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, 2011

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

November 16, 2011

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, 2011, 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.

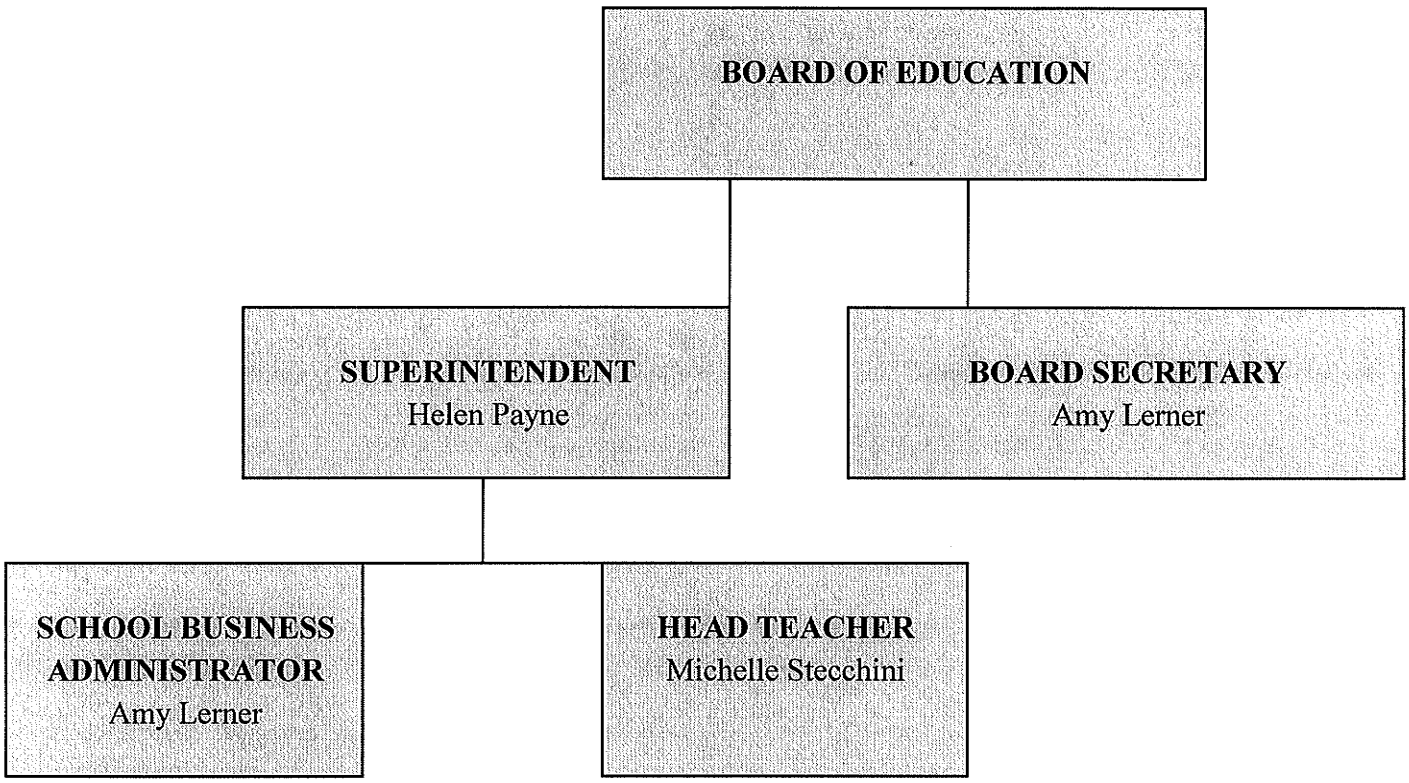
The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and federal and state assistance. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and 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 not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. 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 federal and state assistance 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

ROSTER OF OFFICIALS
JUNE 30, 2011

Members of the Board of Education	Term Expires
Kenneth Child, President	2014
Robert Shafer, Vice President	2013
Andrea Magovern	2014
John B. Magrini	2014
Laura Etienne	2013
Laura Davey	2012
Barbara DeLuca	2012

Other Officials

Helen E. Payne, Superintendent of Schools

Amy S. Lerner, Board Secretary/School Business Administrator

Christopher Mullins, Treasurer of School Funds

Adams, Stern, Gutierrez & Lattiboudere, LLC, Attorney

AVON-BY-THE-SEA BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Adams, Stern, Guitierrez & Lattiboudere, LLC
1037 Raymond Blvd. Suite 710
Newark, NJ 07102

CONSULTING ENGINEER

USA Architects
20 North Doughty Avenue
Somerville, NJ 08876

OFFICIAL DEPOSITORY

Kearney Federal Savings
627 Second Avenue
Long Branch, NJ 07740

FINANCIAL SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS
110 Fortunato Place
Neptune, New Jersey 07753-3767

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

INDEPENDENT AUDITOR'S REPORT

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

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 in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Avon-By-The-Sea Board of Education's management. Our responsibility is to express an opinion 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; and 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 Division of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information, of the Avon-By-The-Sea Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2011 on our consideration of the Avon-By-The-Sea Board of Education's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 13 and 39 through 44 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Avon-By-The-Sea Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Licensed Public School Accountant
No. 2183
Alvino & Shechter, L.L.C.

November 15, 2011

REQUIRED SUPPLEMENTARY INFORMATION - PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(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, 2011. 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 2011 are as follows:

* General revenues accounted for $3,658,638.55 in revenue or 97.1% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $111,086.14 or 2.9% percent of total revenues of $3,769,724.69.

* Total net assets of governmental activities increased by $41,522.60.

* The School District had $3,728,202.09 in expenses; only $111,086.14 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $3,658,638.55 were adequate to provide for these programs.

* The General Fund had $3,551,587.23 in revenues and transfers from Capital Projects Fund and $3,345,202.62 in expenditures and transfers to Food Service Fund. The General Fund's balance increased $206,384.61 over 2010.

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 Assets* 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 Assets 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 2011?" The *Statement of Net Assets* 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 assets and changes in those assets. This change in net assets 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 Assets* 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 2010-11 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 Assets* 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 Assets* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2011 compared to June 30, 2010.

Table 1
Net Assets

	2011	2010
Assets		
Current and Other Assets	1,016,057.71	1,449,538.28
Capital Assets	7,418,633.79	7,030,801.85
Total Assets	$8,434,691.50	$8,480,340.13
Liabilities		
Current Liabilities	339,176.53	276,707.92
Long-Term Liabilities	6,473,163.13	6,622,802.97
Total Liabilities	$6,812,339.66	$6,899,510.89
Net Assets		
Invested in Capital Assets, Net of Related Debt	928,016.00	779,896.91
Restricted	511,258.23	797,289.68
Unrestricted	183,077.61	3,642.65
Total Assets	$1,622,351.84	$1,580,829.24

Table 2 provides a comparison analysis of District-Wide changes in net assets from fiscal years 2010 and 2011.

Table 2
Changes in Net Assets

	2011	2010
Revenues		
Program Revenues:		
Charge for Services	104,006.72	85,475.23
Operating Grants and Contributions	7,079.42	6,029.05
General Revenues:		
Property Taxes	3,148,518.00	3,326,376.00
Grants and Entitlements	500,206.42	609,887.31
Other	9,914.13	17,832.79
Total Revenues	3,769,724.69	4,045,600.38
Program Expenses		
Instruction	1,474,323.63	1,526,316.76
Support Services:		
Pupils and Instructional Staff	1,184,543.41	1,098,260.64
General Administration, School Administration, Business	324,124.81	302,075.57
Operations and Maintenance of Facilities	238,062.88	246,526.63
Pupil Transportation	156,088.69	168,851.38
Interest on Long-Term Debt	283,225.64	289,104.66
Unallocated Depreciation & Amortization	35,465.74	29,002.68
Food Service	32,367.29	34,397.38
Total Expenses	3,728,202.09	3,694,535.70
Increase/(Decrease) in Net Assets	$ 41,522.60	$ 351,064.68

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 83.52% of revenues for governmental activities for the Avon-By-The-Sea School District for the fiscal year 2011. The School District's total revenues were $3,769,724.69 for the fiscal year ended June 30, 2011. Federal, state and local grants accounted for another 13.27% of revenues.

The total cost of all program and services was $3,728,202.09. Instruction comprises 39.55% 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 $12,309.29.

* Charges for services represent $12,941.25 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 and donated commodities was $7,079.42.

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

	2011		2010	
	Total Cost of of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	1,474,323.63	1,397,658.16	1,526,316.76	1,470,805.46
Support Services:				
Pupil and Instructional Staff	1,184,543.41	1,184,543.41	1,098,260.64	1,098,260.64
General Administration, School Administration, Business	324,124.81	324,124.81	302,075.57	302,075.57
Operation and Maintenance of Facilities	238,062.88	238,062.88	246,526.63	246,526.63
Pupil Transportation	156,088.69	141,688.69	168,851.38	154,352.88
Interest on Long-Term Debt	283,225.64	283,225.64	289,104.66	289,104.66
Unallocated Depreciation and Amortization	35,465.74	35,465.74	29,002.68	29,002.68
Total Expenses	$3,695,834.80	$3,604,769.33	$3,660,138.32	$3,590,128.52

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 business 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 fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds is included in the 2010-11 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 $3,749,666.69 and expenditures, including transfers to the Food Service-Enterprise Fund, of $3,992,191.08. The net positive (negative) change in fund balance for the year was insignificant in the General Fund, a decrease of $(242,524.39). 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, 2011, and the amount and percentage of increases and decreases in relation to prior-year revenues.

Revenue	Amount	Percent of Total	Increase/ (Decrease) from 2009/10	Percent of Increase/ (Decrease)
Local Sources	3,249,460.27	86.66%	(163,031.63)	(4.78)%
State Sources	433,267.96	11.55%	(115,957.96)	(21.11)%
Federal Sources	66,938.46	1.79%	6,277.07	10.35%
Total	$3,749,666.69	100.00%	(272,712.52)	(6.78)%

The decrease in Local Sources is attributed to a decrease in the local tax levy.

The decrease in State Sources is due to a reduction in the State Aid.

The increase in Federal Sources is due to a receipt of ARRA-IDEA funds.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2011.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) from 2010	Percent of Increase/ (Decrease)
Current:				
Instruction	1,050,281.83	27.42%	(82,647.12)	(7.29)%
Undistributed Expenditures	2,274,438.42	59.39%	50,056.22	2.25%
Debt Service	430,285.00	11.23%	4,262.50	1.00%
Capital Outlay	75,111.54	1.96%	(1,522.21)	(1.99)%
Total	$3,830,116.79	100.00%	(29,850.61)	(0.77)%

The decrease in Current - Instruction is attributed to a decrease in basic skills/remedial instruction and supplies for extra curricular and athletic programs.

The increase in Current - Undistributed Expenditures is attributed to an increase in special education tuition and other special student support services.

The decrease in Capital Outlay is attributed to an decrease in equipment 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 2011 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 $189,375.61 increase in surplus funds for a total unassigned free balance (GAAP) of $330,158.52 at June 30, 2011.

Capital Assets

At the end of the fiscal 2011 year, the School District had $7,418,633.79 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, 2011 and 2010

	2011	2010
Land	8,800.00	8,800.00
Construction in Progress	7,053,100.52	6,903,335.52
Site Improvements	34,635.45	36,665.25
Buildings and Improvements	28,412.15	22,755.50
Licensed Vehicles	2,906.25	4,843.75
Machinery and Equipment	290,779.42	289,349.68
Totals	$7,418,633.79	$7,265,749.70

Debt Administration

At June 30, 2011, the School District had $6,636,438.61 as outstanding debt. Of this amount, $91,438.61 is for Compensated Absences and $6,545,000.00 is for general obligation bonds.

At June 30, 2011, the School District's overall legal debt margin was $24,822,197.00.

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.

The Avon-By-The-Sea Board of Education, administration, and parent groups have worked diligently and effectively in their efforts to pass school budgets. We were successful in our efforts to pass the 2011/12 school budget. There is concern for the future as rising special education costs, new funding formulas, technology needs, and New Jersey Core Curricular Standards place increasing demands on limited financial resources.

The reduction in state aid and levy cap restrictions continue to present new challenges for the Avon-By-The-Sea School District as the budget for the 2012/13 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 assets 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 Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	521,491.01	7,145.03	528,636.24
Investments	.00	.00	.00
Receivables, Net	158,018.04	483.29	158,501.33
Restricted Assets:			
Cash and Cash Equivalents	.00	.00	.00
Investments	200,336.80	.00	200,336.80
Capital Reserve Account - Cash	80,444.82	.00	80,444.82
Deferred Bond Issuance Costs - Net	55,767.04	.00	55,767.04
Capital Assets, Net (Note 5):	7,418,633.79	13,879.00	7,432,512.79
Total Assets	8,434,691.50	21,507.52	8,456,199.02
LIABILITIES:			
Accounts Payable	61,976.87	.00	61,976.87
Other Payable	156.63	21,507.52	21,664.15
Accrued Interest	93,295.84	.00	93,295.84
Deferred Revenue	20,471.71	.00	20,471.71
Noncurrent Liabilities (Note 6):			
Due Within One Year	163,275.48	.00	163,275.48
Due Beyond One Year	6,473,163.13	.00	6,473,163.13
Total Liabilities	6,812,339.66	21,507.52	6,833,847.18
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	928,016.00	.00	928,016.00
Restricted for:			
Debt Service	68.37	.00	68.37
Capital Projects	54,382.21	.00	54,382.21
Other Purposes	456,807.65	.00	456,807.65
Unrestricted	183,077.61	.00	183,077.61
Total Net Assets	$1,622,351.84	.00	1,622,351.84

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

Exhibit A-2

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes In Net Assets: Governmental Activities	Net (Expense) Revenue and Changes In Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes In Net Assets: Total
GOVERNMENTAL ACTIVITIES:							
Instruction:							
Regular Instruction	1,203,416.71	76,665.47	.00	.00	(1,126,751.24)	.00	(1,126,751.24)
Special Education Instruction	212,103.49	.00	.00	.00	(212,103.49)	.00	(212,103.49)
Other Special Instruction	.00	.00	.00	.00	(.00)	.00	(.00)
Other Instruction	58,803.43	.00	.00	.00	(58,803.43)	.00	(58,803.43)
Support Services:							
Tuition	777,896.09	.00	.00	.00	(777,896.09)	.00	(777,896.09)
Student & Instruction Related Services	406,647.32	.00	.00	.00	(406,647.32)	.00	(406,647.32)
General Administration	205,824.88	.00	.00	.00	(205,824.88)	.00	(205,824.88)
School Administrative Services	74,322.05	.00	.00	.00	(74,322.05)	.00	(74,322.05)
Central Services	43,977.88	.00	.00	.00	(43,977.88)	.00	(43,977.88)
Plant Operations and Maintenance	238,062.88	.00	.00	.00	(238,062.88)	.00	(238,062.88)
Pupil Transportation	156,088.69	14,400.00	.00	.00	(141,688.69)	.00	(141,688.69)
Interest on Long-Term Debt	283,225.64	.00	.00	.00	(283,225.64)	.00	(283,225.64)
Unallocated Depreciation	33,204.92	.00	.00	.00	(33,204.92)	.00	(33,204.92)
Unallocated Amortization	2,260.82	.00	.00	.00	(2,260.82)	.00	(2,260.82)
Total Governmental Activities	$3,695,834.80	91,065.47	.00	.00	(3,604,769.33)	.00	(3,604,769.33)
BUSINESS-TYPE ACTIVITIES:							
Food Service	32,367.29	12,941.25	7,079.42	.00	.00	(12,346.62)	(12,346.62)
Total Business-Type Activities	32,367.29	12,941.25	7,079.42	.00	.00	(12,346.62)	(12,346.62)
Total Primary Government	$3,728,202.09	104,006.72	7,079.42	.00	(3,604,769.33)	(12,346.62)	(3,617,115.95)
GENERAL REVENUES:							
Taxes:							
Property Taxes Levied for General Purposes, Net					3,116,758.00	.00	3,116,758.00
Taxes Levied for Debt Service					31,760.00	.00	31,760.00
Federal and State Aid Not Restricted					500,206.42	.00	500,206.42
Investment Earnings					3,185.11	37.33	3,222.44
Miscellaneous Income					6,691.69	.00	6,691.69
Transfers					(12,309.29)	12,309.29	.00
Total General Revenues, Special Items, Extraordinary Items and Transfers					3,646,291.93	12,346.62	3,658,638.55
Change in Net Assets					41,522.60	.00	41,522.60
Net Assets - Beginning					1,580,829.24	.00	1,580,829.24
Net Assets - Ending					$1,622,351.84	.00	1,622,351.84

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, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	521,491.01	.00	.00	.50	521,491.01
Investments	.00	.00	200,336.80	.00	200,336.80
Due from Other Funds	198,409.29	.00	.00	100,000.00	298,409.29
Receivables from Other Governments	84,426.11	52,880.00	.00	.00	137,306.11
Other Receivables	.00	.00	.00	.00	.00
Restricted Cash and Cash Equivalents	80,444.82	.00	.00	.00	80,444.82
Total Assets	$884,771.23	52,880.00	200,336.80	100,000.00	1,237,988.03
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	61,379.72	597.15	.00	.00	61,976.87
Other Payable	.00	.00	.00	.00	.00
Interfund Payable	156.63	31,811.14	145,954.59	99,931.63	277,853.99
Payable to State Government	.00	.00	.00	.00	.00
Deferred Revenue	.00	20,471.71	.00	.00	20,471.71
Total Liabilities	61,536.35	52,880.00	145,954.59	99,931.63	360,302.57
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	161,421.25	.00	.00	.00	161,421.25
Excess Surplus Designated for Subsequent Year's Expenditures	153,941.58	.00	.00	.00	153,941.58
Capital Reserve	80,444.82	.00	.00	.00	80,444.82
Tuition Reserve	61,000.00	.00	.00	.00	61,000.00
Capital Projects Fund	.00	.00	52,382.21	.00	52,382.21
Debt Service Fund	.00	.00	.00	68.37	68.37
Assigned To:					
Capital Projects	.00	.00	2,000.00	.00	2,000.00
Other Purposes	39,286.29	.00	.00	.00	39,286.29
Designated by the BOE for Subsequent Year's Expenditures	3,375.42	.00	.00	.00	3,375.42
Unassigned:					
General Fund	323,765.52	.00	.00	.00	323,765.52
Special Revenue Fund	.00	.00	.00	.00	.00
Total Fund Balances	823,234.88	.00	54,382.21	68.37	877,685.46
Total Liabilities and Fund Balances	$884,771.23	52,880.00	200,336.80	100,000.00	

Amounts reported for *governmental activities* in the statement of net assets (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 $8,091,524.16 and the accumulated depreciation is $672,890.37 (See Note 5).	7,418,633.79
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)	(6,636,438.61)
The costs associated with the issuance of bonds are expended in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance costs are $67,824.74 and the accumulated amortization is $12,057.70 (See Note 18).	55,767.04
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.	(93,295.84)
Net Assets of Government Funds	$1,622,351.84

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, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	3,116,758.00	.00	.00	31,760.00	3,148,518.00
Tuition from Individuals	76,665.47	.00	.00	.00	76,665.47
Transportation Fees from Other LEAS	14,400.00	.00	.00	.00	14,400.00
Interest Earned on Capital Reserve	151.84	.00	.00	.00	151.84
Interest Earned on Investments	2,444.75	.00	588.52	.00	3,033.27
Miscellaneous	6,691.69	.00	.00	.00	6,691.69
Total - Local Sources	3,217,111.75	.00	588.52	31,760.00	3,249,460.27
State Sources	333,886.96	.00	.00	99,381.00	433,267.96
Federal Sources	.00	66,938.46	.00	.00	66,938.46
Total Revenues	3,550,998.71	66,938.46	588.52	131,141.00	3,749,666.69
EXPENDITURES:					
Current:					
Regular Instruction	844,874.21	20,943.46	.00	.00	865,817.67
Special Education Instruction	136,221.56	.00	.00	.00	136,221.56
Other Special Instruction	.00	.00	.00	.00	.00
Other Instruction	48,242.60	.00	.00	.00	48,242.60
Support Services:					
Tuition	777,896.09	.00	.00	.00	777,896.09
Student & Instruction Related Services	283,540.61	37,515.00	.00	.00	321,055.61
General Administration	166,503.94	.00	.00	.00	166,503.94
School Administrative Services	51,059.76	.00	.00	.00	51,059.76
Central Services	33,613.22	.00	.00	.00	33,613.22
Plant Operations and Maintenance	213,370.92	.00	.00	.00	213,370.92
Pupil Transportation	152,053.32	.00	.00	.00	152,053.32
Employee Benefits	558,885.56	.00	.00	.00	558,885.56
Debt Service:					
Principal	.00	.00	.00	145,000.00	145,000.00
Interest and Other Charges	.00	.00	.00	285,285.00	285,285.00
Capital Outlay	66,631.54	8,480.00	149,765.00	.00	224,876.54
Total Expenditures	3,332,893.33	66,938.46	149,765.00	430,285.00	3,979,881.79
Excess (Deficiency) of Revenues Over Expenditures	218,105.38	.00	(149,176.48)	(299,144.00)	(23,215.10)
OTHER FINANCING SOURCES (USES):					
Transfers In	588.52	.00	.00	.00	588.52
Transfers Out	(12,309.29)	(.00)	(588.52)	(.00)	(12,897.81)
Total Other Financing Sources and Uses	(11,720.77)	.00	(588.52)	.00	(12,309.29)
Net Change in Fund Balances	206,384.61	.00	(149,765.00)	(299,144.00)	(242,524.39)
Fund Balance - July 1	616,850.27	.00	204,147.21	299,212.37	1,120,209.85
Fund Balance - June 30	$ 823,234.88	.00	54,382.21	68.37	877,685.46

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, 2011

Total net change in fund balances - governmental funds (from B-2)		(242,524.39)
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 capital outlays exceeded depreciation in the current fiscal year.		
Depreciation Expense	(63,444.45)	
Capital Outlay	216,328.54	152,884.09
Repayment of bond, loans and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		145,000.00
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.		(13,635.64)
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.		2,059.36
Bond issuance costs are expenditures in the fund financial statements when debt is issued but, it is amortized over the term of the bond in the government-wide financial statements.		(2,260.82)
Change in net assets of governmental activities		$ 41,522.60

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities-Enterprise Funds
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	7,145.23
Accounts Receivable:	
State	24.53
Federal	458.76
Total Current Assets	7,628.52
Noncurrent Assets:	
Equipment	19,105.00
Less Accumulated Depreciation	(5,226.00)
Total Noncurrent Assets	13,879.00
Total Assets	$21,507.52
LIABILITIES:	
Current Liabilities:	
Interfund Payable	20,711.93
Students Charge Accounts	795.59
Total Current Liabilities	21,507.52
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	.00
Unrestricted	.00
Total Net Assets	$ .00

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 Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities-Enterprise Funds
	Food Service
OPERATING REVENUES:	
Local Sources:	
Daily Sales - Reimbursable Programs	8,310.08
Daily Sales - Non-Reimbursable Programs	4,631.17
Total Operating Revenues	12,941.25
OPERATING EXPENSES:	
Cost of Sales	15,668.43
Salaries	14,663.50
Employee Benefits	1,121.76
Supplies	.00
Other Expenses	.00
Depreciation	913.60
Total Operating Expenses	32,367.29
Operating Loss	(19,426.04)
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	205.26
Federal Sources:	
National School Lunch Program	6,874.16
Interest Earnings	37.33
Total Nonoperating Revenues	7,116.75
Loss Before Contributions and Transfers	(12,309.29)
Operating Transfer In: Board Contribution	12,309.29
Change in Net Assets	.00
Total Net Assets - July 1	.00
Total Net Assets - June 30	$ .00

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, 2011

	Business-Type Activities-Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Daily Sales	12,941.25
Payments to Suppliers	(15,668.43)
Payments to Employees	(14,663.50)
Payments for Employee Benefits	(1,121.76)
Payments for Supplies	(.00)
Payments for Other Expenses	(.00)
Net Cash Used for Operating Activities	(18,512.44)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State Sources	206.93
Federal Sources	6,957.38
Board Contribution	12,309.29
Interfunds	(19.91)
Student Charge Accounts	(42.23)
Net Cash Provided by Noncapital Financing Activities	19,411.46
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Equipment	(.00)
Net Cash Used for Capital and Related Financing Activities	(.00)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	37.33
Net Cash Provided by Investing Activities	37.33
Net Increase (Decrease) in Cash and Cash Equivalents	936.35
Cash and Cash Equivalents - July 1	6,208.88
Cash and Cash Equivalents - June 30	$ 7,145.23
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	(19,426.04)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	913.60
Total Adjustments	913.60
Net Cash Used for Operating Activities	$(18,512.44)

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Unemployment Compensation Trust	Agency Fund
ASSETS:		
Cash and Cash Equivalents	472.85	7,433.72
Accounts Receivable:		
State of N.J. - Payroll Taxes	.00	302.96
Interfunds Receivable	7,255.89	156.63
Total Assets	7,728.74	7,893.31
LIABILITIES:		
Payroll Deductions and Withholdings	.00	637.42
Interfund Payable	.00	7,255.89
Total Liabilities	.00	$7,893.31
NET ASSETS:		
Held in Trust for Unemployment Claims and Other Purposes	7,728.74	
Total Net Assets	$7,728.74	

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Plan Members	1,932.40
Board	11,694.94
Total Contributions	13,627.34
Investment Earnings:	
Interest	31.98
Net Investment Earnings	31.98
Total Additions	13,659.32
DEDUCTIONS:	
Unemployment Claims	22,658.91
Total Deductions	22,658.91
Change in Net Assets	(8,999.59)
Net Assets - July 1	16,728.33
Net Assets - June 30	$ 7,728.74

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Avon-By-The-Sea School District (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. The more significant of the Board's accounting policies are described below.

A. Description of the District and 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.

In evaluating how to define the governmental reporting entity, the District follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all organizations, activities, functions, and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. On this basis, the District's financial reporting entity has no component units.

In the fiscal year 2003/2004, the District implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB Statement No. 34), GASB Statement 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, and GASB Statement No. 38, *Certain Financial Statement Disclosures* which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, district-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that District-Wide financial statements are needed to allow user's of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and district-wide financial reporting as complementary components of a single comprehensive financial reporting model.

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-Wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. 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.

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

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

The statement of net assets 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, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for 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.

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.

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

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

The District reports the following proprietary fund:

Enterprise (Food Service) 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.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

Basic of Accounting:

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

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-Wide financial statements are prepared using 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.

C. 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. 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).

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

C. Budgets/Budgetary Control (Cont'd):

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.

D. Assets, Liabilities, and Equity:

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. The Board classifies certificates of deposit which have maturity dates of less than twelve months from date of purchase as investments and are stated at cost.

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. 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 after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

Allowance for Uncollectible Accounts:

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

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

D. Assets, Liabilities, and Equity (Cont'd):

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.

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:

Asset Class	Estimated Useful Lives
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.

Deferred Revenue:

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

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.

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets 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.

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

D. Assets, Liabilities, and Equity (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 compromise a 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.

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.

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

D. Assets, Liabilities, and Equity (Cont'd):

Revenues - Exchange and Nonexchange Transactions:

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.

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.

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, 2011, and reported at fair value, are as follows:

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			609,081.06
Investments:			
New Jersey Asset and Rebate Management Trust	AAAm by S&P	N/A	200,336.80
Total deposits and investments			$809,417.86
Reconciliation of Statement of Net Assets:			
Current:			
Cash and cash equivalents			528,636.24
Investments			200,336.80
Capital Reserve Account			80,444.82
			$809,417.86

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of $849,671.81 at June 30, 2011. Of the bank balance $250,000.00 was fully insured by depository insurance and $599,671.81 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

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. Maturities of investments held at June 30, 2011, are provided in the above schedule.

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, 2011, all of the District's investments are with the N.J. Asset and Rebate Management Trust (NJARM). The trust is designed as an investment vehicle for bond proceeds and operating funds of municipalities located in New Jersey.

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, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	$30,292.98
Interest earnings	151.84
Deposits	
Approved by Board resolution (June 8, 2011)	50,000.00
Withdrawals	
Board resolution	(.00)
Ending balance, June 30, 2011	$80,444.82

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is $0. There were no withdrawals from the capital reserve for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 4. RECEIVABLES

Receivables at June 30, 2011, consisted of interfunds and intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial Statements	District-Wide Financial Statements
State Aid	84,426.11	84,450.64
Federal Aid	52,880.00	53,338.76
Interfunds	298,409.29	20,711.93
Other	.00	.00
Gross Receivables	435,715.40	158,501.33
Less: Allowance for Uncollectibles	.00	.00
Total Receivables, Net	$435,715.40	158,501.33

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Transfers or Additions	Transfers or Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	8,800.00	.00	.00	8,800.00
Construction in progress	6,903,335.52	149,765.00	.00	7,053,100.52
Total capital assets not being depreciated	6,912,135.52	149,765.00	.00	7,061,900.52
Capital assets being depreciated:				
Site improvements	85,742.00	.00	.00	85,742.00
Building and building improvements	160,887.00	6,324.00	.00	167,211.00
Machinery and equipment	700,931.10	60,239.54	.00	761,170.64
Licensed vehicles	15,500.00	.00	.00	15,500.00
Total capital assets being depreciated	963,060.10	66,563.54	.00	1,029,623.64
Total at historical cost	7,875,195.62	216,328.54	.00	8,091,524.16
Less accumulated depreciation for:				
Site Improvements	(49,076.75)	(2,029.80)	.00	(51,106.55)
Building and improvements	(138,131.50)	(667.35)	.00	(138,798.85)
Machinery and equipment	(411,581.42)	(58,809.80)	.00	(470,391.22)
Licensed vehicles	(10,656.25)	(1,937.50)	.00	(12,593.75)
Total accumulated depreciation	(609,445.92)	(63,444.45)	.00	(672,890.37)
Governmental activity capital assets, net	$7,265,749.70	152,884.09	.00	7,418,633.79
Business-Type activities:				
Capital assets being depreciated:				
Equipment	19,105.00	.00	.00	19,105.00
Less accumulated depreciation	(4,312.40)	(913.60)	.00	(5,226.00)
Enterprise fund capital assets, net	$ 14,792.60	(913.60)	.00	13,879.00

Depreciation expense was charged to the following governmental programs:

Instruction - Regular	23,052.93
Support Services - Administration	4,717.38
Transportation	1,937.50
Maintenance - Custodial	531.72
Unallocated	33,204.92
Total	$63,444.45

NOTE 6. LONG-TERM OBLIGATIONS:

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

A. Long-term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2011, are as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Amounts Due Within One Year
Compensated absences	77,802.97	16,206.24	(2,570.60)	91,438.61	13,275.48
Bonds	6,690,000.00	.00	(145,000.00)	6,545,000.00	150,000.00
	$6,767,802.97	16,206.24	(147,570.60)	6,636,438.61	163,275.48

	Government Activities			
	Issue Dates	Interest Rates	Date of Maturity	Principal Balance June 30, 2010
Bonds Payable	03/01/2006	4.25%-4.30%	03/01/2036	6,545,000.00
Total Bonds				$6,545,000.00

B. Debt Service Requirements:

Debt service requirements on serial bonds payable at June 30, 2011 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	150,000.00	279,122.50	429,122.50
2013	155,000.00	272,747.50	427,747.50
2014	165,000.00	266,160.00	431,160.00
2015	170,000.00	259,147.50	429,147.50
2016	175,000.00	251,922.50	426,922.50
2017-2021	1,010,000.00	1,140,187.50	2,150,187.50
2022-2026	1,250,000.00	905,800.00	2,155,800.00
2027-2031	1,550,000.00	615,950.00	2,165,950.00
2032-2036	1,920,000.00	255,205.00	2,175,205.00
	$6,545,000.00	4,246,242.50	10,791,242.50

C. Bonds Authorized But Not Issued: The District has no authorized but not issued bonds at June 30, 2011.

NOTE 7. OPERATING LEASES

The District has three operating leases for Savin copiers, one will expire July 20, 2011, the other two expire September 30, 2014 and April 28, 2016. The total operating lease payments made during the year ended June 30, 2011 were $5,695.17. Future minimum lease payments are as follows:

Years Ending June 30,	Principal
2012	7,983.24
2013	7,983.24
2014	7,983.24
2015	5,073.27
2016	4,103.28
Total minimum lease payments	$33,126.67

NOTE 8. FUND BALANCE APPROPRIATED

General Fund - Of the $823,234.88 General Fund fund balance at June 30, 2011, $161,421.25 has been restricted for excess surplus; $153,941.58 has been restricted for excess surplus at June 30, 2010 and has been appropriated and included as anticipated revenue for the year ending June 30, 2012; $80,444.82 has been restricted for the Capital Reserve Account; $61,000.00 has been restricted for tuition adjustment in accordance with N.J.A.C. 6A:23-3.1(f)(8); $39,286.29 of encumbrances for outstanding purchase orders have been assigned for other purposes; $3,375.42 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2012; and $323,765.52 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, 2011 is $161,421.25.

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 program. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

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 Pension 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.

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, all 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.

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

NOTE 11. PENSION PLANS (CONT'D)

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 55 and are generally determined to be 1/55 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 five 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 - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1998 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for services credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c. 2, effective May 21, 2010, also requires contributions toward and health care benefits coverage by public employees and certain retirees.

P.L. 2010, c. 3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

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 and N.J.S.A. 18:66, and 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 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS.

NOTE 11. PENSION PLANS (CONT'D)

Contributions Requirements (Cont'd):

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	$21,410.00	100%	$21,410.00
6/30/10	14,520.90	100%	14,520.90
6/30/09	0	100%	0

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	$84,125.00	100%	$0
6/30/10	73,368.00	100%	0
6/30/09	69,962.00	100%	0

During the fiscal year ended June 30, 2010, the State of New Jersey contributed $84,125.00 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $88,533.44 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general- purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 12. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Fund of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

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.

NOTE 13. COMPENSATION ABSENCES (CONT'D)

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 Assets 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 entity 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

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 and the ending balance of the District's expendable trust fund for the current and previous two years:

Fiscal Year	Interest Earnings/ District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2010-2011	11,726.02	1,932.40	22,658.91	7,728.74
2009-2010	69.02	2,896.33	3,312.19	16,728.33
2008-2009	109.84	2,606.02	5,524.29	17,075.17

NOTE 16. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2011 consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund:		
Food Service Fund	20,711.93*	.00
Payroll Agency Fund	.00	156.63**
Capital Projects Fund	45,954.59	.00
Debt Service Fund	99,931.63	.00
Special Revenue Fund	31,811.14	.00
Food Service Fund:		
General Fund	.00	20,711.93
Capital Projects Fund:		
General Fund	.00	45,954.59
Debt Service Fund	.00	100,000.00
Debt Service Fund:		
General Fund	.00	99,931.63
Capital Projects Fund	100,000.00	.00
Payroll Agency Fund:		
General Fund	156.63	.00
Unemployment Compensation Trust	.00	7,255.89
Unemployment Compensation Trust:		
Payroll Agency Fund	7,255.89	.00
Special Revenue Fund		
General Fund	.00	31,811.14
	305,821.81	305,821.81

All of the above interfunds represent short-term loans.

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

**Reported as a payable on the District-Wide statement of net assets.

As of June 30, 2011, the District's operating transfers consisted of the following:

12,309.29	From the General Fund to the Enterprise Fund to cover the deficit in operations
588.52	From the Capital Projects Fund to the General Fund for interest income
$12,897.81	

NOTE 17. INVENTORY

The District had no inventory at June 30, 2011.

NOTE 18. DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-Wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bond, (30 years). The prior year costs associated with the issuance of the general obligation bond amounted to $67,824.74. The amortization expense for the fiscal year ended June 30, 2011, amounted to $2,260.82, and the total accumulated amortization is $12,057.70.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

AVON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	3,116,758.00	0.00	3,116,758.00	3,116,758.00	0.00
Tuition	50,945.00	0.00	50,945.00	76,665.47	25,720.47
Transportation Fees from Other LEAs	10,938.00	0.00	10,938.00	14,400.00	3,462.00
Interest Earned on Capital Reserve Funds	300.00	0.00	300.00	151.84	(148.16)
Miscellaneous	5,000.00	0.00	5,000.00	9,136.44	4,136.44
Total - Local Sources	3,183,941.00	0.00	3,183,941.00	3,217,111.75	33,170.75
State Sources:					
Special Education Categorical Aid	64,061.00	0.00	64,061.00	64,061.00	0.00
Extraordinary Special Education Costs Aid	73,422.00	0.00	73,422.00	77,847.00	4,425.00
Reimbursed Nonpublic School Transportation Costs Aid	0.00	0.00	0.00	2,311.52	2,311.52
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	80,342.00	80,342.00
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	0.00	0.00	0.00	3,783.00	3,783.00
Reimbursed TPAF Social Security Contributions (Non-Budgete	0.00	0.00	0.00	88,533.44	88,533.44
Total State Sources	137,483.00	0.00	137,483.00	316,877.96	179,394.96
Total Revenues	3,321,424.00	0.00	3,321,424.00	3,533,989.71	212,565.71
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	71,473.00	11,586.98	83,059.98	78,465.82	4,594.16
Grades 1-5 - Salaries of Teachers	407,258.00	13,499.79	420,757.79	409,099.55	11,658.24
Grades 6-8 - Salaries of Teachers	274,952.00	(2,154.87)	272,797.13	272,433.96	363.17
Regular Programs - Home Instruction:					
Purchased Professional-Educational Services	1,000.00	1,175.00	2,175.00	2,175.00	0.00
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	2,800.00	5,958.40	8,758.40	8,758.40	0.00
Other Purchased Services (400-500 series)	9,000.00	(448.33)	8,551.67	3,754.55	4,797.12
General Supplies	55,978.00	7,990.89	63,968.89	52,482.35	11,486.54
Other Objects	23,182.00	6,498.15	29,680.15	17,704.58	11,975.57
TOTAL REGULAR PROGRAMS - INSTRUCTION	845,643.00	44,106.01	889,749.01	844,874.21	44,874.80
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Other Salaries for Instruction	0.00	150.00	150.00	75.00	75.00
Total Learning and/or Language Disabilities	0.00	150.00	150.00	75.00	75.00
Multiple Disabilities:					
Salaries of Teachers	57,091.00	(2,168.71)	54,922.29	54,257.85	664.44
Other Salaries for Instruction	21,561.00	3,143.71	24,704.71	24,704.71	0.00
Purchased Professional - Educational Services	1,268.00	0.00	1,268.00	0.00	1,268.00
General Supplies	1,000.00	0.00	1,000.00	0.00	1,000.00
Other Objects		0.00	0.00	0.00	0.00
Total Multiple Disabilities	80,920.00	975.00	81,895.00	78,962.56	2,932.44
Resource Room/Resource Center:					
Salaries of Teachers	22,500.00	34,684.00	57,184.00	57,184.00	0.00
General Supplies	500.00	0.00	500.00	0.00	500.00
Total Resource Room/Resource Center	23,000.00	34,684.00	57,684.00	57,184.00	500.00
TOTAL SPECIAL EDUCATION - INSTRUCTION	103,920.00	35,809.00	139,729.00	136,221.56	3,507.44

See Management's Discussion and Analysis of this report for explanation of significant budget variances, original and final.

AVON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	6,598.00	7,660.73	14,258.73	14,258.73	0.00
Other Objects	1,800.00	(1,553.71)	246.29	232.79	13.50
Total School-Spon. Cocurricular Actvts. - Inst.	8,398.00	6,107.02	14,505.02	14,491.52	13.50
School-Spon. Cocurricular Athletics - Inst.					
Salaries	22,044.00	0.00	22,044.00	20,544.00	1,500.00
Purchased Services (300-500 series)	5,278.00	0.00	5,278.00	3,800.00	1,478.00
Supplies and Materials	3,000.00	0.00	3,000.00	1,454.58	1,545.42
Total School-Spon. Cocurricular Athletics - Inst.	30,322.00	0.00	30,322.00	25,798.58	4,523.42
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	6,084.00	1,868.50	7,952.50	7,952.50	0.00
Total Other Supplemental/At-Risk Programs - Instruction	6,084.00	1,868.50	7,952.50	7,952.50	0.00
TOTAL INSTRUCTION AND AT-RISK PROGRAMS	994,367.00	87,890.53	1,082,257.53	1,029,338.37	52,919.16
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	387,964.00	(5,706.35)	382,257.65	348,611.25	33,646.40
Tuition to Other LEAs Within the State - Special	140,563.00	(46,424.90)	94,138.10	66,506.08	27,632.02
Tuition to County Voc. School Dist. - Regular	66,760.00	6,250.00	73,010.00	70,980.00	2,030.00
Tuition to County Voc. School Dist. - Special	0.00	3,974.90	3,974.90	3,974.90	0.00
Tuition to Private Schools for the Disabled - Within State	392,869.00	(104,143.76)	288,725.24	287,823.86	901.38
Total Undistributed Expenditures - Instruction:	988,156.00	(146,050.11)	842,105.89	777,896.09	64,209.80
Undistributed Expend. - Attend. & Social Work					
Salaries	34,146.00	(900.00)	33,246.00	32,635.88	610.12
Total Undistributed Expend. - Attend. & Social Work	34,146.00	(900.00)	33,246.00	32,635.88	610.12
Undist. Expend. - Health Services					
Salaries	58,959.00	427.00	59,386.00	59,386.00	0.00
Supplies and Materials	2,500.00	(317.00)	2,183.00	1,949.00	234.00
Total Undistributed Expenditures - Health Services	61,459.00	110.00	61,569.00	61,335.00	234.00
Undist. Expend. - Speech, OT, PT, & Related Services					
Salaries	24,035.00	(990.20)	23,044.80	22,803.00	241.80
Supplies and Materials	100.00	0.00	100.00	0.00	100.00
Total Undist. Exp. - Speech, OT, PT & Related Sevices	24,135.00	(990.20)	23,144.80	22,803.00	341.80
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.					
Salaries	76,636.00	(13,675.52)	62,960.48	58,067.00	4,893.48
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Ser	76,636.00	(13,675.52)	62,960.48	58,067.00	4,893.48
Undist. Expend. - Child Study Teams					
Salaries	52,500.00	(38,254.10)	14,245.90	0.00	14,245.90
Salaries of Secretarial and Clerical Assistants	34,146.00	0.00	34,146.00	34,145.96	0.04
Purchased Professional - Educational Services	29,901.00	3,420.10	33,321.10	33,321.10	0.00
Total Undist. Expend. - Child Study Teams	116,547.00	(34,834.00)	81,713.00	67,467.06	14,245.94
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Other Professional Staff	4,000.00	(273.86)	3,726.14	3,553.00	173.14
Salaries of Secretarial and Clerical Assistants	9,756.00	273.86	10,029.86	10,029.86	0.00
Supplies and Materials	7,000.00	0.00	7,000.00	7,000.00	0.00
Total Undist. Expend. - Improvement of Inst. Serv.	20,756.00	0.00	20,756.00	20,582.86	173.14
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	18,907.00	304.32	19,211.32	19,211.32	0.00
Supplies and Materials	1,500.00	0.00	1,500.00	1,438.49	61.51
Total Undist. Expend. - Edu. Media Serv./Sch. Library	20,407.00	304.32	20,711.32	20,649.81	61.51

See Management's Discussion and Analysis of this report for explanation of significant budget variances, original and final.

AVON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	138,166.00	0.00	138,166.00	138,165.77	0.23
Legal Services	3,243.00	0.00	3,243.00	1,837.00	1,406.00
Audit Fees	10,750.00	0.00	10,750.00	10,750.00	0.00
Communications/Telephone	7,000.00	704.82	7,704.82	6,021.40	1,683.42
General Supplies	300.00	(17.00)	283.00	225.00	58.00
Miscellaneous Expenditures	7,950.00	1,191.59	9,141.59	6,949.27	2,192.32
BOE Membership Dues and Fees	3,551.00	(290.10)	3,260.90	2,555.50	705.40
Total Undist. Expend. - Supp. Serv. - General Admin.	170,960.00	1,589.31	172,549.31	166,503.94	6,045.37
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals/Program Directors	52,500.00	(2,173.50)	50,326.50	49,134.96	1,191.54
Salaries of Other Professional Staff	1,875.00	0.00	1,875.00	1,875.00	0.00
Salaries of Secretarial and Clerical Assistants	0.00	250.00	250.00	49.80	200.20
Purchased Technical Services	750.00	0.00	750.00	0.00	750.00
Other Purchased Services (400-500 series)	750.00	0.00	750.00	0.00	750.00
Total Undist. Expend. - Support Serv. - School Admin.	55,875.00	(1,923.50)	53,951.50	51,059.76	2,891.74
Undistributed Expenditures - Central Services					
Salaries	34,320.00	0.00	34,320.00	33,613.22	706.78
Purchased Technical Services	250.00	0.00	250.00	0.00	250.00
Supplies and Materials	500.00	0.00	500.00	0.00	500.00
Total Undistributed Expenditures - Central Services	35,070.00	0.00	35,070.00	33,613.22	1,456.78
Undist. Expend. -Required Maintenance for School Facilities					
Cleaning, Repair, and Maintenance Services	3,000.00	126.94	3,126.94	3,126.94	0.00
Total Undist. Expend. -Required Maintenance for School Facili	3,000.00	126.94	3,126.94	3,126.94	0.00
Undist. Expend. - Custodial Services					
Salaries	63,294.00	11,658.11	74,952.11	70,943.77	4,008.34
Purchased Professional and Technical Services	0.00	1,170.00	1,170.00	1,170.00	0.00
Cleaning, Repair and Maintenance Services	14,000.00	21,808.42	35,808.42	35,449.42	359.00
Other Purchased Property Services	5,000.00	4,097.80	9,097.80	9,097.80	0.00
Insurance	25,000.00	(4,350.66)	20,649.34	20,565.00	84.34
General Supplies	18,000.00	(4,994.53)	13,005.47	9,576.12	3,429.35
Energy (Electricity)	32,400.00	11,079.88	43,479.88	43,479.88	0.00
Other Objects	2,500.00	1,023.92	3,523.92	3,523.92	0.00
Energy (Natural Gas)	34,350.00	0.00	34,350.00	16,438.07	17,911.93
Total Undist. Expend. - Custodial Services	194,544.00	41,492.94	236,036.94	210,243.98	25,792.96
Total Undist. Expend. - Oper. & Maint. Of Plant	197,544.00	41,619.88	239,163.88	213,370.92	25,792.96
Undist. Expend. - Student Transportation Serv.					
Sal. For Pup.Trans. (Bet. Home and School) - Regular	19,512.00	0.00	19,512.00	19,512.00	0.00
Sal. For Pup. Trans. (Bet. Home and School) Non-Public	11,925.00	1,896.60	13,821.60	13,821.60	0.00
Contracted Services - Aid In Lieu of Payment for Non-Public Stu	20,065.00	(2,085.60)	17,979.40	17,964.00	15.40
Contract Services (Other than Between Home & School)-Vendo	250.00	189.00	439.00	190.00	249.00
Contract Services - (Between Home and Sch) - Joint Agrmts	29,396.00	4,054.31	33,450.31	33,450.31	0.00
Contract Services - (Spl. Ed. Students) - Vendors	0.00	790.00	790.00	790.00	0.00
Contr Serv (Regular Students) - ESCs & CTSA	49,849.00	1,514.67	51,363.67	48,866.70	2,496.97
Contr Serv (Spl. Ed. Students) - ESCs & CTSA	43,617.00	(28,067.99)	15,549.01	14,835.14	713.87
Transportation Supplies	1,266.00	0.00	1,266.00	323.49	942.51
Other Objects	6,250.00	(1,000.00)	5,250.00	2,300.08	2,949.92
Total Undist. Expend. - Student Transportation Serv.	182,130.00	(22,709.01)	159,420.99	152,053.32	7,367.67
Regular Programs - Instruction - Employee Benefits					
Health Benefits	174,199.00	(12,148.80)	162,050.20	127,420.24	34,629.96
Tuition Reimbursement	16,000.00	0.00	16,000.00	15,994.80	5.20
Other Employee Benefits	12,127.00	46.75	12,173.75	10,923.55	1,250.20
Total Regular Programs - Instruction	202,326.00	(12,102.05)	190,223.95	154,338.59	35,885.36

See Management's Discussion and Analysis of this report for explanation of significant budget variances, original and final.

Exhibit C-1

AVON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
Special Programs - Instruction - Employee Benefits					
Health Benefits	26,048.00	27,304.04	53,352.04	52,429.82	922.22
Other Employee Benefits	1,860.00	(75.00)	1,785.00	1,127.58	657.42
Total Special Programs - Instruction	27,908.00	27,229.04	55,137.04	53,557.40	1,579.64
Attendance and Social Work Services - Employee Benefits					
Health Benefits	16,745.00	1,328.99	18,073.99	16,446.88	1,627.11
Other Employee Benefits	2,619.00	184.40	2,803.40	2,685.70	117.70
Total Attendance and Social Work Services	19,364.00	1,513.39	20,877.39	19,132.58	1,744.81
Health Services - Employee Benefits					
Health Benefits	18,606.00	591.67	19,197.67	14,131.98	5,065.69
Other Employee Benefits	1,310.00	91.70	1,401.70	1,342.85	58.85
Total Health Services	19,916.00	683.37	20,599.37	15,474.83	5,124.54
Other Support Services - Students - Extraordinary Services -Employee Benefits					
Health Benefits	24,187.00	0.00	24,187.00	15,708.56	8,478.44
Other Employee Benefits	1,310.00	91.70	1,401.70	1,342.85	58.85
Total Support Services - Students - Extraordinary Services	25,497.00	91.70	25,588.70	17,051.41	8,537.29
Other Support Services - Child Study Team - Employee Benefits					
Health Benefits	18,606.00	(4,771.61)	13,834.39	0.00	13,834.39
Other Employee Benefits	1,310.00	(1,284.00)	26.00	0.00	26.00
Total Support Services - Child Study Team	19,916.00	(6,055.61)	13,860.39	0.00	13,860.39
Support Services - General Administration - Employee Benefits					
Health Benefits	16,534.00	2,485.55	19,019.55	16,201.97	2,817.58
Other Employee Benefits	1,310.00	1,548.53	2,858.53	2,799.68	58.85
Total Support Services - General Administration	17,844.00	4,034.08	21,878.08	19,001.65	2,876.43
Support Services - School Administration - Employee Benefits					
Health Benefits	7,442.00	0.00	7,442.00	5,564.17	1,877.83
Other Employee Benefits	550.00	37.58	587.58	563.79	23.79
Total Support Services - School Administration	7,992.00	37.58	8,029.58	6,127.96	1,901.62
Support Services - Central Services- Employee Benefits					
Health Benefits	0.00	1,401.70	1,401.70	1,342.85	58.85
Total Support Services - Central services	0.00	1,401.70	1,401.70	1,342.85	58.85
Operation and Maintenance of Plant Services - Employee Benefits					
Health Benefits	18,606.00	1,298.55	19,904.55	18,274.49	1,630.06
Other Employee Benefits	1,310.00	101.70	1,411.70	1,352.85	58.85
Total Operation and Maintenance of Plant Services -	19,916.00	1,400.25	21,316.25	19,627.34	1,688.91
TOTAL ALLOCATED BENEFITS	360,679.00	18,233.45	378,912.45	305,654.61	73,257.84
UNALLOCATED BENEFITS					
Social Security Contributions	13,500.00	16,559.76	30,059.76	28,938.02	1,121.74
Other Retirement Contributions - Regular	8,000.00	13,647.50	21,647.50	21,647.50	0.00
Unemployment Compensation	0.00	11,694.94	11,694.94	11,694.94	0.00
Workmen's Compensation	16,162.00	2,130.05	18,292.05	18,292.05	0.00
TOTAL UNALLOCATED BENEFITS	37,662.00	44,032.25	81,694.25	80,572.51	1,121.74
On-behalf TPAF Pension Contributions (non-budgeted)	0.00	0.00	0.00	3,783.00	(3,783.00)
On-behalf TPAF OPEB (Post Retire.Medical) Contrib.(non-bud)	0.00	0.00	0.00	80,342.00	(80,342.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)	0.00	0.00	0.00	88,533.44	(88,533.44)
TOTAL ON-BEHALF CONTRIBUTIONS	0.00	0.00	0.00	172,658.44	(172,658.44)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	398,341.00	62,265.70	460,606.70	558,885.56	(98,278.86)
TOTAL UNDISTRIBUTED EXPENDITURES	2,382,162.00	(115,193.13)	2,266,968.87	2,236,923.42	30,045.45
TOTAL GENERAL CURRENT EXPENSE	3,376,529.00	(27,302.60)	3,349,226.40	3,266,261.79	82,964.61

See Management's Discussion and Analysis of this report for explanation of significant budget variances, original and final.

AVON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (continued)					
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Undistributed Expenditures - Instruction	10,000.00	87,782.27	97,782.27	60,239.54	37,542.73
Required Maintenance for Scholl Facilities	0.00	19,314.24	19,314.24	6,324.00	12,990.24
Total Equipment	10,000.00	107,096.51	117,096.51	66,563.54	50,532.97
Facilities Acquisition & Construction Sevices:					
Other Objects	0.00	68.00	68.00	68.00	0.00
Total Facilities & Contruction Services	0.00	68.00	68.00	68.00	0.00
TOTAL CAPITAL OUTLAY	10,000.00	107,164.51	117,164.51	66,631.54	50,532.97
TOTAL EXPENDITURES	3,386,529.00	79,861.91	3,466,390.91	3,332,893.33	133,497.58
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,105.00)	(79,861.91)	(144,966.91)	201,096.38	346,063.29
Other Financing Sources (Uses):					
Operating Transfer In (Out):					
Transfer to Food Service Fund	(17,291.00)	13,085.26	(30,376.26)	(12,309.29)	18,066.97
Transfer from Capital Projects Fund	0.00	0.00	0.00	588.52	588.52
Total Other Financing Sources (Uses):	(17,291.00)	13,085.26	(30,376.26)	(11,720.77)	18,655.49
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(82,396.00)	(92,947.17)	(175,343.17)	189,375.61	364,718.78
Fund Balance, July 1	640,252.27	0.00	640,252.27	640,252.27	0.00
Fund Balance, June 30	557,856.27	(92,947.17)	464,909.10	829,627.88	364,718.78

Recapitulation:

Restricted Fund Balance:	
Excess Surplus - Designated for Subsequent Year's Expenditures	153,941.58
Excess Surplus - Current Year	161,421.25
Capital Reserve	80,444.82
Tuition Reserve	61,000.00
Assigned Fund Balance:	
Year-end Encumbrances	39,286.29
Designated for Subsequent Year's Expenditures	3,375.42
Unassigned Fund Balance	330,158.52
	829,627.88
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payment not recognized on GAAP basis	(6,393.00)
Fund Balance per Governmental Funds (GAAP)	823,234.88

See Management's Discussion and Analysis of this report for explanation of significant budget variances, original and final.

AVON-BY-THE-SEA SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	.00	.00	.00	.00	.00
State Sources	.00	.00	.00	.00	.00
Federal Sources	43,372.00	42,916.50	86,288.50	66,824.00	19,464.50
Total Revenues	43,372.00	42,916.50	86,288.50	66,824.00	19,464.50
EXPENDITURES:					
Instruction					
Salaries of Teachers	.00	10,000.00	10,000.00	10,000.00	.00
Purchased Professional-Technical Services	37,684.00	(37,684.00)	.00	.00	.00
Other Purchased Services	.00	13,507.50	13,507.50	10,066.00	3,441.50
General Supplies	.00	989.00	989.00	989.00	.00
Total Instruction	37,684.00	(13,187.50)	24,496.50	21,055.00	3,441.50
Support Services					
Purchased Professional Services	5,688.00	41,570.00	47,258.00	32,000.00	15,258.00
Other Purchased Services	.00	4,289.00	4,289.00	4,289.00	.00
Personal Services - Employee Benefits	.00	765.00	765.00	.00	765.00
Supplies and Materials	.00	1,000.00	1,000.00	1,000.00	.00
Total Support Services	5,688.00	47,624.00	53,312.00	37,289.00	16,023.00
Facilities Acquisition & Construction Services:					
Instructional Equipment	.00	8,480.00	8,480.00	8,480.00	.00
Total Facilities Acquisition & Construction Services	.00	8,480.00	8,480.00	8,480.00	.00
Total Expenditures	43,372.00	42,916.50	86,288.50	66,824.00	19,464.50
Total Outflows	43,372.00	42,916.50	86,288.50	66,824.00	19,464.50
Excess (Deficiency) of Revenues Over (Under) Expenditures & Other Financing Sources (Uses)	$ .00	.00	.00	.00	.00

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

AVON-BY-THE-SEA SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2011

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	3,533,989.71	66,824.00
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, 2010	.00	325.00
Encumbrances, June 30, 2011	.00	(210.54)
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	23,402.00	.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(6,393.00)	(.00)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	3,550,998.71	66,938.46
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	3,332,893.23	66,824.00
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, 2010	.00	325.00
Encumbrances, June 30, 2011	.00	(210.54)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to general fund.	.00	.00
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$3,332,893.33	66,938.46

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 Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	I.D.E.A. - Part B		No Child Left Behind			
	Basic	ARRA Basic	Title I Part A Carryover	Title II Part A	Title II Part D	Totals
REVENUES:						
Local Sources	.00	.00	.00	.00	.00	.00
State Sources	.00	.00	.00	.00	.00	.00
Federal Sources	42,066.00	8,480.00	10,989.00	5,263.00	26.00	66,824.00
Total Revenues	42,066.00	8,480.00	10,989.00	5,263.00	26.00	66,824.00
EXPENDITURES:						
Instruction:						
Salaries of Teachers	.00	.00	10,000.00	.00	.00	10,000.00
Other Purchased Services	10,066.00	.00	.00	.00	.00	10,066.00
General Supplies	.00	.00	989.00	.00	.00	989.00
Total Instruction	10,066.00	.00	10,989.00	.00	.00	21,055.00
Support Services:						
Purchased Professional and Technical Services	32,000.00	.00	.00	.00	.00	32,000.00
Other Purchased Services	.00	.00	.00	4,263.00	.00	4,289.00
Personal Services - Employee Benefits	.00	.00	.00	.00	.00	.00
Supplies and Materials	.00	.00	.00	1,000.00	.00	1,000.00
Total Support Services	32,000.00	.00	.00	5,263.00	26.00	37,289.00
Facilities Acquisition & Construction Services:						
Instructional Equipment	.00	8,480.00	.00	.00	.00	8,480.00
Total Facilities Acquisition & Construction Services	.00	8,480.00	.00	.00	.00	8,480.00
Total Expenditures	42,066.00	8,480.00	10,989.00	5,263.00	26.00	66,824.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ .00	.00	.00	.00	.00	.00

CAPITAL PROJECTS FUND
DETAIL STATEMENTS

The Capital Projects Fund is used to account for acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

Exhibit F-1

AVON-BY-THE-SEA SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2011

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/2011
			Prior Years	Current Year	
Construct an Addition and Renovate the Avon Elementary School/School District Bonds	12/13/2005	$7,200,721.00	6,995,852.79	149,765.00	55,103.21

AVON-BY-THE-SEA SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

Revenue and Other Financing Sources:	
Bond Proceeds and Transfers	.00
Transfer From Capital Reserve	.00
Transfer From Capital Outlay	.00
Interest Earned	588.52
Total Revenues	588.52
Expenditures and Other Financing Uses:	
Legal Services	.00
Other Purchased Professional Services	.00
Construction Services	10,000.00
General Supplies	.00
Land and Improvements	137,125.00
Equipment Purchases	2,640.00
Other Objects	.00
Total Expenditures	149,765.00
Excess of Revenue Over Expenditures	(149,176.48)
Other Financing Uses:	
Transfer Out - General Fund	(588.52)
Total Other Financing Uses	(588.52)
Excess (Deficiency) of Revenues and Other Financing Uses Over Expenditures	(149,765.00)
Fund Balance - July 1	204,147.21
Fund Balance - June 30	$ 54,382.21

AVON-BY-THE-SEA SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Construct an Addition and Renovate the Avon Elementary School
From Inception and For the Year Ended June 30, 2011

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond Proceeds and Transfers	7,200,000.00	.00	7,200,000.00	7,200,000.00
Transfer From Capital Reserve	.00	.00	.00	.00
Transfer From Capital Outlay	.00	.00	.00	721.00
Total Revenues	7,200,000.00	.00	7,200,000.00	7,200,721.00
Expenditures and Other Financing Uses:				
Legal Services	7,010.46	.00	7,010.46	30,969.94
Other Purchased Professional Services	857,108.92	.00	857,108.92	861,401.90
Construction Services	127,046.53	10,000.00	137,046.53	149,295.28
General Supplies	6,699.57	.00	6,699.57	6,699.57
Land and Improvements	5,764,591.41	137,125.00	5,901,716.41	5,901,716.41
Equipment Purchases	199,387.16	2,640.00	202,027.16	216,629.16
Other Objects	34,008.74	.00	34,008.74	34,008.74
Total Expenditures	6,995,852.79	149,765.00	7,145,617.79	7,200,721.00
Excess of Revenue Over Expenditures	$ 204,147.21	(149,765.00)	54,382.21	.00

Additional Project Information:

Project Number	0180-010-05-1000
Grant Date/Letter of Notification	11/01/2005
Bond Authorization/Referendum Date	12/13/2005
Bonds Authorized	$7,200,000.00
Bonds Issued	$7,200,000.00
Original Project Authorized Cost	$7,200,721.00
Additional Authorized Cost	$.00
Revised Authorized Cost	$7,200,721.00
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	99%
Original Target Completion Date	11/30/2007
Revised Target Completion Date	09/30/2012

FIDUCIARY FUNDS
DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

AVON-BY-THE-SEA SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Unemployment Compensation Trust	Agency Fund	Totals
ASSETS:			
Cash and Cash Equivalents	472.85	7,433.72	7,906.57
Accounts Receivable:			
State of N.J. - Payroll Taxes	.00	302.96	302.96
Interfunds Receivable	7,255.89	156.63	7,412.52
Total Assets	$7,728.74	7,893.31	15,622.05
LIABILITIES:			
Payroll Deductions and Withholdings	.00	637.42	637.42
Interfund Payable	.00	7,255.89	7,255.89
Total Liabilities	.00	7,893.31	7,893.31
NET ASSETS:			
Held in Trust for Unemployment Claims and Other Purposes	7,728.74		7,728.74
Total Net Assets	$7,728.74		15,622.05

AVON-BY-THE-SEA SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Trust	Totals
ADDITIONS:		
Contribution:		
Plan Members	1,932.40	1,932.40
Board	11,694.94	11,694.94
Total Contributions	13,627.34	13,627.34
Investment Earnings:		
Interest	31.98	31.98
Net Investment Earnings	31.98	31.98
Total Additions	13,659.32	13,659.32
DEDUCTIONS:		
Unemployment Claims	22,658.91	22,658.91
Total Deductions	22,658.91	22,658.91
Change in Net Assets	(8,999.59)	(8,999.59)
Net Assets - Beginning of Year	16,728.33	16,728.33
Net Assets - End of Year	$ 7,728.74	7,728.74

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Receipts and Disbursements
Payroll Agency Fund
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Payroll Deductions and Withholdings	1,862.85	656,459.41	(657,987.80)	334.46
Interfunds	5,115.55	1,983.71	(.00)	7,099.26
Totals	$6,978.40	658,443.12	(657,987.80)	7,433.72

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.

Exhibit I-1

AVON-BY-THE-SEA SCHOOL DISTRICT
Long-Term Debt
Schedule of Bonds Payable
Year Ended June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
School District Bonds	March 1, 2006	$7,200,000.00	03/01/2012	150,000.00	4.25%	$6,690,000.00	.00	145,000.00	6,545,000.00
			03/01/2013	155,000.00	4.25%				
			03/01/2014	165,000.00	4.25%				
			03/01/2015	170,000.00	4.25%				
			03/01/2016	175,000.00	4.25%				
			03/01/2017	185,000.00	4.25%				
			03/01/2018	195,000.00	4.25%				
			03/01/2019	200,000.00	4.25%				
			03/01/2020	210,000.00	4.25%				
			03/01/2021	220,000.00	4.25%				
			03/01/2022	230,000.00	4.25%				
			03/01/2023	240,000.00	4.25%				
			03/01/2024	250,000.00	4.25%				
			03/01/2025	260,000.00	4.25%				
			03/01/2026	270,000.00	4.25%				
			03/01/2027	285,000.00	4.25%				
			03/01/2028	295,000.00	4.25%				
			03/01/2029	310,000.00	4.25%				
			03/01/2030	325,000.00	4.25%				
			03/01/2031	335,000.00	4.25%				
			03/01/2032	350,000.00	4.30%				
			03/01/2033	365,000.00	4.30%				
			03/01/2034	385,000.00	4.30%				
			03/01/2035	400,000.00	4.30%				
			03/01/2036	420,000.00	4.30%				

AVON-BY-THE-SEA SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	31,760.00	.00	31,760.00	31,760.00	.00
State Sources:					
Debt Service Aid	99,381.00	.00	99,381.00	99,381.00	.00
Total State Sources	131,141.00	.00	131,141.00	131,141.00	.00
Total Revenues	131,141.00	.00	131,141.00	131,141.00	.00
EXPENDITURES:					
Regular Debt Service:					
Interest	285,353.00	.00	285,353.00	285,285.00	68.00
Redemption of Principal	145,000.00	.00	145,000.00	145,000.00	.00
Total Regular Debt Service	430,353.00	.00	430,353.00	430,285.00	68.00
Total Expenditures	430,353.00	.00	430,353.00	430,285.00	.00
Excess (Deficiency) of Revenues Under Expenditures	(299,212.00)	.00	(299,212.00)	(299,144.00)	68.00
Other Financing Sources (Uses):					
Transfers In:					
Interest Earned in Capital Projects Fund	.00	.00	.00	.00	.00
Total Other Financing Sources	.00	.00	.00	.00	.00
Excess (Deficiency) of Revenues and Other Financing Sources Under Expenditures	(299,212.00)	.00	(299,212.00)	(299,144.00)	68.00
Fund Balance - July 1	299,212.37	.00	299,212.37	299,212.37	.00
Fund Balance - June 30	$ .37	.00	.37	68.37	68.00

STATISTICAL SECTION (Unaudited)

Exhibit J-1

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

UNAUDITED

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental Activities							
Invested in capital assets, net of related debt	$ 101,600	$ 98,235	$ 85,249	$ 202,176	$ 155,003	$ 779,897	$ 928,016
Restricted	28,891	168,082	431,357	467,106	882,182	797,289	511,258
Unrestricted	(58,029)	88,024	228,722	430,908	192,580	3,643	183,078
Total Governmental Activities Net Assets	$ 72,462	$ 354,341	$ 745,328	$ 1,100,190	$ 1,229,765	$ 1,580,829	$ 1,622,352
Business-Type Activities							
Invested in capital assets, net of related debt	$	$	$	$	$ 0	$	$
Restricted							
Unrestricted							
Total Business-Type Activities Net Assets	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
District Wide							
Invested in capital assets, net of related debt	$ 101,600	$ 98,235	$ 85,249	$ 202,176	$ 155,003	$ 779,897	$ 928,016
Restricted	28,891	168,082	431,357	467,106	882,182	797,289	589,105
Unrestricted	(58,029)	88,024	228,722	430,908	192,580	3,643	105,231
Total District Assets	$ 72,462	$ 354,341	$ 745,328	$ 1,100,190	$ 1,229,765	$ 1,580,829	$ 1,622,352

This schedule does not provide ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

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

Exhibit J-2

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

UNAUDITED

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental Activities							
Instruction							
Regular	$ 1,086,161	$ 1,102,232	$ 1,221,806	$ 1,257,142	$ 1,196,965	$ 1,179,248	$ 1,203,417
Special Education	74,063	91,939	101,841	133,112	242,915	235,809	212,103
Other Special Education	101,617	46,267	50,349	66,798	54,670	58,364	0
Vocational	0	0	0	0	0	0	0
Other Instruction	79,343	23,386	48,190	39,558	28,351	52,896	58,803
Nonpublic School Programs	0	0	0	0	0	0	0
Adult/Continuing Education Programs	0	0	0	0	0	0	0
Support Services:							
Tuition	639,264	754,784	946,006	1,001,864	907,952	748,713	777,896
Student & Instruction Related Services	183,389	209,328	287,101	281,491	281,191	349,548	406,647
School Administrative Services	82,892	72,613	1,650	8,682	5,800	27,678	74,322
General and Business Administrative Services	276,641	153,429	258,102	278,965	306,360	274,397	249,803
Plant Operations and Maintenance	118,716	137,433	151,737	175,044	238,610	246,527	238,063
Pupil Transportation	192,452	180,871	183,557	188,910	179,770	168,851	156,089
Business and Other Support Services	0	0	0	0	0	0	0
Special Schools	0	0	0	0	0	0	0
Charter Schools	0	0	0	0	0	0	0
Interest on long-term debt	0	102,279	305,576	300,085	294,700	289,104	283,226
Unallocated Depreciation	6,852	10,506	18,451	22,344	23,863	26,742	33,205
Unallocated Amortization	0	0	2,261	2,261	2,261	2,261	2,261
Total Governmental Activities Expenses	2,841,391	2,885,067	3,576,628	3,756,256	3,763,408	3,660,138	3,695,835
Business-type Activities							
Food Service	37,721	44,181	35,714	22,843	36,952	34,397	32,367
Child Care	0	0	0	0	0	0	0
Total Business-Type Activities Expense	37,721	44,181	35,714	22,843	36,952	34,397	32,367
Total District Expenses	$ 2,879,112	$ 2,929,248	$ 3,612,343	$ 3,779,099	$ 3,800,360	$ 3,694,535	$ 3,728,202
Program Revenues							
Governmental Activities							
Charges for Services							
Instruction (tuition)	$ 22,075	$ 35,042	$ 61,405	$ 61,686	$ 73,548	$ 55,511	$ 76,666
Pupil Transportation	0	0	5,475	5,639	5,809	14,499	14,400
Business and Other Support Services	0	0	0	0	0	0	0
Operating Grants and Contributions	61,015	0	0	0	0	0	0
Capital Grants and Contributions	0	0	0	0	0	0	0
Total Governmental Activities Program Revenues	83,090	35,042	66,880	67,325	79,357	70,010	91,066
Business-type Activities							
Charges for Services							
Food Service	12,345	12,565	12,190	6,522	19,123	15,465	12,941
Child Care	0	0	0	0	0	0	0
Operating Grants and Contributions	1,693	2,119	2,702	2,535	5,183	6,029	7,079
Capital Grants and Contributions	0	0	0	0	0	0	0
Total Business-Type Activities Program Revenues	14,038	14,684	14,892	9,057	24,306	21,494	20,020
Total District Program Revenues	$ 97,128	$ 49,726	$ 81,772	$ 76,382	$ 103,663	$ 91,504	$ 111,086
Net (Expense)/Revenue							
Governmental Activities	$ (2,758,301)	$ (2,850,025)	$ (3,509,749)	$ (3,688,931)	$ (3,684,051)	$ (3,590,128)	$ (3,604,769)
Business-type Activities	(23,682)	(29,497)	(20,822)	(13,786)	(12,646)	(12,903)	(12,347)
Total District-Wide Net Expense	$ (2,781,984)	$ (2,879,522)	$ (3,530,571)	$ (3,702,717)	$ (3,696,697)	$ (3,603,031)	$ (3,617,116)

Exhibit J-2

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

UNAUDITED

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets							
Governmental Activities							
Property taxes levied for general purposes, net	$ 2,211,505	$ 2,529,458	$ 2,627,353	$ 2,856,360	$ 2,938,614	$ 3,016,113	$ 3,116,758
Taxes Levied for Debt Service	0		310,955	198,137	250,696	310,263	31,760
Unrestricted Grants and Contributions	456,490	500,653	612,663	852,498	613,330	609,887	500,206
Payments in Lieu of Taxes	0	0	0	0	0	0	0
Investment Earnings	3,313	117,364	366,331	140,727	21,559	4,262	3,185
Miscellaneous Income	8,883	13,868	4,162	9,825	2,032	13,537	6,692
Transfers	(23,621)	(29,439)	(20,729)	(13,753)	(12,606)	(12,869)	(12,309)
Total Governmental Activities	2,656,570	3,131,904	3,900,735	4,043,794	3,813,625	3,941,193	3,646,292
Business-Type Activities							
Investment earnings	61	58	93	33	40	34	38
Transfers	23,621	29,439	20,729	13,753	12,606	12,869	12,309
Total Business-type Activities	23,682	29,497	20,822	13,786	12,646	12,903	12,347
Total District Wide	$ 2,680,252	$ 3,161,401	$ 3,921,558	$ 4,057,580	$ 3,826,271	$ 3,954,096	$ 3,658,639
Change in Net Assets							
Governmental Activities	$ (101,731)	$ 281,879	$ 390,986	$ 354,863	$ 129,574	$ 351,065	$ 41,523
Business-Type Activities	0	0	0	0	0	0	0
Total District	$ (101,731)	$ 281,879	$ 390,986	$ 354,863	$ 129,574	$ 351,065	$ 41,523

This schedule does not provide ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

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

Exhibit J-3

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

UNAUDITED

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund							
Reserved	$ 28,891	$ 83,752	$ 196,726	$ 219,077	$ 229,477	$ 386,877	$
Unreserved	78,177	278,551	248,354	281,681	236,138	229,973	
Restricted							456,808
Committed							
Assigned							42,662
Unassigned							323,765
Total General fund	$ 107,068	$ 362,303	$ 445,081	$ 500,758	$ 465,615	$ 616,850	$ 823,235
All Other Governmental Funds							
Reserved	$	$	$ 209,333	$ 42,274	$ 163,322	$ 133,985	$
Unreserved		7,220,624	6,330,892	1,223,694	554,764	369,374	
Restricted							52,451
Committed							
Assigned							2,000
Unassigned							
Total All Other Governmental Funds	$ 0	$ 7,220,624	$ 6,540,225	$ 1,265,968	$ 718,086	$ 503,359	$ 54,451

This schedule does not provide ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

Beginning with Fiscal Year 2011, the District implemented GASB No. 54, "Fund Balannce Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the reources reported in governmental funds. Reclassification of prior year fund balance amounts to comply wyth Statement No. 54 is not required.

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

Exhibit J-4

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

UNAUDITED

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Revenues							
Tax Levy	$ 2,211,505	$ 2,529,458	$ 2,938,308	$ 3,054,497	$ 3,189,310	$ 3,326,376	$ 3,148,518
Tuition Charges	22,075	35,042	61,405	61,686	73,548	55,511	76,665
Interest Earnings	3,313	117,364	366,331	140,727	21,559	4,262	3,185
Miscellaneous	8,883	13,868	9,637	15,465	7,841	28,036	21,092
State Sources	472,780	463,430	565,968	807,354	556,483	549,226	433,268
Federal Sources	44,725	37,223	46,696	45,144	56,847	60,661	66,939
Total Revenue	2,763,281	3,196,385	3,988,344	4,124,873	3,905,588	4,024,072	3,749,667
Expenditures							
Instruction							
Regular Instruction	786,030	821,173	802,402	865,973	896,299	873,723	865,818
Special Education Instruction	74,063	44,918	46,707	77,903	146,979	147,946	136,222
Other Special Instruction	41,689	46,267	50,349	52,549	54,049	58,364	0
Vocational Education	0	0	0	0	0	0	0
Other Instruction	31,370	23,386	48,190	39,557	28,351	52,896	48,243
Nonpublic School Programs	0	0	0	0	0	0	0
Adult/Continuing Education Programs	0	0	0	0	0	0	0
Support Services:							
Tuition	639,264	754,784	946,006	1,001,864	907,952	748,713	777,896
Student & Instruction Related Services	183,893	139,137	199,487	197,080	232,956	288,099	321,056
School Administrative Services	42,460	1,800	1,650	1,800	5,800	20,285	51,060
General and Business Administrative Services	234,727	202,991	224,421	224,922	240,906	221,713	200,117
Plant Operations and Maintenance	103,297	119,891	112,627	152,638	220,913	227,109	213,371
Pupil Transportation	192,632	168,718	192,467	186,567	177,194	165,547	152,053
Employee Benefits	431,321	467,679	568,040	605,192	542,228	552,916	558,885
Special Schools	0	0	0	0	0	0	0
Bond Issuance Cost	0	67,825	0	0	0	0	0
Capital Outlay	20,090	113,545	945,929	5,496,794	595,833	291,361	224,876
Debt Service:							
Principal			120,000	125,000	130,000	135,000	145,000
Interest and Other Charges			306,960	301,860	296,547	291,023	285,285
Total Expenditures	2,780,837	2,972,114	4,565,236	9,329,699	4,476,007	4,074,695	3,979,882
Excess (Deficiency) of Revenues over (under) expenditures	(17,556)	224,271	(576,892)	(5,204,826)	(570,419)	(50,623)	(230,215)
Other Financing Sources							
Proceeds from borrowing		7,200,000					
Proceeds from refunding							
Capital Leases	15,500	81,027					
Transfers In		112,996	358,889	133,911	18,358	1,692	589
Transfers Out	(23,621)	(142,435)	(379,618)	(147,665)	(30,964)	(14,561)	(12,898)
Total Other Financing Sources (uses)	(8,121)	7,251,588	(20,729)	(13,754)	(12,606)	(12,869)	(12,309)
Net Change in Fund Balance	$ (25,677)	$ 7,475,859	$ (597,621)	$ (5,218,580)	$ (583,025)	$ (63,492)	$ (242,524)
Debt Service as a percentage of noncapital expenditures	0%	0%	13.37%	12.53%	12.35%	12.69%	12.94%

This schedule does not provide ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

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

Exhibit J-5

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
2002	350		600	4,188		8,042	13,180
2003			480	14,489		24,784	39,753
2004	2,820		1,080			5,406	9,306
2005	3,313	22,075	600			8,283	34,271
2006	117,364	35,043	1,820	1,316	3,870	10,837	170,250
2007	366,311	61,935	2,030	55	5,475	3,905	439,710
2008	140,727	61,386	980	3,000	5,639	5,389	217,122
2009	21,685	73,548	2,264		10,584	5,602	113,684
2010	4,417	55,511	2,824		14,499	4,410	81,660
2011	3,185	76,665	2,100		14,400	4,592	100,942
	$ 660,172	$ 386,163	$ 14,778	$ 23,048	$ 54,467	$ 81,250	$ 1,219,877

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

Exhibit J-6

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 Req.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilites	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2002	$ 1,354,000	272,066,000	$ -0-	$ -0-	$ 21,591,500	$ 843,400	$ 4,946,600	$ 300,801,500		$ 139,233	$ 300,940,733	0.651	$ 387,039,900
2003	1,699,100	273,677,700	-0-	-0-	20,759,500	843,400	4,946,600	301,926,300		126,019	302,052,319	0.693	478,309,294
2004	2,547,400	275,336,200	-0-	-0-	19,780,200	843,400	4,946,600	303,453,800		103,154	303,556,954	0.712	574,483,259
2005	2,186,500	278,163,600	-0-	-0-	19,143,500	843,400	4,946,600	305,283,600		85,743	305,369,343	0.729	646,694,924
2006	2,496,100	280,310,000	-0-	-0-	19,157,700	843,400	4,946,600	307,753,800		67,843	307,821,643	0.828	738,358,462
2007	2,746,800	283,865,500	-0-	-0-	18,678,600	843,400	4,946,600	311,080,900		55,758	311,136,658	0.955	915,107,818
2008	6,695,500	908,570,000	-0-	-0-	45,193,000	2,303,600	14,160,300	976,922,400		170,339	977,092,739	0.982	1,045,454,311
2009	7,203,100	919,740,000	-0-	-0-	45,381,300	2,303,600	8,680,900	983,308,900		167,427	983,476,327	0.326	1,050,498,106
2010	8,893,600	919,231,200	-0-	-0-	42,500,100	2,303,600	10,399,200	983,327,700		167,427	983,495,127	0.338	1,036,040,908
2011	10,117,500	921,299,500	-0-	-0-	42,180,100	2,303,600	8,680,900	984,581,600		156,960	984,738,560	0.320	1,003,913,304

Source: Abstract of Ratables, County Board of Taxation.

Exhibit J-7

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

UNAUDITED

	Avon-by-the-Sea School District Direct Rate			Overlapping Rates		
Year Ended December 31,	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Avon-by-the-Sea	Monmouth County	Total Direct and Overlapping Tax Rate
2001	0.651	0.00	0.651	0.712	0.496	1.859
2002	0.693	0.00	0.693	0.760	0.597	2.050
2003	0.712	0.00	0.712	0.789	0.639	2.140
2004	0.729	0.00	0.729	0.798	0.684	2.211
2005	0.828	0.00	0.828	0.834	0.686	2.348
2006	0.859	0.096	0.955	0.883	0.688	2.526
2007	0.921	0.061	0.982	0.911	0.767	2.660
2008 *	0.309	0.017	0.326	0.330	0.263	0.919
2009	0.315	0.023	0.338	0.342	0.266	0.946
2010	0.315	0.005	0.320	0.360	0.028	0.708

* Revaluation Year

Source: Municipal Tax Collector and School Business Administrator

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

UNAUDITED

	2011			2006		
Taxpayer	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
Avon Hotel Corp.	3,603,900	1	0.37%	1,263,100	4	0.41%
Individual Taxpayer #1	3,347,600	2	0.34%			
Individual Taxpayer #2	3,238,300	3	0.33%	986,900	8	0.32%
Individual Taxpayer #3	3,224,700	4	0.33%	1,174,500	5	0.38%
Individual Taxpayer #4	3,050,000	5	0.31%			
Individual Taxpayer #5	2,958,500	6	0.30%	1,013,200	6	0.33%
Individual Taxpayer #6	2,799,700	7	0.28%			
Individual Taxpayer #7	2,719,100	8	0.28%			
Individual Taxpayer #8	2,613,300	9	0.27%			
Individual Taxpayer #9	2,523,300	10	0.26%			
Total	$30,078,400	0	3.05%	$4,437,700	0	1.44%

This schedule does not provide ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

Source: Municipal Tax Collector

Exhibit J-9

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	
2000	4,929,533.00	4,861,162.00	98.61%	-0-
2001	5,183,188.00	5,051,937.00	97.47%	-0-
2002	5,588,689.00	5,520,917.00	98.79%	-0-
2003	6,187,108.27	6,119,938.01	98.91%	-0-
2004	6,753,188.80	6,651,734.10	98.49%	-0-
2005	7,207,315.56	7,080,309.92	98.24%	-0-
2006	7,831,629.72	7,741,565.98	98.85%	-0-
2007	8,312,709.31	8,215,766.43	98.83%	-0-
2008	9,008,195.98	8,880,900.01	98.59%	-0-
2009	9,328,432.90	9,169,191.97	98.00%	-0-
2010	9,847,385.60	9,650,437.89	98.00%	-0-

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

Exhibit J-10

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

UNAUDITED

	Governmental Activities				Business-Type Activities			
Fiscal Year Ended June 30,	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income	Per Capita
2005	$ -0-	$ -0-	$ 44,352	$ -0-	$ -0-	$ 44,352		$ 20
2006	7,200,000	-0-	92,528	-0-	-0-	7,292,528		3,291
2007	7,080,000	-0-	-0-	-0-	-0-	7,080,000		3,231
2008	6,955,000	-0-	-0-	-0-	-0-	6,955,000		3,187
2009	6,825,000	-0-	-0-	-0-	-0-	6,825,000		3,102
2010	6,690,000	-0-	-0-	-0-	-0-	6,690,000		2,988
2011	6,545,000	-0-	-0-	-0-	-0-	6,545,000		2,923

This schedule does not provide ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

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

Exhibit J-11

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

UNAUDITED

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2002	0	0	0	0	43,863
2003	0	0	0	0	43,387
2004	0	0	0	0	43,634
2005	0	0	0	0	46,545
2006	7,200,000	0	7,200,000	2.34%	48,072
2007	7,080,000	0	7,080,000	2.28%	52,499
2008	6,955,000	0	6,955,000	0.71%	55,826
2009	6,825,000	0	6,825,000	0.69%	57,353
2010	6,690,000	0	6,690,000	0.68%	54,771
2011	6,545,000	0	6,545,000	0.66%	Not Available

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

Exhibit J-12

AVON-BY-THE-SEA SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

UNAUDITED

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes			
Borough of Avon-by-the-Sea	$ 5,200,286	100.00%	$ 5,200,286
Monmouth County General Obligation Debt	488,135,115	0.39%	1,903,727
Other debt			
Subtotal, overlapping debt			7,104,013
Avon-by-the-Sea School District Direct Debt			6,545,000
Total Direct and Overlapping Debt			$ 13,649,012.95

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.

Exhibit J-13

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

UNAUDITED

Legal Debt Margin Calculation for Fiscal year 2011

	Equalized valuation basis	
	2011	$ 1,037,608,067
	2010	1,052,112,898
	2009	1,046,998,695
		$ 3,136,719,660
Average Equalized Valuation of Taxable Property		$ 1,045,573,220
Debt limit (3% of average equalization value)		31,367,197
Net bonded school debt		6,545,000
Legal debt margin		$ 24,822,197

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	14,677,299	$ 16,903,641	$ 19,463,061	$ 23,881,198	$ 27,028,479	$ 30,154,375	$ 31,367,197	$ 31,367,197
Total net debt applicable to limit	0	0	7,200,000	7,080,000	6,955,000	6,825,000	6,690,000	6,545,000
Legal debt margin	14,677,299	16,903,641	12,263,061	16,801,198	20,073,479	23,329,375	24,677,197	24,822,197
Total net debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	37.0%	29.6%	25.7%	22.6%	21.3%	20.9%

This schedule does not provide ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

Exhibit J-14

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

UNAUDITED

Year	Population	Monmouth County Personal Income (thousands of dollars)	Monmouth County Per Capita Income	Unemployment Rate
2001	2,246	27,101,635	43,863	2.80
2002	2,253	27,000,571	43,387	4.00
2003	2,260	27,327,739	43,634	4.10
2004	2,256	29,481,046	46,545	3.60
2005	2,216	30,853,859	48,072	3.30
2006	2,191	33,656,539	52,499	4.20
2007	2,182	35,786,172	55,826	3.80
2008	2,200	36,428,861	57,353	4.90
2009	2,239	35,278,503	54,771	8.10
2010	Not Available	Not Available	Not Available	8.10

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.

Exhibit J-15

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

UNAUDITED

	2011			2002		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment

This is not available within the community.

Exhibit J-16

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

UNAUDITED

Function/Program	2005	2006	2007	2008	2009	2010	2011
Instruction							
Regular	9.0	9.0	9.0	9.5	9.5	9.5	9.6
Special Education	1.7	1.7	1.7	2.8	4.5	4.4	3.7
Other Special Education							
Vocational							
Other Instruction	3.5	3.5	4.0	4.5	4.7	4.7	4.1
Nonpublic school programs							
Adult/continuing education programs							
Support Services:							
Student & instruction related services	0.7	0.7	0.7	0.7	1.1	1.5	0.9
School administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General and business administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	1.4	1.4	1.5	2.0	2.0	2.0	2.0
Pupil transportation	0.4	0.4	0.4	0.4	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
Special Schools							
Food Service	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Child Care							
Total	20.7	20.7	21.3	24.0	26.8	27.1	25.4

This schedule does not provide ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

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

Exhibit J-17

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

UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2005	121	2,619,058	21,645		15	13:1	13:1	121.4	115.3	6%	95%
2006	132	2,842,006	21,530	-0.53%15		15:1	16:1	132.2	124.2	7%	94%
2007	142	2,946,700	20,751	-3.62%15		15:1	16:1	141.4	134.7	8%	95%
2008	144	3,360,901	23,340	12.47%	17	15:1	16:1	144.0	140.0	4%	97%
2009	151	3,396,780	22,495	-3.62%19		15:1	16:1	150.0	143.0	2%	95%
2010	162	3,373,284	20,823	-7.43%19		15:1	16:1	162.0	154.2	7%	95%
2011	161	3,332,893	20,701	-0.58%18		17:1	18:1	161.1	154.2	0%	96%

This schedule does not provide ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

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

Exhibit J-18

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

District Building	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Avon Elementary School (1904)										
Square Feet	18,393	18,393	18,393	18,393	18,393	18,393	27,393	27,393	27,393	27,393
Capacity (students)	143	143	143	143	143	143	143	250	250	250
Enrollment	122	118	120	121	132	140	144	151	162	161

Number of Schools at June 30, 2011
Elementary/Middle School = 1

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

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

Exhibit J-19

AVON-BY-THE-SEA SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS ENDING JUNE 30, 2011

UNAUDITED

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

Fiscal Year Ended June 30,	Avon Elementary School	Total
2002	$ 52,350	$ 52,350
2003	18,633	18,633
2004	3,861	3,861
2005	7,556	7,556
2006	22,342	22,342
2007	20,072	20,072
2008	1,416	1,416
2009	3,354	3,354
2010	7,794	7,794
2011	3,127	3,127
		0
	$ 140,505	$ 140,505

*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

Exhibit J-20

AVON-BY-THE-SEA SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011

UNAUDITED

	Coverage	Deductible
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	150,000	1,000
Public Official	2,000	500

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

FEDERAL AND STATE ASSISTANCE SECTION

ALVINO & SHECHTER, L.L.C.

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Exhibit K-1

INDEPENDENT AUDITOR'S 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*

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

We have audited the financial statements of the Board of Education of the Avon-By-The-Sea School District in the County of Monmouth as of and for the year ended June 30, 2010, and have issued our report thereon dated November 15, 2011. 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 Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Avon-By-The-Sea Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Avon-By-The-Sea Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Avon-By-The-Sea Board of Education's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Avon-By-The-Sea Board of Education'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 reportable instances of noncompliance or other matters that are required to be reported under *Government and State Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the management of the Avon-By-The-Sea Board of Education, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen B Shechter

Licensed Public School Accountant
No. 2183
ALVINO & SHECHTER, L.L.C.

November 15, 2011

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2011

SCHEDULE A
Exhibit K-3

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010 Accounts Receivable	Balance at June 30, 2010 Deferred Revenue	Balance at June 30, 2010 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011 Accounts Receivable	Balance at June 30, 2011 Deferred Revenue	Balance at June 30, 2011 Due to Grantor
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
Title I, Part A	84.010A	NCLB 018011	11,754.00	9/1/10	8/31/11					4,004.00	(10,989.00)			(7,750.00)	765.00	
Title II, Part A, Improving Teacher Quality	84.367A	NCLB 018011	5,263.00	9/1/10	8/31/11					3,312.00	(5,263.00)			(1,951.00)		
Title II, Part A, Improving Teacher Quality	84.367A	NCLB 018010	5,034.00	9/1/09	8/31/10	(1,410.00)				1,410.00						
Title II, Part D, Enhancing Education Through Technology	84.286A	NCLB 018011	26.00	9/1/10	8/31/11					26.00	(26.00)					
I.D.E.A. Part B, Basic	84.027	FT 018011	42,066.00	9/1/10	8/31/11					26,066.00	(42,066.00)			(16,000.00)		
I.D.E.A. Part B, Basic	84.027	FT 018010	38,822.00	9/1/09	8/31/10	(23,822.00)				23,822.00						
I.D.E.A. Part B, Preschool	84.027	FT 018011	1,204.00	9/1/10	8/31/11									(1,204.00)	1,204.00	
ARRA - I.D.E.A. Part B, Basic Regular	84.391	ARRA 018011	35,238.00	7/1/09	8/31/11	(29,488.00)	25,975.50			3,513.00	(8,480.00)			(25,975.00)	17,495.50	
Total Special Revenue Fund						(54,720.00)	25,975.50			62,153.00	(66,824.00)			(52,880.00)	19,464.50	
U.S. Department of Agriculture																
Passed-through State Department of Education																
Enterprise Fund:																
National School Lunch Program	10.555	N/A	6,874.16	7/1/10	6/30/11					6,415.40	(6,874.16)			(458.76)		
National School Lunch Program	10.555	N/A	5,728.47	7/1/09	6/30/10	(541.98)				541.98						
Total Enterprise Fund						(541.98)				6,957.38	(6,874.16)			(458.76)		
Total Federal Financial Awards						($55,261.98)	$25,975.50			$69,110.38	($73,698.16)			($53,338.76)	$19,464.50	

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2011

SCHEDULE B
Exhibit K-4

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010 Deferred Revenue (Accts Receivable)	Balance at June 30, 2010 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2011 (Accounts Receivable)	Balance at June 30, 2011 Deferred Revenue/ Interfund Payable	Balance at June 30, 2011 Due to Grantor		MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education																
General Fund:																
Special Education Categorical Aid	11-495-034-5120-089	64,061.00	7/1/10	6/30/11				64,061.00	(64,061.00)					*	6,393.00	64,061.00
Extraordinary Special Education Costs Aid	11-100-034-5120-473	77,847.00	7/1/10	6/30/11					(77,847.00)		(77,847.00)			*		77,847.00
Extraordinary Special Education Costs Aid	10-100-034-5120-473	73,422.00	7/1/09	6/30/10	(73,422.00)			73,422.00						*		
Reimbursed Nonpublic School Transportation Costs Aid	11-495-034-5120-014	2,311.52	7/1/10	6/30/11					(2,311.52)		(2,311.52)			*		2,311.52
Reimbursed Nonpublic School Transportation Costs Aid	10-495-034-5120-014	3,375.00	7/1/09	6/30/10	(3,375.00)			3,375.00						*		
On Behalf TPAF Pension Contributions	11-495-034-5095-006	3,783.00	7/1/10	6/30/11				3,783.00	(3,783.00)					*		3,783.00
On Behalf TPAF Post Retirement Contr.	11-495-034-5095-001	80,342.00	7/1/10	6/30/11				80,342.00	(80,342.00)					*		80,342.00
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	88,533.44	7/1/10	6/30/11				84,265.85	(88,533.44)		(4,267.59)			*		88,533.44
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	91,354.92	7/1/09	6/30/10	(4,467.33)			4,467.33						*		
Total General Fund					(81,264.33)			313,716.18	(316,877.96)		(84,426.11)			*	6,393.00	316,877.96
Debt Service Fund:																
Debt Sevice Aid Type II	11-495-034-5120-017	99,381.00	7/1/10	6/30/11				99,381.00	(99,381.00)					*		99,381.00
State Department of Agriculture																
Enterprise Fund:														*		
National School Lunch Program (State Share)	11-100-010-3360-067	205.26	7/1/10	6/30/11				180.73	(205.26)		(24.53)			*		205.26
National School Lunch Program (State Share)	10-100-010-3360-067	300.58	7/1/09	6/30/10	(26.20)			26.20						*		
Total Enterprise Fund					(26.20)			206.93	(205.26)		(24.53)			*		205.26
Total State Financial Assistance					($81,290.53)			413,304.11	(416,464.22)		(84,450.64)			*	6,393.00	416,464.22

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

AVON-BY-THE-SEA SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2011

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 is presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 to the Board's basic financial statements. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 payment 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 $17,009.00 for the general fund and $114.46 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:

	Federal	State	Total
General Fund	.00	333,886.96	333,886.96
Special Revenue Fund	66,938.46	.00	66,938.46
Debt Service	.00	99,381.00	99,381.00
Food Service Fund	6,874.16	205.26	7,079.42
Total Awards & Financial Assistance	$73,812.62	433,473.22	507,285.84

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension and Post Retirement Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. 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, 2011.

AVON-BY-THE-SEA SCHOOL DISTRICT
Schedule of Findings of Noncompliance
For the Fiscal Year Ended June 30, 2011

None