
Purchased Services (300-500 series)	7,941.00	(7,493.00)	448.00	448.00	0.00
Supplies and Materials	2,000.00	(1,709.07)	290.93	28.78	262.15
Other Objects	1,200.00	0.00	1,200.00	1,200.00	0.00
Total School-Spon. Cocurricular Athletics - Inst.	36,420.00	(14,861.03)	21,558.97	21,296.82	262.15

AVON-BY-THE-SEA SCHOOL DISTRICT**Budgetary Comparison Schedule****General Fund****Fiscal Year Ended June 30, 2021****(Unaudited)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	3,297.00	(3,297.00)	0.00	0.00	0.00
Salaries of Reading Specialists	44,558.00	1,332.00	45,890.00	45,890.00	0.00
General Supplies	200.00	0.00	200.00	60.62	139.38
Total Other Supplemental/At-Risk Programs - Instruction	48,055.00	(1,965.00)	46,090.00	45,950.62	139.38
TOTAL INSTRUCTION AND AT-RISK PROGRAMS	1,541,834.00	(60,502.51)	1,481,331.49	1,431,795.40	49,536.09
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	609,274.00	36,735.00	646,009.00	642,859.00	3,150.00
Tuition to Other LEAs Within the State - Special	152,579.00	(14,091.04)	138,487.96	138,487.86	0.10
Tuition to County Voc. School Dist. - Regular	26,250.00	(5,050.00)	21,200.00	21,200.00	0.00
Tuition to Private Schools for the Disabled - Within State	195,566.00	(33,456.50)	162,109.50	162,109.50	0.00
Total Undistributed Expenditures - Instruction	983,669.00	(15,862.54)	967,806.46	964,656.36	3,150.10
Undistributed Expend. - Attend. & Social Work					
Salaries	35,776.00	189.80	35,965.80	35,965.80	0.00
Total Undistributed Expend. - Attend. & Social Work	35,776.00	189.80	35,965.80	35,965.80	0.00
Undist. Expend. - Health Services					
Salaries	72,345.00	4,795.00	77,140.00	77,140.00	0.00
Purchased Professional Services	4,500.00	(1,000.00)	3,500.00	3,500.00	0.00
Supplies and Materials	3,500.00	683.73	4,183.73	4,183.73	0.00
Other Objects	30.00	0.00	30.00	25.00	5.00
Total Undistributed Expenditures - Health Services	80,375.00	4,478.73	84,853.73	84,848.73	5.00
Undist. Expend. - Speech, OT, PT, & Related Services					
Salaries	39,421.00	(465.85)	38,955.15	38,955.15	0.00
Purchased Professional - Educational Services	0.00	32,161.72	32,161.72	32,161.72	0.00
Supplies and Materials	250.00	1,516.05	1,766.05	1,766.05	0.00
Total Undist. Exp. - Speech, OT, PT & Related Services	39,671.00	33,211.92	72,882.92	72,882.92	0.00
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	52,006.00	0.00	52,006.00	52,005.96	0.04
Salaries of Secretarial and Clerical Assistants	37,526.00	(1,099.96)	36,426.04	35,991.80	434.24
Other Salaries	61,350.00	(2,577.50)	58,772.50	58,772.50	0.00
Purchased Professional - Educational Services	25,000.00	2,330.00	27,330.00	26,680.00	650.00
Other Purchased Professional and Technical Services	5,000.00	1,291.00	6,291.00	6,291.00	0.00
Supplies and Materials	500.00	(110.00)	390.00	174.69	215.31
Other Objects	500.00	(350.00)	150.00	150.00	0.00
Total Undist. Expend. - Child Study Teams	181,882.00	(516.46)	181,365.54	180,065.95	1,299.59
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	54,256.00	0.00	54,256.00	52,006.04	2,249.96
Salaries of Other Professional Staff	1,100.00	0.00	1,100.00	1,080.00	20.00
Salaries of Secretarial and Clerical Assistants	10,222.00	0.00	10,222.00	9,968.12	253.88
Purchased Professional - Educational Services	6,500.00	(400.00)	6,100.00	2,867.00	3,233.00
Other Purchased Services (400-500)	0.00	325.00	325.00	325.00	0.00
Other Objects	1,000.00	420.00	1,420.00	1,420.00	0.00
Total Undist. Expend. - Improvement of Inst. Serv.	73,078.00	345.00	73,423.00	67,666.16	5,756.84
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	8,746.00	0.00	8,746.00	6,778.48	1,967.52
Salaries of Technology Coordinators	16,800.00	28,266.50	45,066.50	41,116.50	3,950.00
Purchased Professional and Technical Services	3,500.00	(2,500.00)	1,000.00	0.00	1,000.00
Supplies and Materials	250.00	0.00	250.00	154.27	95.73
Total Undist. Expend. - Edu. Media Serv./Sch. Library	29,296.00	25,766.50	55,062.50	48,049.25	7,013.25
Undist. Expend. - Instr. Staff Training Services					
Other Purchased Services (400-500 series)	5,000.00	(3,000.00)	2,000.00	500.00	1,500.00
Total Undist. Expend. - Instr. Staff Training Services	5,000.00	(3,000.00)	2,000.00	500.00	1,500.00

AVON-BY-SEA SCHOOL DISTRICT**Budgetary Comparison Schedule****General Fund****Fiscal Year Ended June 30, 2021****(Unaudited)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	149,080.00	0.00	149,080.00	149,080.00	0.00
General Admin. Salaries-Governance Staff (BOE Direct Reports Only)	2,200.00	0.00	2,200.00	2,200.00	0.00
Legal Services	3,500.00	26,095.16	29,595.16	25,146.50	4,448.66
Audit Fees	10,750.00	0.00	10,750.00	10,750.00	0.00
Purchased Technical Services	2,300.00	0.00	2,300.00	1,900.00	400.00
Communications/Telephone	7,500.00	(2,956.31)	4,543.69	4,543.69	0.00
Misc. Purchased Services (400-500)	2,000.00	(1,850.00)	150.00	150.00	0.00
General Supplies	500.00	(322.04)	177.96	177.96	0.00
Miscellaneous Expenditures	6,000.00	(2,183.31)	3,816.69	3,769.46	47.23
BOE Membership Dues and Fees	3,000.00	(202.00)	2,798.00	2,427.73	370.27
Total Undist. Expend. - Supp. Serv. - General Admin.	186,830.00	18,581.50	205,411.50	200,145.34	5,266.16
Undist. Expend.-Support Serv.-School Admin.					
Salaries of Other Professional Staff	12,548.00	202.00	12,750.00	12,750.00	0.00
Total Undist. Expend.-Support Serv.-School Admin.	12,548.00	202.00	12,750.00	12,750.00	0.00
Undistributed Expenditures - Central Services					
Salaries	46,478.00	0.00	46,478.00	46,478.00	0.00
Purchased Technical Services	125.00	0.00	125.00	0.00	125.00
Supplies and Materials	250.00	0.00	250.00	175.00	75.00
Miscellaneous Expenditures	250.00	0.00	250.00	225.00	25.00
Total Undistributed Expenditures - Central Services	47,103.00	0.00	47,103.00	46,878.00	225.00
Undist. Expend. -Required Maintenance for School Facilities					
Cleaning, Repair, and Maintenance Services	42,000.00	(3,361.89)	38,638.11	26,976.93	11,661.18
Supplies	0.00	339.44	339.44	318.00	21.44
Other Objects	1,075.00	0.00	1,075.00	0.00	1,075.00
Total Undist. Expend. -Required Maintenance for School Facilities	43,075.00	(3,022.45)	40,052.55	27,294.93	12,757.62
Undist. Expend. - Custodial Services					
Salaries	84,591.00	0.00	84,591.00	77,026.98	7,564.02
Salaries of Non-Instructional Aides	11,254.00	0.00	11,254.00	6,397.20	4,856.80
Purchased Professional and Technical Services	4,500.00	(4,500.00)	0.00	0.00	0.00
Cleaning, Repair and Maintenance Services	13,200.00	(500.00)	12,700.00	4,565.44	8,134.56
Other Purchased Property Services	12,500.00	(6,458.32)	6,041.68	1,284.86	4,756.82
Insurance	28,857.00	(2,139.56)	26,717.44	26,717.44	0.00
General Supplies	18,000.00	2,054.26	20,054.26	18,365.81	1,688.45
Energy (Natural Gas)	30,000.00	0.00	30,000.00	15,064.57	14,935.43
Energy (Electricity)	30,000.00	5,000.00	35,000.00	30,624.94	4,375.06
Other Objects	3,000.00	0.00	3,000.00	2,097.00	903.00
Total Undist. Expend. - Custodial Services	235,902.00	(6,543.62)	229,358.38	182,144.24	47,214.14
Undist. Expend. - Care & Upkeep of Grounds					
Purchased Professional and Technical Services	4,875.00	0.00	4,875.00	311.93	4,563.07
Cleaning, Repair and Maintenance Services	1,550.00	65.00	1,615.00	1,615.00	0.00
General Supplies	1,800.00	(65.00)	1,735.00	740.83	994.17
Total Undist. Expend. - Care & Upkeep of Grounds	8,225.00	0.00	8,225.00	2,667.76	5,557.24
Undist. Expend. - Security					
Purchased Professional and Technical Services	2,000.00	0.00	2,000.00	1,135.80	864.20
Cleaning, Repair and Maintenance Services	500.00	3,022.45	3,522.45	3,522.45	0.00
General Supplies	500.00	1,200.00	1,700.00	1,199.98	500.02
Total Undist. Expend. - Security	3,000.00	4,222.45	7,222.45	5,858.23	1,364.22
Total Undist. Expend. - Oper. & Maint. Of Plant	290,202.00	(5,343.62)	284,858.38	217,965.16	66,893.22
Undist. Expend. - Student Transportation Serv.					
Sal. For Pup.Trans. (Bet. Home and School) - Regular	20,443.00	17.48	20,460.48	20,460.48	0.00
Contracted Services - Aid In Lieu of Payment for Non-Public Students	2,000.00	4,982.52	6,982.52	5,355.75	1,626.77
Contract Services (Other than Between Home & School)-Vendors	0.00	150.00	150.00	150.00	0.00
Contract Services - (Between Home and Sch.) - Joint Agmts	16,885.00	(3,807.82)	13,077.18	11,270.18	1,807.00
Contr Serv (Regular Students) - ESCs & CTSAs	87,687.00	(8,500.00)	79,187.00	41,784.67	37,402.33
Contr Serv (Spl. Ed. Students) - ESCs & CTSAs	149,964.00	0.00	149,964.00	118,481.60	31,482.40
Transportation Supplies	500.00	0.00	500.00	0.00	500.00
Other Objects	500.00	0.00	500.00	0.00	500.00
Total Undist. Expend. - Student Transportation Serv.	277,979.00	(7,157.82)	270,821.18	197,502.68	73,318.50

AVON-BY-THE-SEA SCHOOL DISTRICT**Budgetary Comparison Schedule****General Fund****Fiscal Year Ended June 30, 2021****(Unaudited)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
Regular Programs - Instruction - Employee Benefits					
Other Retirement Contributions	7,050.00	0.00	7,050.00	4,935.76	2,114.24
Health Benefits	296,627.00	(15,475.95)	281,151.05	233,062.09	48,088.96
Tuition Reimbursement	16,000.00	0.00	16,000.00	16,000.00	0.00
Other Employee Benefits	400.00	0.00	400.00	0.00	400.00
Unused Sick Payment to Terminated/Retired Staff	0.00	9,700.00	9,700.00	9,700.00	0.00
Total Regular Programs - Instruction	320,077.00	(5,775.95)	314,301.05	263,697.85	50,603.20
Special Programs - Instruction - Employee Benefits					
Health Benefits	52,463.00	0.00	52,463.00	45,139.03	7,323.97
Total Special Programs - Instruction	52,463.00	0.00	52,463.00	45,139.03	7,323.97
Attendance and Social Work Services - Employee Benefits					
Health Benefits	35,537.00	22.68	35,559.68	33,096.20	2,463.48
Total Attendance and Social Work Services	35,537.00	22.68	35,559.68	33,096.20	2,463.48
Health Services - Employee Benefits					
Health Benefits	31,246.00	(556.49)	30,689.51	29,355.22	1,334.29
Total Health Services	31,246.00	(556.49)	30,689.51	29,355.22	1,334.29
Other Support Services - Child Study Team - Employee Benefits					
Health Benefits	69,872.00	(2,945.26)	66,926.74	55,644.03	11,282.71
Total Support Services - Child Study Team	69,872.00	(2,945.26)	66,926.74	55,644.03	11,282.71
Improvement of Instruction Services - Employee Benefits					
Health Benefits	27,445.00	5,066.53	32,511.53	26,318.65	6,192.88
Total Improvement of Instruction Services	27,445.00	5,066.53	32,511.53	26,318.65	6,192.88
Support Services - General Administration - Employee Benefits					
Health Benefits	27,348.00	4,406.40	31,754.40	27,420.44	4,333.96
Other Employee Benefits	3,000.00	0.00	3,000.00	1,589.80	1,410.20
Total Support Services - General Administration	30,348.00	4,406.40	34,754.40	29,010.24	5,744.16
Operation and Maintenance of Plant Services - Employee Benefits					
Health Benefits	12,583.00	0.00	12,583.00	11,739.64	843.36
Total Operation and Maintenance of Plant Services	12,583.00	0.00	12,583.00	11,739.64	843.36
TOTAL ALLOCATED BENEFITS	579,571.00	217.91	579,788.91	494,000.86	85,788.05
UNALLOCATED BENEFITS					
Social Security Contributions	30,000.00	12,355.53	42,355.53	41,608.08	747.45
Other Retirement Contributions - PERS	23,000.00	2,658.03	25,658.03	25,658.03	0.00
Unemployment Compensation	0.00	0.00	0.00	0.00	0.00
Workmen's Compensation	25,000.00	(100.50)	24,899.50	22,281.65	2,617.85
TOTAL UNALLOCATED BENEFITS	78,000.00	14,913.06	92,913.06	89,547.76	3,365.30
On-Behalf TPAF Pension Contributions (Non-Budgeted)	0.00	0.00	0.00	375,891.00	(375,891.00)
On-Behalf TPAF Post Retirement Medical Contrib. (Non-Budgeted)	0.00	0.00	0.00	117,799.00	(117,799.00)
On-behalf TPAF LTD Insurance Contributions (Non-Budgeted)	0.00	0.00	0.00	389.00	(389.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	109,766.70	(109,766.70)
TOTAL ON-BEHALF CONTRIBUTIONS	0.00	0.00	0.00	603,845.70	(603,845.70)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	657,571.00	15,130.97	672,701.97	1,187,394.32	(514,692.35)
TOTAL UNDISTRIBUTED EXPENDITURES	2,900,980.00	66,025.98	2,967,005.98	3,317,270.67	(350,264.69)
TOTAL GENERAL CURRENT EXPENSE	4,442,814.00	5,523.47	4,448,337.47	4,749,066.07	(300,728.60)

AVON-BY-SEA SCHOOL DISTRICT**Budgetary Comparison Schedule****General Fund****Fiscal Year Ended June 30, 2021****(Unaudited)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
CAPITAL OUTLAY					
Equipment:					
Undist. Expend. - Instruction	23,000.00	1,355.40	24,355.40	14,480.40	9,875.00
Total Equipment	<u>23,000.00</u>	<u>1,355.40</u>	<u>24,355.40</u>	<u>14,480.40</u>	<u>9,875.00</u>
Facilities Acquisition & Construction Services:					
Assessment for Debt Service on SDA Funding	54.00	0.00	54.00	54.00	0.00
Total Facilities & Construction Services	<u>54.00</u>	<u>0.00</u>	<u>54.00</u>	<u>54.00</u>	<u>0.00</u>
Interest Deposit to Capital Reserve	400.00	0.00	400.00	0.00	400.00
TOTAL CAPITAL OUTLAY	<u>23,454.00</u>	<u>1,355.40</u>	<u>24,809.40</u>	<u>14,534.40</u>	<u>10,275.00</u>
TOTAL EXPENDITURES	<u>4,466,268.00</u>	<u>6,878.87</u>	<u>4,473,146.87</u>	<u>4,763,600.47</u>	<u>(290,453.60)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(281,554.00)</u>	<u>(9,472.87)</u>	<u>(291,026.87)</u>	<u>153,398.62</u>	<u>444,425.49</u>
Other Financing Sources (Uses):					
Operating Transfer In (Out):					
Transfer to Food Service Fund	(18,253.00)	0.00	(18,253.00)	(9,192.77)	9,060.23
Transfer from Capital Projects Fund to Capital Reserve	0.00	0.00	0.00	7,014.50	7,014.50
Total Other Financing Sources (Uses)	<u>(18,253.00)</u>	<u>0.00</u>	<u>(18,253.00)</u>	<u>(2,178.27)</u>	<u>16,074.73</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(299,807.00)</u>	<u>(9,472.87)</u>	<u>(309,279.87)</u>	<u>151,220.35</u>	<u>460,500.22</u>
Fund Balance, July 1	<u>1,399,189.13</u>	<u>0.00</u>	<u>1,399,189.13</u>	<u>1,399,189.13</u>	<u>0.00</u>
Prior Period Adjustment	<u>17,540.61</u>	<u>0.00</u>	<u>17,540.61</u>	<u>17,540.61</u>	<u>0.00</u>
Fund Balance, July 1 (Restated)	<u>1,416,729.74</u>	<u>0.00</u>	<u>1,416,729.74</u>	<u>1,416,729.74</u>	<u>0.00</u>
Fund Balance, June 30	<u>\$1,116,922.74</u>	<u>(\$9,472.87)</u>	<u>\$1,107,449.87</u>	<u>\$1,567,950.09</u>	<u>\$460,500.22</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				279,645.04	
Excess Surplus - Current Year				272,112.87	
Capital Reserve				469,651.31	
Tuition Reserve				114,676.00	
Unemployment Compensation				17,613.14	
Assigned Fund Balance:					
Year-end Encumbrances				58,760.77	
Designated for Subsequent Year's Expenditures				41,609.96	
Unassigned Fund Balance				<u>313,881.00</u>	
				<u>1,567,950.09</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payment not recognized on GAAP basis				(18,995.00)	
Fund Balance per Governmental Funds (GAAP)				<u>1,548,955.09</u>	

AVON-BY-THE-SEA SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2021
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	<u>57,378.00</u>	<u>50,452.00</u>	<u>107,830.00</u>	<u>91,094.25</u>	<u>16,735.75</u>
Total Revenues	<u>57,378.00</u>	<u>50,452.00</u>	<u>107,830.00</u>	<u>91,094.25</u>	<u>16,735.75</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	15,748.00	26,780.50	42,528.50	29,204.75	13,323.75
Other Purchased Services	30,650.00	(88.00)	30,562.00	30,562.00	.00
General Supplies	<u>2,980.00</u>	<u>13,186.50</u>	<u>16,166.50</u>	<u>16,166.50</u>	<u>.00</u>
Total Instruction	<u>49,378.00</u>	<u>39,879.00</u>	<u>89,257.00</u>	<u>75,933.25</u>	<u>13,323.75</u>
Support Services					
Purchased Professional and Technical Services	8,000.00	4,787.00	12,787.00	9,375.00	3,412.00
Materials & Supplies	<u>.00</u>	<u>5,786.00</u>	<u>5,786.00</u>	<u>5,786.00</u>	<u>.00</u>
Total Support Services	<u>8,000.00</u>	<u>10,573.00</u>	<u>18,573.00</u>	<u>15,161.00</u>	<u>3,412.00</u>
Total Expenditures	<u>57,378.00</u>	<u>50,452.00</u>	<u>107,830.00</u>	<u>91,094.25</u>	<u>16,735.75</u>
Total Outflows	<u>57,378.00</u>	<u>50,452.00</u>	<u>107,830.00</u>	<u>91,094.25</u>	<u>16,735.75</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures & Other Financing Sources (Uses)	\$ <u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	4,916,999.09	91,094.25
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2020	.00	.00
Encumbrances, June 30, 2021	(.00)	(.00)
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	19,164.00	.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(18,995.00)</u>	<u>(.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>4,917,168.09</u>	<u>91,094.25</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	4,763,600.47	91,094.25
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2020	.00	.00
Encumbrances, June 30, 2021	<u>(.00)</u>	<u>(.00)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$4,763,600.47</u>	<u>91,094.25</u>

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Position Liability - PERS
Last Ten Fiscal Years*
(Unaudited)

Public Employees' Retirement System (PERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0023230504%	0.0026839574%	0.0024328503%	0.0024736796%	0.0026775532%	0.0020623874%	0.0020651744%	0.0026992105%
District's proportionate share of the net pension liability (asset)	<u>\$ 378,829</u>	<u>\$ 483,608</u>	<u>\$ 479,016</u>	<u>\$ 575,833</u>	<u>\$ 793,014</u>	<u>\$ 462,965</u>	<u>\$ 386,657</u>	<u>\$ 515,873</u>
District's covered-employee payroll	\$202,448	\$170,458	\$145,665	\$173,201	\$159,675	\$147,579	\$134,487	\$171,349
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	187.12%	283.71%	328.85%	332.47%	496.64%	313.71%	287.51%	301.07%
Plan fiduciary net position as a percentage of the total pension liability (local)	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of District's Contribution - PERS
Last Ten Fiscal Years*
(Unaudited)

Public Employees' Retirement System (PERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 25,413	\$ 26,107	\$ 24,199	\$ 22,916	\$ 23,941	\$ 17,731	\$ 17,025	\$ 20,338
Contribution in relation to the contractually required contribution	<u>(25,413)</u>	<u>(26,107)</u>	<u>(24,199)</u>	<u>(22,916)</u>	<u>(23,941)</u>	<u>(17,731)</u>	<u>(17,025)</u>	<u>(20,338)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 202,448	\$ 170,548	\$ 145,665	\$ 173,201	\$ 159,675	\$ 147,579	\$ 134,487	\$ 171,349
Contributions as a percentage of covered-employee payroll	12.55%	15.31%	16.61%	13.23%	14.99%	12.01%	12.66%	11.90%

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
Last Ten Fiscal Years*
(Unaudited)

Teachers' Pension and Annuity Fund (TPAF)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 8,800,035</u>	<u>\$ 7,650,479</u>	<u>\$ 7,504,547</u>	<u>\$ 6,706,100</u>	<u>\$ 9,082,205</u>	<u>\$ 7,637,426</u>	<u>\$ 6,121,502</u>	<u>\$ 6,066,520</u>
Total	<u>\$ 8,800,035</u>	<u>\$ 7,650,479</u>	<u>\$ 7,504,547</u>	<u>\$ 6,706,100</u>	<u>\$ 9,082,205</u>	<u>\$ 7,637,426</u>	<u>\$ 6,121,502</u>	<u>\$ 6,066,520</u>
District's covered-employee payroll	\$ 1,446,805	\$ 1,365,415	\$ 1,398,636	\$ 1,369,299	\$ 1,181,904	\$ 1,183,115	\$ 1,244,950	\$ 1,200,702
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the District.

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Changes in District's Proportionate Share of State Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
State's proportion of the net OPEB liability (asset) associated with the District	0.01%	0.01%	0.01%	0.01%
District's proportionate share of the net OPEB liability (asset) **	N/A	N/A	N/A	N/A
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 8,614,262</u>	<u>\$ 5,727,460</u>	<u>\$ 6,834,533</u>	<u>\$ 7,131,853</u>
Total	<u>\$ 8,614,262</u>	<u>\$ 5,727,460</u>	<u>\$ 6,834,533</u>	<u>\$ 7,131,853</u>
Plan fiduciary net position as a percentage of the total OPEB liability (local)	0.00%	0.00%	0.00%	0.00%
Total OPEB Liability				
Service Cost	\$268,713	\$254,997	\$250,410	\$301,466
Interest Cost	207,343	271,095	243,616	209,753
Differences Between Expected and Actual Experiences	982,637	(1,547,958)	659,302	-
Changes of Assumptions	1,573,530	85,397	(784,297)	(852,957)
Member Contributions	4,546	5,212	6,316	5,665
Gross Benefit Payments	<u>(149,967)</u>	<u>(175,816)</u>	<u>(182,753)</u>	<u>(153,841)</u>
Net Change in Total OPEB Liability	2,886,802	(1,107,073)	192,594	(489,914)
Total OPEB Liability - Beginning	<u>5,727,460</u>	<u>6,834,533</u>	<u>6,641,939</u>	<u>7,131,853</u>
Total OPEB Liability - Ending	<u>\$ 8,614,262</u>	<u>\$ 5,727,460</u>	<u>\$ 6,834,533</u>	<u>\$ 6,641,939</u>
District's Covered-Employee Payroll	\$ 1,649,253	\$ 1,535,963	\$ 1,544,301	\$ 1,542,500
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

** Note: OPEB is a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan there is no net OPEB liability to report in the financial statements of the District.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

AVON-BY-THE-SEA SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) SCHEDULES
JUNE 30, 2021

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules:

Changes of benefit terms.

There were none.

Changes of assumptions.

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

Public Employees' Retirement System (PERS)

Pension Schedules:

Changes of benefit terms.

There were none.

Changes of assumptions.

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

Other Post-Employment Benefits

OPEB Schedules:

Changes of benefit terms.

There were none.

Changes of assumptions.

The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

AVON-BY-THE-SEA SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	<u>I.D.E.A. Part B</u>		<u>Every Student Succeeds Act</u>			<u>CARES Act</u>	<u>Coronavirus</u>	<u>CRRSA Act</u>	
	<u>Basic</u>	<u>Preschool</u>	<u>Title I</u>	<u>Title II</u>	<u>Title IV</u>	<u>Education</u>	<u>Relief</u>	<u>Learning</u>	
			<u>Part A</u>	<u>Part A</u>	<u>Part A</u>	<u>Stabilization</u>	<u>Fund</u>	<u>Acceleration</u>	<u>Totals</u>
						<u>Fund</u>	<u>Fund</u>	<u>Grant</u>	
REVENUES:									
Federal Sources	<u>36,622.00</u>	<u>1,106.00</u>	<u>17,966.25</u>	<u>1,867.00</u>	<u>11,458.00</u>	<u>16,104.00</u>	<u>5,786.00</u>	<u>185.00</u>	<u>91,094.25</u>
Total Revenues	<u>36,622.00</u>	<u>1,106.00</u>	<u>17,966.25</u>	<u>1,867.00</u>	<u>11,458.00</u>	<u>16,104.00</u>	<u>5,786.00</u>	<u>185.00</u>	<u>91,094.25</u>
EXPENDITURES:									
Instruction:									
Salaries	6,060.00	1,106.00	17,966.25	.00	4,072.50	.00	.00	.00	29,204.75
Other Purchased Services	30,562.00	.00	.00	.00	.00	.00	.00	.00	30,562.00
General Supplies	.00	.00	.00	.00	562.50	15,604.00	.00	.00	16,166.50
Total Instruction	<u>36,622.00</u>	<u>1,106.00</u>	<u>17,966.25</u>	<u>.00</u>	<u>4,635.00</u>	<u>15,604.00</u>	<u>.00</u>	<u>.00</u>	<u>75,933.25</u>
Support Services:									
Purchased Professional and Technical Services	.00	.00	.00	1,867.00	6,823.00	500.00	.00	185.00	9,375.00
Supplies and Materials	.00	.00	.00	.00	.00	.00	5,786.00	.00	5,786.00
Total Support Services	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>1,867.00</u>	<u>6,823.00</u>	<u>500.00</u>	<u>5,786.00</u>	<u>185.00</u>	<u>15,161.00</u>
Total Expenditures	<u>36,622.00</u>	<u>1,106.00</u>	<u>17,966.25</u>	<u>1,867.00</u>	<u>11,458.00</u>	<u>16,104.00</u>	<u>5,786.00</u>	<u>185.00</u>	<u>91,094.25</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding.

AVON-BY-THE-SEA SCHOOL DISTRICT**Long-Term Debt****Schedule of Bonds Payable****Year Ended June 30, 2021**

<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, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
Monmouth County Improve- ment Authority Governmental Pooled Loan Refunding Revenue Bonds, Series 2015	June 25, 2015	\$5,930,000.00	02/01/2022	240,000.00	5.000%	<u>\$5,005,000.00</u>	<u>.00</u>	<u>230,000.00</u>	<u>4,775,000.00</u>
			02/01/2023	255,000.00	4.000%				
			02/01/2024	265,000.00	4.000%				
			02/01/2025	275,000.00	4.000%				
			02/01/2026	285,000.00	4.000%				
			02/01/2027	300,000.00	3.000%				
			02/01/2028	305,000.00	3.000%				
			02/01/2029	315,000.00	3.125%				
			02/01/2030	330,000.00	3.250%				
			02/01/2031	335,000.00	3.250%				
			02/01/2032	345,000.00	3.375%				
			02/01/2033	360,000.00	3.375%				
			02/01/2034	375,000.00	3.500%				
			02/01/2035	385,000.00	3.500%				
			02/01/2036	405,000.00	3.500%				

AVON-BY-THE-SEA SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	314,383.00	.00	314,383.00	314,383.00	.00
State Sources:					
Debt Service Aid	<u>94,366.00</u>	<u>.00</u>	<u>94,366.00</u>	<u>94,366.00</u>	<u>.00</u>
Total Revenues	<u>408,749.00</u>	<u>.00</u>	<u>408,749.00</u>	<u>408,749.00</u>	<u>.00</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	178,755.00	.00	178,755.00	178,573.70	181.30
Redemption of Principal	<u>230,000.00</u>	<u>.00</u>	<u>230,000.00</u>	<u>230,000.00</u>	<u>.00</u>
Total Expenditures	<u>408,755.00</u>	<u>.00</u>	<u>408,755.00</u>	<u>408,573.70</u>	<u>181.30</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6.00)</u>	<u>.00</u>	<u>(6.00)</u>	<u>175.30</u>	<u>181.30</u>
Fund Balance - July 1	<u>6.13</u>	<u>.00</u>	<u>6.13</u>	<u>6.13</u>	<u>.00</u>
Fund Balance - June 30	<u>\$.13</u>	<u>.00</u>	<u>.13</u>	<u>181.43</u>	<u>181.30</u>

STATISTICAL SECTION (Unaudited)

AVON-BY-THE-SEA SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Invested in capital assets, net of related debt	\$ 980,521	\$ 1,160,276	\$ 1,131,517	\$ 937,097	\$ 1,244,324	\$ 1,316,739	\$ 1,346,781	\$ 1,436,507	\$ 1,498,862	\$ 1,569,797
Restricted	752,787	1,072,274	1,476,350	1,689,555	1,914,820	1,968,105	1,575,508	1,187,530	1,085,939	1,153,880
Unrestricted	165,515	140,993	122,684	(162,561)	(305,949)	(369,919)	(248,195)	(242,657)	(325,222)	(206,854)
Total Governmental Activities Net Assets	\$ 1,898,823	\$ 2,373,543	\$ 2,730,551	\$ 2,464,091	\$ 2,853,195	\$ 2,914,925	\$ 2,674,094	\$ 2,381,380	\$ 2,259,579	\$ 2,516,823
Business-Type Activities										
Invested in capital assets, net of related debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	0	0	0	7	7	7	7	8	8	\$ 47
Total Business-Type Activities Net Assets	\$ 0	\$ 0	\$ 0	\$ 7	\$ 7	\$ 7	\$ 7	\$ 8	\$ 8	\$ \$ 47
District Wide										
Invested in capital assets, net of related debt	\$ 980,521	\$ 1,160,276	\$ 1,131,517	\$ 937,097	\$ 1,244,324	\$ 1,316,739	\$ 1,346,781	\$ 1,436,507	\$ 1,498,862	\$ 1,569,797
Restricted	752,787	1,072,274	1,476,350	1,689,555	1,914,820	1,968,105	1,575,508	1,187,530	1,085,939	1,153,880
Unrestricted	165,515	140,993	122,684	(162,554)	(305,942)	(369,912)	(248,188)	(242,649)	(325,214)	(206,807)
Total District Assets	\$ 1,898,823	\$ 2,373,543	\$ 2,730,551	\$ 2,464,098	\$ 2,853,202	\$ 2,914,932	\$ 2,674,101	\$ 2,381,388	\$ 2,259,587	\$ 2,516,870

AVON-BY-THE-SEA SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 1,248,911	\$ 1,267,002	\$ 1,410,255	\$ 1,648,277	\$ 1,845,799	\$ 2,180,792	\$ 2,310,701	\$ 2,275,903	\$ 1,809,358	\$ 2,019,315
Special Education	177,370	102,934	0	0	0	0	0	0	477,035	572,659
Other Special Education	0	0	0	0	0	0	0	0	0	0
Vocational	0	0	0	0	0	0	0	0	0	0
Other Instruction	77,692	111,499	100,780	80,042	104,749	108,249	184,266	146,642	125,063	82,342
Nonpublic School Programs	0	0	0	0	0	0	0	0	0	0
Adult/Continuing Education Programs	0	0	0	0	0	0	0	0	0	0
Support Services:										
Tuition	\$ 914,687	\$ 851,445	\$ 722,083	\$ 760,873	\$ 804,853	\$ 802,773	\$ 942,418	\$ 1,200,140	\$ 1,104,782	\$ 964,656
Student & Instruction Related Services	510,006	605,251	589,807	659,583	671,871	717,044	803,026	832,033	823,715	943,240
School Administrative Services	125,796	38,475	24,422	37,761	14,296	18,351	17,939	17,502	13,757	13,231
General and Business Administrative Services	148,247	190,689	215,801	245,513	294,315	314,666	293,286	296,895	295,905	328,093
Plant Operations and Maintenance	221,999	226,575	238,117	251,312	264,727	277,470	254,543	238,848	240,632	235,305
Pupil Transportation	143,806	129,225	132,273	143,455	153,960	166,738	246,052	244,209	212,419	198,892
Business and Other Support Services	0	0	0	0	0	0	0	0	0	0
Special Schools	0	0	0	0	0	0	0	0	0	0
Charter Schools	0	0	0	0	0	0	0	0	0	0
Interest on long-term debt	276,991	270,546	263,579	405,202	148,810	216,161	206,194	198,030	187,328	177,076
Unallocated Depreciation	23,867	61,119	174,817	175,121	174,748	177,470	173,320	170,579	169,772	169,941
Unallocated Amortization	2,261	0	0	0	0	0	0	0	0	0
Total Governmental Activities Expenses	\$ 3,871,633	\$ 3,854,760	\$ 3,871,934	\$ 4,407,139	\$ 4,478,128	\$ 4,979,714	\$ 5,431,745	\$ 5,620,781	\$ 5,459,766	\$ 5,704,750
Business-type Activities										
Food Service	\$ 29,771	\$ 27,246	\$ 27,642	\$ 26,564	\$ 24,150	\$ 26,913	\$ 32,858	\$ 24,595	\$ 22,893	\$ 22,998
Child Care	0	0	0	0	0	0	0	0	0	0
Total Business-Type Activities Expense	29,771	27,246	27,642	26,564	24,150	26,913	32,858	24,595	22,893	22,998
Total District Expenses	\$ 3,901,404	\$ 3,882,006	\$ 3,899,576	\$ 4,433,703	\$ 4,502,278	\$ 5,006,627	\$ 5,464,603	\$ 5,645,376	\$ 5,482,659	\$ 5,727,748
Program Revenues										
Governmental Activities										
Charges for Services										
Instruction (tuition)	\$ 93,088	\$ 142,255	\$ 115,675	\$ 127,150	\$ 135,722	\$ 138,663	\$ 106,625	\$ 105,740	\$ 96,960	\$ 140,210
Pupil Transportation	19,600	7,782	2,594	0	0	0	0	0	760	446
Business and Other Support Services	0	0	0	0	0	0	0	0	0	0
Operating Grants and Contributions	0	0	0	0	58,768	73,111	72,163	79,943	69,264	91,094
Capital Grants and Contributions	0	0	0	0	0	0	0	0	0	0
Total Governmental Activities Program Revenues	\$ 112,688	\$ 150,037	\$ 118,269	\$ 127,150	\$ 194,490	\$ 211,774	\$ 178,788	\$ 185,683	\$ 166,984	\$ 231,750
Business-type Activities										
Charges for Services										
Food Service	\$ 9,829	\$ 6,829	\$ 7,587	\$ 6,910	\$ 4,914	\$ 5,241	\$ 7,338	\$ 9,157	\$ 8,679	\$ 2,781
Child Care	0	0	0	0	0	0	0	0	0	0
Operating Grants and Contributions	6,000	4,763	7,106	7,256	5,180	7,942	8,248	7,068	4,379	10,979
Capital Grants and Contributions	0	0	0	0	0	0	0	0	0	0
Total Business-Type Activities Program Revenues	15,829	11,592	14,693	14,166	10,094	13,183	15,586	16,225	13,058	13,760
Total District Program Revenues	\$ 128,517	\$ 161,629	\$ 132,962	\$ 141,316	\$ 204,584	\$ 224,957	\$ 194,374	\$ 201,908	\$ 180,042	\$ 245,510
Net (Expense)/Revenue										
Governmental Activities	\$ (3,758,945)	\$ (3,704,723)	\$ (3,753,665)	\$ (4,279,989)	\$ (4,283,638)	\$ (4,767,940)	\$ (5,252,957)	\$ (5,435,098)	\$ (5,292,782)	\$ (5,473,000)
Business-type Activities	(13,942)	(15,654)	(12,949)	(12,398)	(14,056)	(13,730)	(17,272)	(8,370)	(9,835)	(9,238)
Total District-Wide Net Expense	\$ (3,772,887)	\$ (3,720,377)	\$ (3,766,614)	\$ (4,292,387)	\$ (4,297,694)	\$ (4,781,670)	\$ (5,270,229)	\$ (5,443,468)	\$ (5,302,617)	\$ (5,482,238)

AVON-BY-THE-SEA SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property taxes levied for general purposes, net	\$ 3,179,083	\$ 3,226,769	\$ 3,226,769	\$ 3,267,084	\$ 3,305,649	\$ 3,371,035	\$ 3,438,424	\$ 3,537,142	\$ 3,716,123	\$ 3,875,495
Taxes Levied for Debt Service	330,011	328,885	331,576	330,030	319,913	320,514	298,837	315,362	314,978	314,383
Unrestricted Grants and Contributions	577,268	614,632	549,543	867,024	1,030,473	1,138,501	1,278,662	1,280,322	1,129,928	1,499,400
Payments in Lieu of Taxes	0	0	0	0	0	0	0	0	0	0
Investment Earnings	3,993	4,948	6,220	8,058	8,437	8,403	8,251	13,703	11,577	6,743
Miscellaneous Income	12,472	19,851	9,488	49,228	22,310	4,911	10,102	3,949	8,077	25,875
Transfers	(13,904)	(15,843)	(12,930)	(12,352)	(14,040)	(13,694)	(17,192)	(8,093)	(9,702)	(9,193)
Total Governmental Activities	\$ 4,088,923	\$ 4,179,442	\$ 4,110,666	\$ 4,509,072	\$ 4,672,742	\$ 4,829,670	\$ 5,017,084	\$ 5,142,385	\$ 5,170,981	\$ 5,712,703
Business-Type Activities										
Investment earnings	\$ 38	\$ 18	\$ 19	\$ 46	\$ 16	\$ 36	\$ 80	\$ 277	\$ 133	\$ 45
Transfers	13,904	15,643	12,930	12,352	14,040	13,694	17,192	8,093	9,702	9,193
Total Business-type Activities	13,942	15,661	12,949	12,398	14,056	13,730	17,272	8,370	9,835	9,238
Total District Wide	\$ 4,102,865	\$ 4,195,103	\$ 4,123,615	\$ 4,521,470	\$ 4,686,798	\$ 4,843,400	\$ 5,034,356	\$ 5,150,755	\$ 5,180,816	\$ 5,721,941
Change in Net Assets										
Governmental Activities	\$ 329,978	\$ 474,719	\$ 357,001	\$ 229,083	\$ 389,104	\$ 61,730	\$ (235,873)	\$ (292,713)	\$ (121,801)	\$ 239,703
Business-Type Activities	0	7	0	0	0	0	0	0	0	0
Total District	\$ 329,978	\$ 474,726	\$ 357,001	\$ 229,083	\$ 389,104	\$ 61,730	\$ (235,873)	\$ (292,713)	\$ (121,801)	\$ 239,703

Source: Borough of Avon-by-the-Sea School District Financial Records

AVON-BY-THE-SEA SCHOOL DISTRICT
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	0	0	0	0	0	0	0	0	0	0
Restricted	706,476	1,063,053	1,467,943	1,681,147	1,883,862	1,937,146	1,568,493	1,180,509	1,078,918	1,153,698
Committed	0	0	0	0	0	0	0	0	0	0
Assigned	34,670	32,874	25,086	38,108	29,130	7,911	136,284	131,528	28,661	100,371
Unassigned	303,182	259,041	252,798	260,088	240,177	235,200	241,043	252,974	272,446	294,886
Total General fund	<u>\$ 1,044,328</u>	<u>\$ 1,354,968</u>	<u>\$ 1,745,827</u>	<u>\$ 1,979,343</u>	<u>\$ 2,153,169</u>	<u>\$ 2,180,257</u>	<u>\$ 1,945,820</u>	<u>\$ 1,565,011</u>	<u>\$ 1,380,025</u>	<u>\$ 1,548,955</u>
All Other Governmental Funds										
Reserved	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	0	0	0	0	0	0	0	0	0	0
Restricted	9,761	8,405	8,407	8,407	30,959	30,959	7,014	7,021	7,021	181
Committed	0	0	0	119,684	0	0	0	0	0	0
Assigned	36,550	0	0	0	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0	0	0	0	0
Total All Other Governmental Funds	<u>\$ 46,311</u>	<u>\$ 8,405</u>	<u>\$ 8,407</u>	<u>\$ 128,091</u>	<u>\$ 30,959</u>	<u>\$ 30,959</u>	<u>\$ 7,014</u>	<u>\$ 7,021</u>	<u>\$ 7,021</u>	<u>\$ 181</u>

AVON-BY-THE-SEA SCHOOL DISTRICT
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 3,509,094	\$ 3,555,654	\$ 3,558,345	\$ 3,597,114	\$ 3,625,562	\$ 3,691,549	\$ 3,737,261	\$ 3,852,504	\$ 4,031,101	\$ 4,189,878
Tuition Charges	93,088	142,256	115,675	127,150	135,722	138,664	106,625	105,740	96,960	140,210
Interest Earnings	3,993	4,948	6,219	8,058	8,655	8,403	8,251	13,703	11,577	6,743
Miscellaneous	32,072	27,633	12,082	49,228	22,092	4,910	10,102	3,949	8,837	26,321
State Sources	491,322	546,505	504,430	557,145	656,574	567,976	684,336	778,208	846,774	962,765
Federal Sources	85,946	68,127	45,113	45,814	58,768	73,111	72,163	79,943	69,264	91,094
Total Revenue	4,215,515	4,345,123	4,241,864	4,384,509	4,507,373	4,484,613	4,618,738	4,834,047	5,064,513	5,417,011
Expenditures										
Instruction										
Regular Instruction	909,533	859,090	1,195,347	1,253,561	1,307,906	1,483,907	1,545,013	1,531,361	1,301,820	1,355,537
Special Education Instruction	108,922	62,808	0	0	0	0	0	0	363,391	379,329
Other Special Instruction	0	0	0	0	0	0	0	0	0	0
Vocational Education	0	0	0	0	0	0	0	0	0	0
Other Instruction	65,403	75,739	88,822	77,806	92,646	104,994	116,293	124,582	90,111	81,699
Nonpublic School Programs	0	0	0	0	0	0	0	0	0	0
Adult/Continuing Education Programs	0	0	0	0	0	0	0	0	0	0
Support Services:										
Tuition	914,687	851,445	722,083	760,873	804,853	802,773	942,418	1,200,140	1,104,782	964,656
Student & Instruction Related Services	391,081	480,736	536,078	523,937	566,717	523,671	609,040	597,326	627,488	649,554
School Administrative Services	99,533	26,895	14,800	15,124	13,770	15,762	14,610	14,929	12,242	12,750
General and Business Administrative Services	122,831	161,728	199,971	221,452	225,057	218,634	242,864	243,712	254,892	276,034
Plant Operations and Maintenance	198,472	200,497	235,415	248,431	236,102	254,501	247,223	230,248	235,613	229,705
Pupil Transportation	139,676	127,068	131,677	142,811	153,518	165,312	245,012	242,102	209,574	197,503
Employee Benefits	589,062	691,496	282,667	323,143	359,273	381,488	475,233	553,160	620,055	693,393
Special Schools	0	0	0	0	0	0	0	0	0	0
Bond Issuance Cost	0	0	0	0	0	0	0	0	0	0
Capital Outlay	20,334	91,496	54	22,670	248,860	81,714	3,989	59,128	10,254	14,534
Debt Service:										
Principal	150,000	155,000	165,000	170,000	270,000	195,000	205,000	210,000	220,000	230,000
Interest and Other Charges	279,123	272,748	266,160	410,089	137,937	216,075	208,275	200,069	189,575	178,574
Total Expenditures	3,988,657	4,056,746	3,838,074	4,169,897	4,416,639	4,443,831	4,854,970	5,206,757	5,239,797	5,263,268
Excess (Deficiency) of Revenues over (under) expenditures	226,858	288,377	403,790	214,612	90,734	40,782	(236,232)	(372,710)	(175,284)	153,743
Other Financing Sources										
Proceeds from borrowing	0	0	0	0	0	0	0	0	0	0
Proceeds from refunding	0	0	0	150,941	0	0	0	0	0	0
Capital Leases	0	0	0	0	0	0	0	0	0	0
Transfers In	59	35	0	0	0	0	0	0	0	0
Transfers Out	(13,963)	(15,678)	(12,930)	(12,352)	(14,041)	(13,694)	(17,192)	(8,093)	(9,702)	(9,193)
Total Other Financing Sources (uses)	(13,904)	(15,643)	(12,930)	138,589	(14,041)	(13,694)	(17,192)	(8,093)	(9,702)	(9,193)
Net Change in Fund Balance	\$ 212,954	\$ 272,734	\$ 390,860	\$ 353,201	\$ 76,693	\$ 27,088	\$ (253,424)	\$ (380,803)	\$ (184,986)	\$ 144,550
Debt Service as a percentage of noncapital expenditures	12.12%	12.09%	12.66%	16.26%	10.85%	10.40%	9.31%	8.66%	8.50%	8.44%

Source: Borough of Avon-by-the-Sea School District Financial Records

AVON-BY-THE-SEA SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals-Use of Facilities	Prior Year Refunds	Transportation Fees	Other	Total
2012	4,111	94,850	2,030	3,065	19,600	7,437	131,093
2013	4,948	142,256	1,960	4,536	7,782	13,355	174,837
2014	6,217	115,675	1,050	0	2,594	7,038	132,574
2015	8,058	127,150	2,030	972	0	46,226	184,436
2016	8,437	135,722	2,170	0	0	14,976	161,305
2017	8,403	138,664	0	0	0	4,910	151,977
2018	8,250	106,625	2,170	1,118	0	6,814	124,977
2019	13,703	105,740	1,750	0	760	1,440	123,393
2020	11,577	96,960		0	760	8,077	117,374
2021	6,743	140,210	0	15,813	446	10,062	173,274
	<u>\$ 80,447</u>	<u>\$ 1,203,852</u>	<u>\$ 13,160</u>	<u>\$ 25,504</u>	<u>\$ 31,942</u>	<u>\$ 120,336</u>	<u>\$ 1,475,240</u>

AVON-BY-THE-SEA SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS

UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax- Exempt Property	Public Utilities	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2012	13,707,200	919,312,000	-0-	-0-	41,544,300	2,303,600	8,680,900	985,548,000	-0-	213,913	985,761,913	0.361	1,004,137,632
2013	15,292,000	904,021,200	-0-	-0-	41,014,500	2,303,600	8,680,900	971,312,200	-0-	-0-	971,312,200	0.366	1,003,919,731
2014	12,831,900	904,028,100	-0-	-0-	40,557,000	2,303,600	6,952,400	966,673,000	-0-	-0-	966,673,000	0.372	989,936,508
2015	15,582,400	871,218,800	-0-	-0-	39,198,000	2,253,200	6,766,200	935,018,600	-0-	-0-	935,018,600	0.388	982,675,771
2016	14,970,400	847,808,700	-0-	-0-	35,581,900	1,835,700	6,594,800	906,791,500	-0-	-0-	906,791,500	0.407	981,337,741
2017	12,762,400	856,721,200	-0-	-0-	35,581,900	1,835,700	6,594,800	913,496,000	-0-	-0-	913,496,000	0.409	982,652,254
2018	12,127,500	865,062,600	-0-	-0-	35,381,900	1,835,700	6,594,800	921,002,500	-0-	-0-	921,002,500	0.418	999,894,148
2019	14,588,900	872,305,100	-0-	-0-	32,816,100	1,835,700	6,594,800	928,140,600	-0-	-0-	928,140,600	0.434	1,045,556,607
2020	14,224,000	876,201,100	-0-	-0-	32,388,900	1,835,700	6,594,800	931,244,500	-0-	-0-	931,244,500	0.450	1,109,681,244
2021	13,907,200	879,647,200	-0-	-0-	32,388,900	1,835,700	6,594,800	934,373,800	-0-	-0-	934,373,800	0.457	1,206,421,950

Source: Abstract of Ratables, County Board of Taxation.

AVON-BY-THE-SEA SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100.00 of assessed valuation)

UNAUDITED

Year Ended December 31,	Avon-by-the-Sea School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Avon-by-the-Sea	Monmouth County	
2012	0.324	0.037	0.361	0.374	0.286	1.021
2013	0.335	0.037	0.366	0.374	0.293	1.033
2014	0.335	0.037	0.372	0.393	0.304	1.069
2015	0.335	0.053	0.388	0.413	0.308	1.109
2016	0.342	0.065	0.407	0.428	0.307	1.142
2017	0.349	0.060	0.409	0.428	0.300	1.137
2018	0.359	0.059	0.418	0.424	0.306	1.148
2019	0.377	0.057	0.434	0.425	0.306	1.165
2020	0.393	0.057	0.450	0.430	0.320	1.200
2021	0.400	0.057	0.457	0.430	0.338	1.225

Source: Municipal Tax Collector and School Business Administrator

AVON-BY-THE-SEA SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO

UNADUITED

Taxpayer	2021			2016		
	Taxable Assessed Value	Rank	As a Percentage of District's Net Assessed Valuation	Taxable Assessed Value	Rank	As a Percentage of District's Net Assessed Valuation
Individual Taxpayer #1	4,324,500	1	0.46%			
Avon Hotel Corp.	3,593,700	2	0.39%	3,756,900	1	0.40%
Individual Taxpayer #2	3,062,800	3	0.33%			
Individual Taxpayer #3	3,017,500	4	0.32%	3,177,300	2	0.34%
Individual Taxpayer #4	2,959,300	5	0.32%	3,100,100	4	0.33%
Individual Taxpayer #5	2,792,000	6	0.30%			
Individual Taxpayer #6	2,781,400	7	0.30%	2,736,000	5	0.29%
Individual Taxpayer #7	2,671,600	8	0.29%	2,607,100	7	0.28%
Individual Taxpayer #8	2,596,400	9	0.28%			
Individual Taxpayer #9	2,548,700	10	0.27%			
Total	<u>\$30,347,900</u>		<u>3.26%</u>	<u>\$15,377,400</u>		<u>1.64%</u>

Source: Municipal Tax Collector

AVON-BY-THE-SEA SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Tax Levy	
2012	3,179,083.00	3,179,083.00	100.00%	-0-
2013	3,226,769.00	3,226,769.00	100.00%	-0-
2014	3,226,769.00	3,226,769.00	100.00%	-0-
2015	3,597,114.00	3,597,114.00	100.00%	-0-
2016	3,625,562.00	3,625,562.00	100.00%	-0-
2017	3,691,549.00	3,691,549.00	100.00%	-0-
2018	3,737,261.00	3,425,822.51	91.67%	311,438
2019	3,877,407.16	3,556,365.16	91.72%	321,042
2020	4,031,101.00	4,031,101.00	100.00%	-0-
2021	4,189,878.00	3,840,721.50	91.67%	-0-

Source: Borough of Avon-by-the-Sea School District records including the Certificate and Report of School Taxes (A4F form).

AVON-BY-THE-SEA SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2012	6,395,000	-0-	-0-	-0-	-0-	6,395,000	0.99%	62,996
2013	6,240,000	-0-	-0-	-0-	-0-	6,240,000	1.02%	63,662
2014	6,075,000	-0-	-0-	-0-	-0-	6,075,000	1.10%	67,069
2015	6,105,000	-0-	-0-	-0-	-0-	6,105,000	1.15%	70,231
2016	5,835,000	-0-	-0-	-0-	-0-	5,835,000	1.25%	73,071
2017	5,640,000	-0-	-0-	-0-	-0-	5,640,000	1.35%	75,916
2018	5,435,000	-0-	-0-	-0-	-0-	5,435,000	1.46%	79,471
2019	5,225,000	-0-	-0-	-0-	-0-	5,225,000	1.58%	82,551
2020	5,005,000	-0-	-0-	-0-	-0-	5,005,000	Not Available	Not Available
2021	4,775,000	-0-	-0-	-0-	-0-	4,775,000	Not Available	Not Available

Source: Borough of Avon-by-the-Sea School District records

AVON-BY-THE-SEA SCHOOL DISTRICT
 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS
 (dollars in thousands, except per capita)

UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2012	6,395,000		6,395,000		62,996
2013	6,240,000		6,240,000		63,662
2014	6,075,000		6,075,000		67,069
2015	6,105,000		6,105,000		70,231
2016	5,835,000		5,835,000		73,071
2017	5,640,000		5,640,000		75,916
2018	5,435,000		5,435,000		79,471
2019	5,225,000		5,225,000		82,551
2020	5,005,000		5,005,000		Not Available
2021	4,775,000		4,775,000		Not Available

Source: Borough of Avon-by-the-Sea School District records

AVON-BY-THE-SEA SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020

UNAUDITED

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Governmental Unit</u>			
Debt repaid with property taxes			
Borough of Avon-by-the-Sea	\$ 11,922,525	100.000%	\$ 11,922,525
Monmouth County General Obligation Debt	456,517,569	0.800%	4,048,380
Other debt	0.00		<u>0</u>
Subtotal, overlapping debt			15,970,905
Avon-by-the-Sea School District Direct Debt			<u>4,775,000</u>
Total Direct and Overlapping Debt			\$ <u><u>20,745,905.00</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation; debt outstanding data provided by each governmental unit.

AVON-BY-THE-SEA SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

UNAUDITED

Legal Debt Margin Calculation for Fiscal year 2021

Equalized Valuation Basis	
2018	1,037,515,489
2019	1,105,982,602
2020	1,202,381,536
	<u>3,345,879,627</u>
Average Equalized Valuation of Taxable Property	1,115,293,209
Debt Limit (3% of Average Equalization Value)	33,458,796
Net Bonded School Debt	4,775,000
Legal Debt Margin	<u>28,683,796</u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 30,286,054	19,909,973	19,710,960	28,872,396	29,707,124	29,586,773	29,638,841	30,281,030	31,352,645	33,458,796
Total net debt applicable to limit	6,395,000	6,240,000	6,075,000	6,293,810	5,835,000	5,640,000	5,435,000	5,225,000	5,005,000	4,775,000
Legal debt margin	\$ 23,891,054	13,669,973	13,635,960	22,578,586	23,872,124	23,946,773	24,203,841	25,056,030	26,347,645	28,683,796
Total net debt applicable to the limit as a percentage of debt limit	21.1%	31.3%	30.8%	21.8%	19.6%	19.1%	18.3%	17.3%	16.0%	14.3%

AVON-BY-THE-SEA SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

UNAUDITED

<u>Year</u>	<u>Population</u>	<u>Monmouth County Personal Income (thousands of dollars)</u>	<u>Monmouth County Per Capita Income</u>	<u>Unemployment Rate</u>
2012	1,919	38,660,420	62,996	8.60
2013	1,911	39,607,080	63,662	9.40
2014	1,798	41,544,287	67,069	5.90
2015	1,790	43,773,134	70,231	4.30
2016	1,786	45,283,381	73,071	4.40
2017	1,782	47,223,653	75,916	4.10
2018	1778	49,308,331	79,471	3.60
2019	1786	51,082,169	82,551	2.90
2020	1783	53,238,207	Not Available	7.60
2021	Not Available	Not Available	Not Available	Not Available

Sources: Data regarding Unemployment Rate was given by the New Jersey Department of Labor.
 Data regarding Personal Income was given by the New Jersey Department of Labor.
 Data regarding Per Capita Income was given by the New Jersey Department of Labor.
 Data regarding School District was given by United States Census Bureau, Census 2000.

AVON-BY-THE-SEA SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
Current Year and Nine years Ago

UNAUDITED

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>

This is not available within the community.

AVON-BY-THE-SEA SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

UNAUDITED

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	9.4	10.2	8.7	10.0	10.0	10.0	10.0	10.0	11.0	11.0
Special Education	3.7	3.8	3.4	2.8	2.8	4.0	4.0	4.0	4.0	4.0
Other Special Education						2.0	1.0	1.0	2.0	2.0
Vocational										
Other Instruction	4.8	5.1	4.9	5.2	4.6	4.7	3.7	3.7	3.7	3.7
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	1.4	1.4	1.4	3.3	3.4	4.0	4.0	4.3	4.3	4.3
School administrative services	1.4	1.4	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
General and business administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Pupil transportation	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Business and other support services	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Special Schools										
Food Service	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Child Care										
Total	<u>26.7</u>	<u>27.9</u>	<u>26.0</u>	<u>28.9</u>	<u>28.4</u>	<u>32.3</u>	<u>30.3</u>	<u>30.6</u>	<u>32.6</u>	<u>32.6</u>

Source: Borough of Avon-by-the-Sea School District Personnel records

AVON-BY-THE-SEA SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	<u>Pupil/Teacher Ratio</u>		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2012	162	3,539,200	21,847	7.77%	18	17:1	18:1	155.9	150.6	-2.39%	96.60%
2013	165	3,537,502	21,439	-1.87%	18	18:1	20:1	162.5	155.2	2.96%	95.51%
2014	162	3,373,331	20,823	-2.87%	18	18:1	20:1	160.2	153.1	-1.37%	95.57%
2015	163	3,653,361	22,413	7.64%	18	21:1	20:1	155.0	150.0	-2.07%	96.77%
2016	161	3,759,842	23,353	4.19%	17	16:1	16:1	146.0	140.3	-6.89%	96.14%
2017	168	3,951,042	23,518	0.71%	19	16:1	17:1	145.8	139.5	-0.62%	95.63%
2018	168	4,437,706	26,494	12.65%	18	16:1	17:1	147.0	139.7	0.14%	95.00%
2019	163	4,737,560	29,065	9.70%	18	13:1	14:1	136.2	131.4	-6.27%	96.49%
2020	150	4,819,968	32,133	10.56%	19	14:1	14:1	122.5	119.7	-9.78%	97.71%
2021	133	5,047,160	37,949	18.10%	19	12:1	13:1	130.9	126.5	5.38%	96.64%

Source: Borough of Avon-by-the-Sea School District records

AVON-BY-THE-SEA SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

UNAUDITED

<u>District Building</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Avon Elementary School (1904)										
Square Feet	27,393	27,393	27,393	27,393	27,393	27,393	27,393	27,393	27,393	27,393
Capacity (students)	250	250	250	250	250	250	250	250	250	250
Enrollment	2012	165	162	163	161	2017	168	163	150	133

Number of Schools at June 30, 2021

 Elementary/Middle School = 1

Source: Borough of Avon-by-the-Sea School District records

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October district count.

AVON-BY-THE-SEA SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS ENDING JUNE 30, 2021

UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE
 MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

Fiscal Year Ended June 30,	Avon Elementary School	Total
2012	56,907	56,907
2013	58,328	58,328
2014	44,908	44,908
2015	62,423	62,423
2016	61,502	61,502
2017	45,127	45,127
2018	50,927	50,927
2019	33,561	33,561
2020	42,930	42,930
2021	27,295	27,295
	<u>\$ 483,908</u>	<u>\$ 483,908</u>

*School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: Borough of Avon-by-the-Sea School District records

AVON-BY-THE-SEA SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2021

UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ School Board		
Property - Blanket Building and Contents	\$ 11,350,337,221	\$ 1,000
Extra Expense	50,000,000	1,000
Valuable Papers & Records	10,000,000	1,000
Non-Owned and Hired Business		
Auto Policy	1,000,000	1,000
Boiler and Machinery	100,000,000	1,000
Electronic Data Processing	405,000	1,000
General Liability	1,000,000	1,000
Umbrella Liability - NJ School Board	6,000,000	1,000
School District Legal Liability - NJ School Board	2,000,000	5,000
Employer Liability - NJ School Board	2,000,000	
Worker's Compensation - NJ School Board	Statutory	
Student Accident	1,000,000	
Public Employees' Faithful Performance Bond -		
Selective		
Treasurer	175,000	1,000
Public Official	2,000	500

Source: Borough of Avon-by-the-Sea School District records

SINGLE AUDIT SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit 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

The Honorable President and
Members of the Board of Education
Avon-By-The-Sea Board of Education
County of Monmouth, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Avon-By-The-Sea School District, in the County of Monmouth (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 23, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of 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 have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 result of that testing, and for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

February 23, 2022
Neptune, New Jersey

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Exhibit K-2

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Avon-By-The-Sea Board of Education
County of Monmouth, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Avon-By-The-Sea School District's (the "District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and New Jersey *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2021. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of 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, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

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 that the testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

February 23, 2022
Neptune, New Jersey

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2020				Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021		
							Accounts Receivable	Unearned Revenue	Due to Grantor	Accounts Receivable						Unearned Revenue	Due to Grantor	
U.S. Department of Education																		
Passed-through State Department of Education																		
Special Revenue Fund:																		
Special Education Cluster:																		
IDEA, Part B, Basic	84.027	H027A200100	IDEA-0180-21	36,622.00	07/01/20	09/30/21						36,622.00	(36,622.00)					
IDEA, Part B, Preschool	84.027	H027A200100	IDEA-0180-21	1,106.00	07/01/20	09/30/21						1,106.00	(1,106.00)					
Total Special Education Cluster												37,728.00	(37,728.00)					
Elementary and Secondary Education Act																		
Title I, Part A	84.010	S010A200030	ESEA-0180-21	28,791.00	07/01/20	09/30/21						11,003.00	(17,966.25)			(6,963.25)		
Title I, Part A	84.010	S010A190030	ESEA-0180-20	22,147.00	07/01/19	09/30/20	(1,417.72)					1,417.72						
Title II, Part A	84.367A	S367A200029	ESEA 0180-21	2,952.00	07/01/20	09/30/21						467.00	(1,867.00)			(1,400.00)		
Title IV, Part A	84.424A	S424A200031	ESEA-0180-21	13,984.00	07/01/20	09/30/21						3,820.00	(9,658.00)			(5,838.00)		
Title IV, Part A	84.424A	S424A190031	ESEA-0180-20	11,172.00	07/01/19	09/30/20	(800.00)					2,600.00	(1,800.00)					
Total Elementary and Secondary Education Act							(2,217.72)					19,307.72	(31,291.25)			(14,201.25)		
CARES Act Elementary and Secondary School Emergency Relief Fund /CRRSA Act																		
Education Stabilization Fund	84.425	S425D200027	N/A	16,104.00	03/13/20	09/30/22						16,104.00	(16,104.00)					
Coronavirus Relief Grant	84.425	S425D200027	N/A	5,786.00	03/13/20	09/30/22						5,786.00	(5,786.00)					
Learning Acceleration Grant	84.425	S425D200027	N/A	25,000.00	03/13/20	09/30/23							(185.00)			(185.00)		
Total CARES Act Elementary and Secondary School Emergency Relief Fund /CRRSA Act												21,890.00	(22,075.00)			(185.00)		
Total Special Revenue Fund							(2,217.72)					78,925.72	(91,094.25)			(14,386.25)		
U.S. Department of Agriculture																		
Passed-through State Department of Education																		
Enterprise Fund:																		
National School Lunch Program - SSO	10.555	201NJ304N1099	N/A	10,263.24	07/01/20	06/30/21						9,062.82	(10,263.24)			(1,200.42)		
National School Lunch Program - SSO	10.555	191NJ304N1099	N/A	1,210.79	03/18/20	06/30/20	(336.14)					336.14						
HHFKA - Performance Based - SSO	10.555	201NJ304N1099	N/A	204.68	07/01/20	06/30/21						180.74	(204.68)			(23.94)		
HHFKA - Performance Based - SSO	10.555	191NJ304N1099	N/A	24.71	03/18/20	06/30/20	(6.86)					6.86						
Total Enterprise Fund							(343.00)					9,586.56	(10,467.92)			(1,224.36)		
Total Federal Financial Awards							(\$2,560.72)					\$88,512.28	(\$101,562.17)			(\$15,610.61)		

Note: Federal Single Audit is not required

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2021			MEMO		
			From	To	Unearned Revenue (Accts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned/ Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund:																
State Aid Public Cluster:																
Security Aid	21-495-034-5120-084	16,622.00	07/01/20	06/30/21				16,622.00	(16,622.00)					*	1,575.00	16,622.00
Special Education Categorical Aid	21-495-034-5120-089	119,916.00	07/01/20	06/30/21				119,916.00	(119,916.00)					*	11,360.00	119,916.00
Total State Aid - Public Cluster								136,538.00	(136,538.00)					*	12,935.00	136,538.00
Transportation Aid	21-495-034-5120-014	63,965.00	07/01/20	06/30/21				63,965.00	(63,965.00)					*	6,060.00	63,965.00
Extraordinary Special Education Costs Aid	21-495-034-5120-044	60,339.00	07/01/20	06/30/21					(60,339.00)		(60,339.00)			*		60,339.00
Extraordinary Special Education Costs Aid	20-495-034-5120-044	40,086.00	07/01/19	06/30/20	(40,086.00)			40,086.00						*		
Reimbursed Nonpublic School Transportation Costs Aid	21-495-034-5120-014	3,542.00	07/01/20	06/30/21					(3,542.00)		(3,542.00)			*		3,542.00
Reimbursed Nonpublic School Transportation Costs Aid	20-495-034-5120-014	1,524.00	07/01/19	06/30/20	(1,524.00)			1,524.00						*		
On Behalf TPAF Pension Contributions	21-495-034-5094-002	375,891.00	07/01/20	06/30/21				375,891.00	(375,891.00)					*		375,891.00
On Behalf TPAF Post Retirement Medical Contr.	21-495-034-5094-001	117,799.00	07/01/20	06/30/21				117,799.00	(117,799.00)					*		117,799.00
On Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	369.00	07/01/20	06/30/21				369.00	(369.00)					*		369.00
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	109,766.70	07/01/20	06/30/21				104,249.84	(109,766.70)		(5,516.86)			*		109,766.70
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	102,084.32	07/01/19	06/30/20	(4,908.73)			4,908.73						*		
Total General Fund					(46,518.73)			845,330.57	(868,209.70)		(69,397.86)			*	18,995.00	868,209.70
Debt Service Fund:																
Debt Service Aid Type II	21-495-034-5120-017	94,366.00	07/01/20	06/30/21				94,366.00	(94,366.00)					*		94,366.00
State Department of Agriculture																
Enterprise Fund:																
National School Lunch Program (State Share)	21-100-010-3350-023	510.83	07/01/20	06/30/21				423.62	(510.83)		(87.21)			*		510.83
National School Lunch Program (State Share)	20-100-010-3350-023	169.64	07/01/19	06/30/20	(5.39)			45.08		(39.69)				*		
Total Enterprise Fund					(5.39)			468.70	(510.83)	(39.69)	(87.21)			*		510.83
Total State Financial Assistance					(\$46,524.12)			\$940,165.27	(\$963,086.53)	(\$39.69)	(\$69,485.07)			*	\$18,995.00	\$963,086.53
Less:																
On Behalf Assistance Not Included in State Single Audit - Major Program Determination																
On Behalf TPAF Pension Contributions									375,891.00							
On Behalf TPAF Post Retirement Medical Contr.									117,799.00							
On Behalf TPAF Long-Term Disability Insurance									369.00							
Total State Financial Assistance Subject to State Single Audit - Major Program Determination									(\$469,027.53)							

AVON-BY-THE-SEA SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2021

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Avon-By-The-Sea School District. The Board of Education is defined in Note 1 to the Board basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on 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 bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, whereas the GAAP basis does not. The special revenue fund also recognizes the last two state aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$169.00) for the general fund and \$.00 for the special revenue fund. See Note A 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 basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	.00	868,398.70	868,398.70
Special Revenue Fund	91,094.25	.00	91,094.25
Debt Service	.00	94,336.00	94,336.00
Food Service Fund	<u>10,467.92</u>	<u>510.83</u>	<u>10,978.75</u>
Total Awards & Financial Assistance	<u>\$101,562.17</u>	<u>963,245.53</u>	<u>1,064,807.70</u>

AVON-BY-THE-SEA SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2021

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER INFORMATION

The amount reported as TPAF Pension, Post-Retirement Medical and LTD Insurance Contributions represents amount paid by the state on behalf of the District for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

NOTE 6. ON-BEHALF PROGRAMS - STATE SINGLE AUDIT MAJOR PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension, Post-Retirement Medical and LTD Insurance Contributions payments are excluded from the calculation for State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial assistance reported in the District's basic financial statements and the amount subject to State single audit major program determination.

NOTE 7. ADJUSTMENTS

The District had to increase prior year state accounts receivable in the Enterprise Fund for additional state aid received from the National School Lunch Program. The increase in aid received is reflected in the adjustments column on the accompanying Schedule of Expenditures of State Financial Assistance.

NOTE 8. DE MINIMUS INDIRECT COST RATE

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness identified? yes X no
- 2) Significant deficiencies identified? yes X none reported
- Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

- 1) Material weakness identified? N/A yes N/A no
- 2) Significant deficiencies identified? N/A yes N/A none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? N/A yes N/A no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u> N/A </u>	<u> N/A </u>	<u> N/A </u>

Dollar threshold used to distinguish between type A and type B programs: [518] \$ N/A

Auditee qualified as low-risk auditee? N/A yes N/A no

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section I - Summary of Auditor's Results (cont'd)

State Awards

Dollar threshold used to distinguish between type A and B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weakness identified? yes X no

2) Significant deficiencies identified that are not
considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in
accordance with NJOMB Circular Letter 15-08 as applicable? yes X no

Identification of major programs:

<u>State/Grant Project Number(s)</u>	<u>Name of State Program</u>
<u>21-495-034-5120-084</u>	<u>State Aid Public Cluster</u>
<u>21-495-034-5120-089</u>	<u>Security Aid</u>
<u>21-495-034-5120-017</u>	<u>Special Education Categorical Aid</u>
	<u>Debt Service Aid Type II</u>

Section II - Financial Statement Findings

None

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

Federal Awards

N/A

State Financial Assistance

None

AVON-BY-THE-SEA SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2021

Financial Statement Findings

No prior year findings.

Federal Awards

N/A - No prior year Federal Single Audit.

State Financial Assistance

No prior year findings.