

**Comprehensive Annual
Financial Report**

of the

Borough of Avalon Board of Education

Cape May County, New Jersey

For the Fiscal Year Ended June 30, 2020

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Introductory Section

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Avalon Board of Education
32nd and Ocean Drive Avalon, NJ 08202
(P)609-967-7544 (F)609-967-3109

Stacey LaRocca-Tracy
Chief School Administrator

Linda Fiori
Business Administrator

January 12, 2021

Honorable President and
Members of the Board of Education
Borough of Avalon School District
County of Cape May, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Avalon School District for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Single Audit section includes the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations.

1) REPORTING ENTITY AND ITS SERVICES:

Avalon School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Avalon Board of Education and its school constitute the District's reporting entity.

1) REPORTING ENTITY AND ITS SERVICES: (CONTINUED)

The following information is obtained from the annual ASSA report. In the 2019-20 school year, 3 students in grades 9 through 12 attended high school in the Middle Township School District and 13 students attended kindergarten through 4th grade in the Stone Harbor School. In addition, the District has 46 parent paid tuition students and received 12 students from Stone Harbor attending grades 5 through 8. The following details the changes in the student enrollment of the District over the last five years.

Avalon School District Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-20	86	1.18%
2018-19	85	16.44%
2017-18	73	69.77%
2016-17	43	-12.24%
2015-16	49	-2.00%

2) ECONOMIC CONDITIONS AND OUTLOOK:

The economy of Avalon is based on tourist trade. It appears that the past three tourist seasons have been successful for the community. The success or failure of the tourist season appears not to have an impact on the operation of the school system.

Property values on the barrier island have stabilized over the past several years since its peak in 2005. The inflated values have resulted in a declining enrollment since many younger families cannot afford to purchase a home on the island.

3) MAJOR INITIATIVES:

During fiscal year 2020, the District continued to upgraded security by installing a new access control system, a Lobby Guard system to manage and track visitors to the building and a new upgraded phone system. The District will continue to refine the Technology Plan according to New Jersey Core Curriculum Content Standards. Integrated technology and other content area curricula can be found at all grade levels.

4) INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

7) DEBT ADMINISTRATION:

At June 30, 2020, the District had no outstanding debt.

8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

A) INDEPENDENT AUDIT - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C. was selected by the Board.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as revised in 1997 and the related OMB Uniform Guidance and State of New Jersey Treasury Circular Letter OMB 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in

the financial section of this report. The auditor reports related specifically to single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Avalon School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operations.

Respectfully submitted,

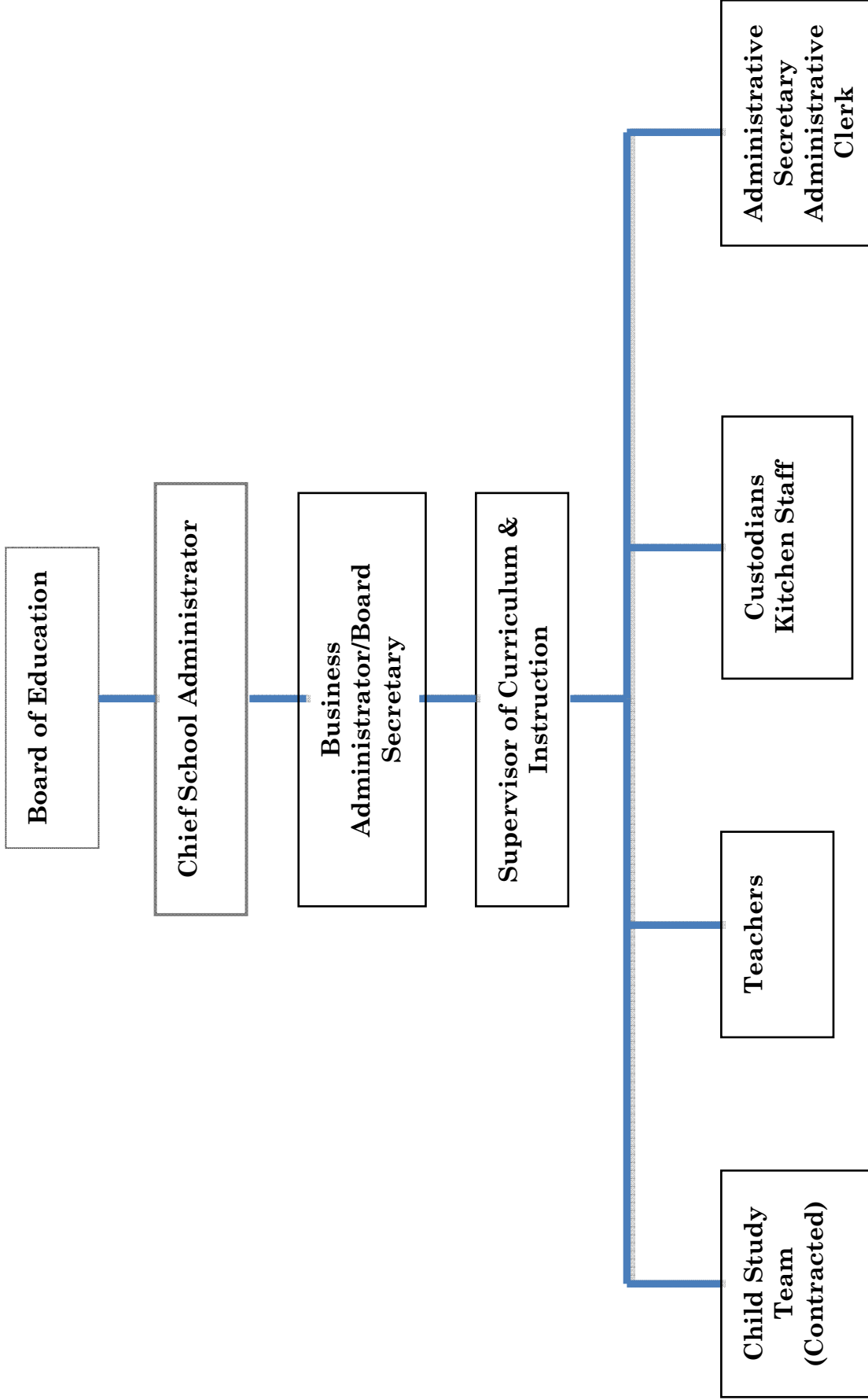
Stacey LaRocca-Tracy

Stacey LaRocca-Tracy
Chief School Administrator

Linda Fiori

Linda Fiori
Board Secretary/Business Administrator

**AVALON SCHOOL DISTRICT
ORGANIZATIONAL CHART**



**BOROUGH OF AVALON BOARD OF EDUCATION
COUNTY OF CAPE MAY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2020**

Members of the Board of Education

Term Expires

Lynn Schwartz, President	2021
Kimberly Schiela, Vice President	2022
John Richardson	2022
Lois Scarpa	2020
Jean Hunter	2020
Maggie Day (Stone Harbor representative)	2020

Other Officials

Stacey LaRocca-Tracy, Chief School Administrator
Linda Fiori, School Business Administrator/Board Secretary
James V. Craft, Treasurer
Audra Pondish, Esq.

**BOROUGH OF AVALON BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Avenue
Ocean City, New Jersey 08226

ATTORNEY

Adams, Gutierrez & Laltiboudere, LLC
1037 Raymond Blvd, Ste 900
Newark, NJ 07102

Vito A. Gagliardi, Jr., Esq.
Porzio, Bromberg & Newman, P.C.
1000 Southgate Parkway
P.O. Box 1997
Morristown, NJ 07962-1997

OFFICIAL DEPOSITORY

Sturdy Savings Bank
2628 Dune Drive
Avalon, New Jersey 08202

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Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Borough of Avalon School District
County of Cape May
Avalon, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Avalon School District, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Avalon School District, in the County of Cape May, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Avalon School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021 on our consideration of Borough of Avalon School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Borough of Avalon School Districts' internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

January 12, 2021

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REQUIRED SUPPLEMENTARY INFORMATION – PART I

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**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

The discussion and analysis of Borough of Avalon School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. 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 basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- In total, net position increased \$37,005.96, which represents a 0.38% increase from 2019.
- General revenues accounted for \$3,513,584.63 in revenue or 61% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2,224,961.87 or 39% of total revenues of \$5,738,546.50.
- Total assets of governmental activities decreased by \$181,598.76 as cash and cash equivalents increased by \$166,476.88 and capital assets decreased by \$338,874.00.
- The School District had \$5,645,450.42 in expenses; \$2,224,961.87 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$3,513,584.63 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$4,147,150.98 in revenues and \$4,081,092.04 in expenditures. The General Fund's fund balance increased \$66,058.94 compared to 2019.

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 Borough of Avalon School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and 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. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of Borough of Avalon District, the General Fund and the Capital Projects Fund are the most significant funds.

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities 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 businesses. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal services.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses 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

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund, Special Revenue Fund, Internal Service Fund and Debt Service 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 the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

Reporting the School District's Most Significant Funds - Continued

Enterprise Fund

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

Notes to the Financial Statements

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net position for 2020 and 2019.

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**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

**Table 1
Net Position**

	<u>2020</u>	<u>2019</u>
Assets		
Current and Other Assets	\$ 1,654,118.25	1,496,029.05
Capital Assets	<u>9,351,752.26</u>	<u>9,696,962.53</u>
Total Assets	<u>11,005,870.51</u>	<u>11,192,991.58</u>
Deferred Outflows of Resources		
Loss on Refunding Bonds	-	18,659.69
Deferred outflows related to pensions	<u>176,600.00</u>	<u>254,321.00</u>
Total Deferred Outflows of Resources	<u>176,600.00</u>	<u>272,980.69</u>
Liabilities		
Long-Term Liabilities	1,014,783.00	1,384,176.61
Other Liabilities	<u>79,025.80</u>	<u>30,316.91</u>
Total Liabilities	<u>1,093,808.80</u>	<u>1,414,493.52</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	<u>313,590.00</u>	<u>313,413.00</u>
Total Deferred Inflows of Resources	<u>313,590.00</u>	<u>313,413.00</u>
Net Position		
Net Investment in Capital Assets	9,351,752.26	9,381,962.53
Restricted	226,680.33	246,881.59
Unrestricted	<u>196,639.12</u>	<u>109,221.63</u>
Total Net Position	<u>\$ 9,775,071.71</u>	<u>9,738,065.75</u>

The District's combined net position was \$9,775,071.71 on June 30, 2020. This is an increase from 2019 of \$37,005.96.

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

Table 2 shows changes in net position for fiscal years 2020 and 2019.

**Table 2
Changes in Net Position**

	2020	2019
Revenues		
Program Revenues:		
Charges for Services	\$ 1,542,704.36	1,457,991.40
Operating Grants and Contributions	682,257.51	611,282.10
General Revenues:		
Property Taxes	3,078,694.00	3,078,694.00
Grants and Entitlements	70,102.00	73,970.00
Library Contribution	362,346.16	427,069.29
Other	(53,647.65)	(381.56)
Total Revenues	5,682,456.38	5,648,625.23
Program Expenses		
Instruction	2,298,469.58	2,056,117.44
Support Services:		
Tuition	412,978.11	372,394.89
Student and Instruction Related Services	695,469.73	680,936.31
General Administration, School Administration,	746,082.01	681,911.73
Business Operations and Maintenance of Facilities	1,333,492.73	1,222,192.12
Pupil Transportation	88,231.95	111,653.56
Special Schools	902.54	-
Interest on Debt	898.08	10,875.52
Food Service	68,925.69	71,951.04
Total Expenses	5,645,450.42	5,208,032.61
Change in Net Position	\$ 37,005.96	440,592.62

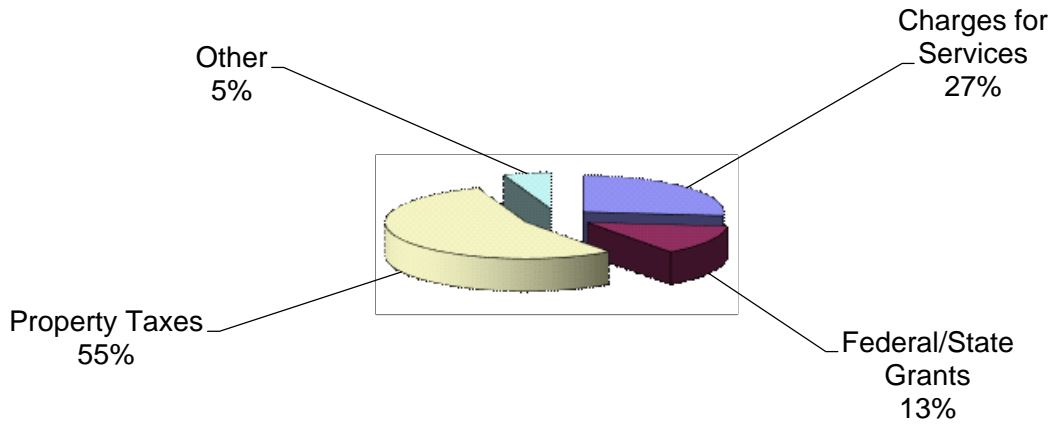
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**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

Governmental Activities

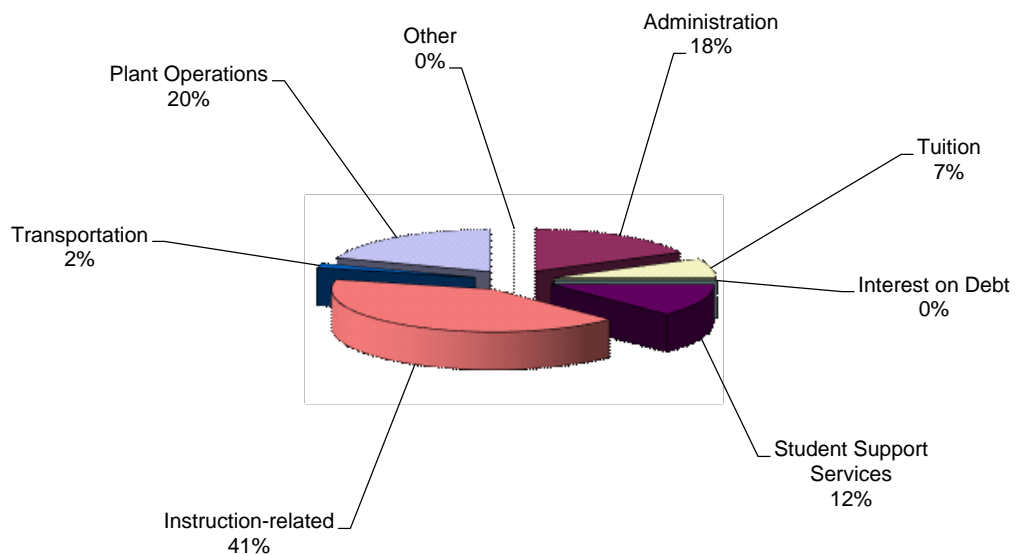
Property taxes made up 55% of revenues for governmental activities for the Borough of Avalon School District for fiscal year 2020. The District's total revenues were \$5,643,672.57, for the year ended June 30, 2019. Federal, state, and local grants accounted for another 13% of revenue.

Sources of Revenue for Fiscal Year 2020



The total cost of all program and services was \$5,576,524.73. Instruction comprises 41% of District expenses.

Cost of Programs and Services for Fiscal Year 2020



**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service expenses exceeded revenues by \$5,636.06.
- Charges for services represent \$38,783.81 of revenue. This represents amounts paid by students for daily food service. The Board contributed \$24,505.82 for food service operations during 2020.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3
Costs of Services**

	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>
Instruction	\$ 2,298,469.58	\$ 1,501,996.11	\$ 2,056,117.44	\$ 1,278,752.62
Support Services:				
Tuition	412,978.11	412,978.11	372,394.89	372,394.89
Pupils and Instructional Staff	695,469.73	562,675.29	680,936.31	567,688.88
General Administration, School Administration, and Business Operations	981,041.03	116,593.71	866,815.06	117,534.22
Operation & Maintenance of Facilities	1,098,533.71	720,510.49	1,037,288.79	679,541.70
Pupil Transportation	88,231.95	73,938.58	111,653.56	95,145.82
Interest and Fiscal Charges	898.08	898.08	10,875.52	10,875.52
Other	902.54	756.30	-	-
Total Expenses	<u>\$ 5,576,524.73</u>	<u>\$ 3,390,346.67</u>	<u>\$ 5,136,081.57</u>	<u>\$ 3,121,933.65</u>

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

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

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

Governmental Activities - Continued

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

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

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.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$4,503,569.98 and expenditures were \$4,437,511.04. The net increase in fund balance for the year was most significant in the General Fund, an increase of \$66,058.94.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2020, and the amount and percentage of total revenues compared to prior year revenues.

Revenue	2019-2020 Amount	Percentage of Total	2018-2019 Amount	Percentage of Total
Local Sources	\$ 3,830,860.47	85.06%	\$ 4,047,373.27	87.95%
State Sources	642,740.51	14.27%	522,439.53	11.35%
Federal Sources	29,969.00	0.67%	32,345.49	0.70%
Total	\$ 4,503,569.98	100.00%	\$ 4,602,158.29	100.00%

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

The School District's Funds - Continued

The following schedule represents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2020, and the percentage of total expenditures compared to prior year amounts.

Expenditures	2019-2020 Amount	Percentage of Total	2018-2019 Amount	Percentage of Total
Current Expense:				
Instruction	\$ 1,297,428.44	29.24%	\$ 1,358,581.74	25.32%
Undistributed Expenditures	2,593,489.01	58.44%	2,571,548.13	47.93%
Capital Outlay	165,142.76	3.72%	250,059.28	4.66%
Special Schools	526.01	0.01%	-	0.00%
Debt Service	324,450.00	7.31%	544,600.00	10.15%
Special Revenue	31,969.00	0.72%	37,562.00	0.70%
Transfers Out	24,505.82	0.55%	602,497.60	11.23%
Total	\$ 4,437,511.04	100.00%	\$ 5,364,848.75	100.00%

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- Various expenses were below anticipated levels. These amounts were available for transfers to other accounts nearing overexpenditure.

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2020, the School District had \$9,351,752.26 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2020 balances compared to 2019.

**Table 4
Capital Assets (Net of Depreciation) at June 30**

	2020	2019
Land	\$ 1,596,318.00	\$ 1,596,318.00
Land Improvements	173,804.35	200,905.99
Buildings and Improvements	7,420,214.43	7,675,685.60
Machinery and Equipment	161,415.48	224,052.94
Total	\$ 9,351,752.26	\$ 9,696,962.53

Overall capital assets decreased \$345,210.27 from fiscal year 2020 to fiscal year 2019. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2020, the School District had \$200,075.00 of outstanding debt. Of this amount, \$200,075 is for compensated absences.

For the Future

The Borough of Avalon School District is in good financial condition presently. The School District is proud of its community support of the public schools.

In conclusion, the Borough of Avalon School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

EFFECTS OF COVID-19 ON THE DISTRICT'S FINANCIAL POSITION

The district realized a savings due to planned activities such as field trips and extracurricular activities were cancelled. The increased costs for additional cleaning supplies and PPE were covered by grant funding and savings on cancelled activities. Overall, the effects on the district's financial position were minimal.

Contacting the School District's 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 questions about this report or need additional information, contact Linda Fiori, School Business Administration/Board Secretary at Borough of Avalon Board of Education, 235 32nd Street, Avalon, NJ 08202.

BASIC FINANCIAL STATEMENTS

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DISTRICT-WIDE FINANCIAL STATEMENTS

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

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BOROUGH OF AVALON SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	1,029,833.21	-	1,029,833.21
Receivables, Net	81,763.91	4,147.16	85,911.07
Due from Internal Funds	5,431.01	(5,431.01)	-
Due from Payroll and Agency	3,010.88		3,010.88
Inventory		1,311.38	1,311.38
Restricted Assets:			
Capital Reserve Account	534,051.71		534,051.71
Capital Assets:			
Land	1,596,318.00		1,596,318.00
Capital Assets being Depreciated, net	7,742,723.88	12,710.38	7,755,434.26
Total Assets	<u>10,993,132.60</u>	<u>12,737.91</u>	<u>11,005,870.51</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	176,600.00		176,600.00
Total Deferred outflows of Resources	<u>176,600.00</u>	<u>-</u>	<u>176,600.00</u>
LIABILITIES			
Accounts Payable	75,412.05	113.75	75,525.80
Unearned Revenue	3,500.00	-	3,500.00
Noncurrent Liabilities			
Due Within One Year	-		-
Due Beyond One Year	200,075.00	-	200,075.00
Net Pension Liability	814,708.00		814,708.00
Total Liabilities	<u>1,093,695.05</u>	<u>113.75</u>	<u>1,093,808.80</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	313,590.00		313,590.00
Total Deferred inflows of Resources	<u>313,590.00</u>	<u>-</u>	<u>313,590.00</u>
NET POSITION			
Net Investment in Capital Assets	9,339,041.88	12,710.38	9,351,752.26
Restricted for:			
Other Purposes	226,680.33		226,680.33
Unrestricted	196,725.34	(86.22)	196,639.12
Total Net Position	<u>\$ 9,762,447.55</u>	<u>12,624.16</u>	<u>9,775,071.71</u>

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

BOROUGH OF AVALON SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

Function/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 1,360,854.98	526,576.50	423,274.00	306,612.27		(1,157,545.21)		(1,157,545.21)
Special Education	158,047.38	64,363.17		36,029.98		(186,380.57)		(186,380.57)
Other Special Instruction	134,040.81	54,586.74		30,557.22		(158,070.33)		(158,070.33)
Support Services:								
Tuition	412,978.11	-		-		(412,978.11)		(412,978.11)
Student & Instruction Related Services	494,208.43	201,261.30	815,642.71	132,794.44		(562,675.29)		(562,675.29)
School Administrative Services	726,893.06	19,188.95		10,741.81		80,302.51		80,302.51
Other Administrative Services	166,964.46	67,994.56		38,062.80		(196,896.22)		(196,896.22)
Plant Operation and Maintenance	896,638.37	201,895.34	265,003.84	113,019.38		(720,510.49)		(720,510.49)
Pupil Transportation	62,698.60	25,533.35		14,293.37		(73,938.58)		(73,938.58)
Special Schools	641.36	261.18		146.24		(756.30)		(756.30)
Interest on Long-Term Debt	898.08					(898.08)		(898.08)
Unallocated Benefits	1,161,661.09	(1,161,661.09)				0.00		0.00
Total Governmental Activities	5,576,524.73	-	1,503,920.55	682,257.51	-	(3,390,346.67)	-	(3,390,346.67)
Business-Type Activities:								
Food Service	68,925.69		38,783.81				(30,141.88)	(30,141.88)
Total Business-Type Activities	68,925.69	-	38,783.81	-	-	-	(30,141.88)	(30,141.88)
Total Primary Government	\$ 5,645,450.42	-	1,542,704.36	682,257.51	-	(3,390,346.67)	(30,141.88)	(3,420,488.55)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net						3,078,694.00		3,078,694.00
Federal and State Aid not Restricted						70,102.00		70,102.00
Library Contribution						362,346.16		362,346.16
Miscellaneous Income						2,142.47		2,142.47
Interest Earnings						300.00		300.00
Special Items:								
Loss on disposal of fixed assets						(56,090.12)		(56,090.12)
Transfers						(24,505.82)	24,505.82	-
Total General Revenues, Special Items, Extraordinary Items and Transfers						3,432,988.69	24,505.82	3,457,494.51
Change in Net Position						42,642.02	(5,636.06)	37,005.96
Net Position - Beginning						9,719,805.53	18,260.22	9,738,065.75
Net Position - Ending						9,762,447.55	12,624.16	9,775,071.71

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

FUND FINANCIAL STATEMENTS

The individual fund financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

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BOROUGH OF AVALON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 824,948.54	-	32,625.94		857,574.48
Receivables, Net	25.00	-			25.00
Due from Other Funds	29,200.89				29,200.89
Receivables from Other Governments	884.52	23,714.00	-		24,598.52
Restricted Cash & Cash Equivalents	534,051.71				534,051.71
Total Assets	<u>1,389,110.66</u>	<u>23,714.00</u>	<u>32,625.94</u>	<u>-</u>	<u>1,445,450.60</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	53,634.17	550.00			54,184.17
Due to Other Governments	-				-
Due to Other Funds	-	21,664.00	-		21,664.00
Unearned Revenue	2,000.00	1,500.00			3,500.00
Total Liabilities	<u>55,634.17</u>	<u>23,714.00</u>	<u>-</u>	<u>-</u>	<u>79,348.17</u>
Fund Balances:					
Restricted for:					
Excess Surplus	66,824.07				66,824.07
Excess Surplus - Designated					
Subsequent Year	159,856.26				159,856.26
Debt Service Fund				-	-
Committed to:					
Capital Reserve	534,051.71				534,051.71
Maintenance Reserve	294,518.00				294,518.00
Assigned to:					
Designated by BOE for					
Subsequent Expenditures	30,814.74				30,814.74
Other Purposes	2,960.71		32,625.94		35,586.65
Unassigned, Reported in:					
General Fund	244,451.00				244,451.00
Total Fund Balances	<u>1,333,476.49</u>	<u>-</u>	<u>32,625.94</u>	<u>-</u>	<u>1,366,102.43</u>
Total Liabilities and Fund Balances	<u>\$ 1,389,110.66</u>	<u>23,714.00</u>	<u>32,625.94</u>	<u>-</u>	

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 funds.

The cost of the assets is \$14,149,554.80 and the accumulated depreciation is \$4,810,512.92.

9,339,041.88

Internal service funds are used by management to charge the costs of certain activities, such as building use charges, to individual funds or other governmental entities. The net revenue (expense) of the internal service funds is reported with governmental activities.

209,076.24

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds

(951,698.00)

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

(200,075.00)

9,762,447.55

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

BOROUGH OF AVALON SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 3,078,694.00		-	-	3,078,694.00
Tuition Charges	423,274.00				423,274.00
Interest Earned on Investment	300.00				300.00
Miscellaneous	2,142.47	2,000.00			4,142.47
Total Local Sources	3,504,410.47	2,000.00	-	-	3,506,410.47
State Sources	642,740.51				642,740.51
Federal Sources		29,969.00			29,969.00
Total Revenues	4,147,150.98	31,969.00	-	-	4,179,119.98
EXPENDITURES					
Current:					
Regular Instruction	1,057,860.88	2,675.00			1,060,535.88
Special Education Instruction	129,628.75				129,628.75
Other Special Instruction	109,938.81				109,938.81
Support Services:					
Tuition	412,978.11				412,978.11
Student & Instruction Related Serv.	385,214.38	20,130.00			405,344.38
School Administrative Services	38,646.93				38,646.93
Other Administrative Services	111,153.71				111,153.71
Plant Operation and Maintenance	406,621.35				406,621.35
Pupil Transportation	51,424.71				51,424.71
Business and Other Support Serv.	25,788.73				25,788.73
Employee Benefits	1,161,661.09				1,161,661.09
Capital Outlay	165,142.76	9,164.00	-		174,306.76
Debt Service:					
Redemption of Bond Principal				315,000.00	315,000.00
Interest on Bonds and Notes				9,450.00	9,450.00
Total Expenditures	4,056,586.22	31,969.00	-	324,450.00	4,413,005.22
Excess (Deficiency) of Revenues Over Expenditures	90,564.76	-	-	(324,450.00)	(233,885.24)
OTHER FINANCING SOURCES (USES)					
Transfer in			-	324,450.00	324,450.00
Transfer out	(24,505.82)				(24,505.82)
Total Other Financing Sources and Uses	(24,505.82)	-	-	324,450.00	299,944.18
Net Changes in Fund Balance	66,058.94	-	-	-	66,058.94
Fund Balance - July 1	1,267,417.55	-	32,625.94	-	1,300,043.49
Fund Balance - June 30	\$ 1,333,476.49	-	32,625.94	-	1,366,102.43

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

BOROUGH OF AVALON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Total Net Change in Fund Balance - Governmental Funds (from B-2)		\$ 66,058.94
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current fiscal year.</p>		
	Depreciation expense (389,273.88) Loss on Disposal of Fixed Assets (56,090.12) Capital Outlays 106,490.00 <hr style="width: 100%;"/>	(338,874.00)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities</p>		
Bonds payable		315,000.00
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The realization of accrued interest is an addition in the reconciliation.</p>		
		4,725.00
<p>In the statement of activities, certain operating expenses, e.g. pension expense are measured under full accrual accounting. In the governmental funds, however, expenditures are reported on the amounts actually billed by the State.</p>		
	District pension contributions 43,981.00 Cost of benefits earned, net of employee contributions (69,097.00) <hr style="width: 100%;"/>	(25,116.00)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations 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.</p>		
	Compensated Absences (20,875.00) Amortization of loss on refunding of bonds (18,659.69) Amortization of premium on bonds 22,486.61 <hr style="width: 100%;"/>	(17,048.08)
<p>Internal service funds are used by management to charge the costs of certain activities, such as building use charges, to individual funds or other governmental entities. The net revenue (expense) of the internal service funds is reported with governmental activities. (See B-5)</p>		
		37,896.16
Change in Net Position of Governmental Activities		\$ 42,642.02

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

BOROUGH OF AVALON SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-Type Activities - Enterprise Fund Non-Major Fund		Governmental Activities Internal Service Funds (See G-4)
	Food Service	Totals	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ -	-	172,258.73
Accounts Receivable	4,147.16	4,147.16	57,140.39
Interfund Receivable		-	905.00
Inventories	1,311.38	1,311.38	
Total Current Assets	<u>5,458.54</u>	<u>5,458.54</u>	<u>230,304.12</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	93,888.12	93,888.12	
Less: Accumulated Depreciation	<u>(81,177.74)</u>	<u>(81,177.74)</u>	
Total Noncurrent Assets	<u>12,710.38</u>	<u>12,710.38</u>	<u>-</u>
Total Assets	<u>18,168.92</u>	<u>18,168.92</u>	<u>230,304.12</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	113.75	113.75	21,227.88
Interfunds Payable	5,431.01	5,431.01	-
Unearned Revenue	-	-	
Total Current Liabilities	<u>5,544.76</u>	<u>5,544.76</u>	<u>21,227.88</u>
Noncurrent Liabilities:			
Compensated Absences Payable	-	-	
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	12,710.38	12,710.38	
Assigned to:			
Other Purposes		-	-
Unrestricted	(86.22)	(86.22)	209,076.24
Total Net Position	<u>\$ 12,624.16</u>	<u>12,624.16</u>	<u>209,076.24</u>

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

BOROUGH OF AVALON SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Fund Non-Major Fund		Governmental Activities Internal Service Funds (See G-5)
	Food Service	Totals Enterprise Fund	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 38,783.81	38,783.81	
Interlocal Revenue - Borough Library		-	627,350.00
Interlocal Revenue - Services Provided to Other LEA's		-	815,642.71
Total Operating Revenue	<u>38,783.81</u>	<u>38,783.81</u>	<u>1,442,992.71</u>
Operating Expenses:			
Cost of Sales	26,703.59	26,703.59	
Salaries	29,885.83	29,885.83	679,773.53
Employee Benefits		-	143,460.61
Cleaning, Repair and Maintenance Services	3,500.00	3,500.00	-
Purchased Professional Technical Services	2,500.00	2,500.00	10,375.63
Supplies & Materials		-	212,284.85
Depreciation	6,336.27	6,336.27	
Total Operating Expenses	<u>68,925.69</u>	<u>68,925.69</u>	<u>1,080,646.55</u>
Operating Income (Loss)	<u>(30,141.88)</u>	<u>(30,141.88)</u>	<u>362,346.16</u>
Income (Loss) before Contributions & Transfers	(30,141.88)	(30,141.88)	362,346.16
Transfers In (Out)	<u>24,505.82</u>	<u>24,505.82</u>	<u>(324,450.00)</u>
Changes in Net Position	(5,636.06)	(5,636.06)	37,896.16
Total Net Position - Beginning	<u>18,260.22</u>	<u>18,260.22</u>	<u>171,180.08</u>
Total Net Position - Ending	<u>\$ 12,624.16</u>	<u>12,624.16</u>	<u>209,076.24</u>

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

BOROUGH OF AVALON SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Fund Non-Major Fund		Governmental Activities Internal Service Funds (See G-6)
	Food Service	Totals Enterprise Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 35,658.65	35,658.65	1,461,789.71
Payments to Vendors - Cost of Sales	(29,790.05)	(29,790.05)	-
Payments to Employees	(29,885.83)	(29,885.83)	(684,615.74)
Payments for Employee Benefits	-	-	(143,460.61)
Payments for Professional Technical Services	-	-	(10,375.63)
Payments for Supplies	(3,500.00)	(3,500.00)	(191,056.97)
Net Cash Provided by (Used for) Operating Activities	<u>(27,517.23)</u>	<u>(27,517.23)</u>	<u>397,528.83</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers to Other Funds	26,971.27	26,971.27	(325,355.00)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>26,971.27</u>	<u>26,971.27</u>	<u>(325,355.00)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Capital Assets	-	-	-
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(545.96)	(545.96)	72,173.83
Balance - Beginning of Year	545.96	545.96	100,084.90
Balance - End of Year	<u>\$ (0.00)</u>	<u>(0.00)</u>	<u>172,258.73</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (30,141.88)	(30,141.88)	362,346.16
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	6,336.27	6,336.27	
(Increase) Decrease in Accounts Receivable	(3,125.16)	(3,125.16)	18,797.00
(Increase) Decrease in Inventories	(700.21)	(700.21)	
Increase/(Decrease) in Accounts Payable	113.75	113.75	21,227.88
Increase/(Decrease) in Interfund Payable	-	-	(4,842.21)
Total Adjustments	<u>2,624.65</u>	<u>2,624.65</u>	<u>35,182.67</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (27,517.23)</u>	<u>(27,517.23)</u>	<u>397,528.83</u>

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

BOROUGH OF AVALON SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2020

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 64,161.83	390.53	29,030.81
Interfund Receivable	-	-	427.92
Total Assets	64,161.83	390.53	29,458.73
LIABILITIES			
Interfund Payable	427.92	-	3,010.88
Payable to Student Groups	-	-	21,881.97
Payroll Deductions and Withholdings	-	-	4,565.88
Total Liabilities	427.92	-	29,458.73
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ 63,733.91	-	-
Reserve for Scholarships	-	390.53	-

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

BOROUGH OF AVALON SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

	Unemployment Compensation	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan Members	\$ 3,439.54	
Total Contributions	3,439.54	-
Investment Earnings:		
Interest	37.10	-
Net Investment Earnings	37.10	-
Total Additions	3,476.64	-
DEDUCTIONS		
Unemployment Claims	-	
Total Deductions	-	-
Changes in Net Position	3,476.64	-
Net Position - Beginning of the Year	60,257.27	390.53
Net Position - End of the Year	\$ 63,733.91	390.53

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough of Avalon School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A chief school administrator is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Borough of Avalon School District (District) have been prepared in conformity with generally accepted accounting principles (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity

The Borough of Avalon School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. Effective with the 2012 fiscal year, the election of Board Members was moved to the general election in November resulting in the members whose term would have expired in April of 2012 being carried over to December 31, 2012. The purpose of the district is to educate students in grades K-8. The Borough of Avalon School District had an enrollment at June 30, 2020 of 86 students.

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

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

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT WIDE FINANCIAL STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program is classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT WIDE FINANCIAL STATEMENTS -
Continued**

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

- a. **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

- c. **Debt Service** funds are 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.

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds as needed.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise Funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district.
- b. **Internal Service Funds** are used to charge costs for certain activities to individual funds or other governmental entities. The District's internal service fund is comprised of building use and shared service charges.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and is reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the entity-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, 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. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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.

NJSA 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 public depository unless

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 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.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2020, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food and Supplies	\$	1,311.38
	\$	<u>1,311.38</u>

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount 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. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. 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, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. 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. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Significant transfers approved by the Board of Education during the fiscal year were as follows:

Regular Programs - Instruction	
Grades 1-5 Salaries of Teachers	18,899.00
Grades 6-8 Salaries of Teachers	(12,006.00)
General Supplies	(6,733.70)
Other Objects	(11,510.00)
Basic Skills/Remedial - Instruction	
Salaries of Teachers	42,835.00
School-Spon. Athletics - Instruction	
Salaries	(7,500.00)
Other Purchased Services	10,049.00
Undist. Expend. - General Admin.	
Legal Services	10,746.75
Undist. Expend. - Central services	
Purchased Technical Services	13,181.00
Undist. Expend. - Custodial Services	
Salaries	6,978.00
Cleaning, Repair and Maintenance Services	(27,852.00)
General Supplies	8,990.00
Natural Gas	(6,549.00)
Electricity	(15,000.00)
Unallocated Benefits	
Social Security Contributions	6,233.00
Health Benefits	(48,392.00)

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. 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.

10. Tuition Receivable

Tuition charges were established by the Boards of Education based on estimated costs. The nonresident tuition charge for fiscal years 2019/20 was \$2,800.00.

11. Tuition Payable

Tuition charges for the fiscal years 2019/20 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

13. Allocation of Costs

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

14. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for reporting periods beginning after December 15, 2019, may have an effect on the District's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the District's financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020". This statement is effective for fiscal periods beginning after June 15, 2020, with the exception of the provisions affecting GASB 87 which is effective upon issuance, will not have any effect on the District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement is effective for fiscal periods beginning after June 15, 2020, will not have any effect on the District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private Partnerships and Availability Payment Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the District's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". This statement is effective upon issuance and will not have any effect on the District's financial reporting.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022 and will not have any effect on the District's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is effective for fiscal periods beginning after June 15, 2021, with certain exceptions, and will not have any effect on the District's financial reporting.

NOTE 2 – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2020, \$0 of the government's bank balance of \$1,711,616.79 was exposed to custodial credit risk.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2020, consisted of accounts (tuition), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State Aid	\$ 24,598.52	24,598.52
Interfunds	29,200.89	8,441.89
Other	25.00	57,165.39
Gross Receivables	53,824.41	90,205.80
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	\$ 53,824.41	\$ 90,205.80

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 – INTERFUND TRANSFERS AND BALANCES

The following interfund balances remained on the fund financial statements at June 30, 2020:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 29,200.89	\$
Special Revenue Fund		21,664.00
Food Service Fund		5,431.01
Internal Service Fund	905.00	
Trust and Agency		3,010.88
Total	\$ 30,105.89	\$ 30,105.89

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. A permanent transfer in the amount of \$24,505.82 was made from the General Fund to the Food Service Fund to fund the deficit in the fund. The fund financial interfunds were eliminated in the governmental-wide statements.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,596,318.00			1,596,318.00
Total capital assets not being depreciated	<u>1,596,318.00</u>	<u>-</u>	<u>-</u>	<u>1,596,318.00</u>
Capital assets being depreciated:				
Land Improvements	393,104.00		(24,935.00)	368,169.00
Buildings and building improvements	11,514,109.00	76,786.00		11,590,895.00
Machinery and Equipment	661,212.80	29,704.00	(96,744.00)	594,172.80
Total capital assets being depreciated at historical cost	<u>12,568,425.80</u>	<u>106,490.00</u>	<u>(121,679.00)</u>	<u>12,553,236.80</u>
Less accumulated depreciation for:				
Land Improvements	(192,198.01)	(16,504.39)	14,337.75	(194,364.65)
Buildings and improvements	(3,838,423.40)	(332,257.17)		(4,170,680.57)
Equipment	<u>(456,206.51)</u>	<u>(40,512.32)</u>	<u>51,251.13</u>	<u>(445,467.70)</u>
Subtotal accumulated depreciation	<u>(4,486,827.92)</u>	<u>(389,273.88)</u>	<u>65,588.88</u>	<u>(4,810,512.92)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>8,081,597.88</u>	<u>(282,783.88)</u>	<u>(56,090.12)</u>	<u>7,742,723.88</u>
Governmental activity capital assets, net	<u>\$ 9,677,915.88</u>	<u>(282,783.88)</u>	<u>(56,090.12)</u>	<u>9,339,041.88</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 93,888.12			93,888.12
Less accumulated depreciation	<u>(74,841.47)</u>	<u>(6,336.27)</u>		<u>(81,177.74)</u>
Enterprise Fund capital assets, net	<u>\$ 19,046.65</u>	<u>(6,336.27)</u>	<u>-</u>	<u>12,710.38</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 176,456.35
Special Instruction	21,568.17
Other Special Instruction	18,292.07
Student & Instruction Related Services	67,442.88
School Administration Services	6,430.24
Plant Operation & Maintenance	67,655.34
Pupil Transportation	8,556.26
Central and Technical Administrative Services	22,785.05
Special Schools	87.52
	<u>\$ 389,273.88</u>

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 6 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2020 are as follows:

Governmental Activities

	<u>Balance June 30, 2019</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 179,200.00	59,534.95	38,659.95	200,075.00	
Premium on Bond Sale	22,486.61		22,486.61	-	
Bonds Payable	315,000.00		315,000.00	-	
Net Pension Liability	867,490.00		52,782.00	814,708.00	
	<u>\$ 1,384,176.61</u>	<u>59,534.95</u>	<u>428,928.56</u>	<u>1,014,783.00</u>	<u>-</u>

Bonds Payable

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

At June 30, 2020, bonds payable consisted of the following issues:

\$2,790,000 School Refunding Bonds dated July 11, 2012, due in annual installments through January 1, 2020, bearing interest at a 3% interest rate. The balance remaining as of June 30, 2020 is \$0.00.

On July 11, 2012, the District issued \$2,790,000 in Refunding School Bonds with a net interest cost of 1.622281% to advance refund \$3,571,000 of outstanding 2004 school bonds with an average interest rate of 4.22%. The net proceeds of \$2,989,167.10, including a premium on the bonds of \$199,167.10 and net of payments of \$15,345.00 in underwriting fees and \$60,000.00 of issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments until the call date (January 1, 2014) at which time the escrow will have sufficient funds to pay the principal of the 2004 bonds, when due.

NOTE 7 – 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 Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts/achive.htm>.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund 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 retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

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

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District had one employee enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2020.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Funding Policy

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. The current TPAF rate is 28.34% and the PERS rate is 13.69% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2020, 2019 and 2018 were \$330,656.00, \$232,352.00, and \$182,543.00, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2020, 2019 and 2018 were \$43,981.00, \$43,824.00, and \$39,062.00, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2020, 2019 and 2018, the State of New Jersey contributed \$122,668.00, \$105,395.00, and \$117,901.00, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$119,104.51, \$110,665.53, and \$110,656.58, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, 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 service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of 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 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. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 8 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

At June 30, 2020, the District reported a liability of \$814,708 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers,

**BOROUGH OF AVALON SCHOOL DISTRICT
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actuarially determined. At June 30, 2019, the District's proportion was 0.00452151270%, which was an increase of 2.63% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$69,097.00. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 14,623.00	3,599.00
Changes of assumptions	81,352.00	282,783.00
Net difference between projected and actual earnings on pension plan investments		12,860.00
Changes in proportion and differences between District contributions and proportionate share of contributions	80,625.00	14,348.00
District contributions subsequent to the measurement date	43,981.00	
Total	\$ 220,581.00	313,590.00

\$43,981.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year ended June 30,	
2020	\$	(16,329.40)
2021		(50,363.03)
2022		(46,167.02)
2023		(21,885.31)
2024		(2,245.24)
Total	\$	(136,990.00)

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% - 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disable Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participated employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the net pension liability	\$ 977,784.69	\$ 814,708.00	\$ 677,452.47

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 9 – TEACHERS’ PENSION AND ANNUITY FUND (TPAF)

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		7,101,663.00
Total	\$	7,101,663.00

The net pension liability was measured as of June 30, 2019 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$418,875.00 and revenue of \$418,875.00 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 139,266.00	24,688.00
Changes of assumptions	1,010,124.00	1,986,066.00
Net difference between projected and actual earnings on pension plan investments		18,905.00
Changes in proportion and differences between District contributions and proportionate share of contributions		1,798,523.00
District contributions subsequent to the measurement date	232,666.00	
Total	\$ 1,382,056.00	3,828,182.00

\$232,666.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30,	
2020	\$ (95,926.00)
2021	(248,002.00)
2022	(222,049.00)
2023	(428,341.00)
2024	(838,568.00)
Thereafter	(845,905.00)
Total	<u>\$ (2,678,791.00)</u>

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	
Price	2.75%
Wage	3..25%
Salary increases	
Through 2026	1.55% - 4.55% (based on years of service)
Thereafter	2.75% - 5.65% (based on years of service)
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Medan Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
Risk Mitigation Services	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate. The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.60% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.60%) or 1-percentage point higher (6.60%) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 10 – OTHER POST-RETIREMENT BENEFITS

The State of New Jersey Provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 year of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

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

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

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportional share percentage determined under paragraphs 193 and 203 through 205 of GASBS no. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Actuarial assumptions and other imputes:

The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate – 2.50%

Salary Increases –

TPAF - 1.55% - 3.05% based on years of service.

PERS – 2.00% - 6.00% based on years of service

Mortality Rates –

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), AND “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

Health Care Trend Assumptions –

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate –

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

The discount rates as of June 30, 2017, 2018, and 2019 are 3.58%, 3.87%, and 3.50%, respectively.

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Changes in the Total OPEB liability reported by the State of New Jersey:

Balance at 6/30/18	\$	46,110,832,982
Changes for the year:		
Service cost		1,734,404,850
Interest		1,827,787,206
Differences between Expected & Actual Experiences		(7,323,140,818)
Changes in assumptions or other inputs		622,184,027
Contributions: Member		37,971,171
Benefit payments		<u>(1,280,958,373)</u>
Net changes		<u>(4,381,751,937)</u>
Balance at 6/30/19	\$	<u>41,729,081,045</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

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

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

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability (School Retirees)	49,298,534,898	41,729,081,045	35,716,321,820

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

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	34,382,902,820	41,729,081,045	51,453,912,586

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

For the year ended June 30, 2020, the board of education recognized OPEB expense of \$14,109 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience		10,484,965,300
Changes of assumptions		8,481,529,343
Net difference between projected and actual earnings on investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		1,921,145,183
District contributions subsequent to the measurement date	1,190,373,242	
Total	\$ 1,190,373,242	20,887,639,826

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

Year ended June 30,	
2020	\$ (2,546,527,182.00)
2021	(2,546,527,182.00)
2022	(2,546,527,182.00)
2023	(2,546,527,182.00)
2024	(2,546,527,182.00)
Thereafter	(6,233,858,733.00)
Total	\$ (18,966,494,643.00)

(Contributions made after June 30, 2019 are reported as deferred outflow of resources but are not amortized in the expense.)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

NOTE 11 – COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years as long as it does not violate Title 18A. Upon retirement employees shall be paid by the District for unused sick leave in accordance with the District's agreements with the various employee unions.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The liability for vested compensated absences for the governmental fund types is recorded in current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability of compensated absences.

NOTE 12 – DEFERRED COMPENSATION

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

- Siracusa
- Prudential
- AXE Equitable

NOTE 13 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Avalon Board of Education by the inclusion of \$15,000.00 in the 1991/92 school year 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 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-2.13(g) 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 343,901.71
Interest credited	150.00
Transfer	190,000.00
Ending Balance, June 30, 2020	<u>\$ 534,051.71</u>

NOTE 14 – MAINTENANCE RESERVE ACCOUNT

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may be increased through an appropriation in the annual general fund budget certified for taxes or a resolution of the Board at the June meeting. This reserve may be used at any time during the year, by resolution, to transfer to the required maintenance budget lines for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan. Funds withdrawn from

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

the maintenance reserve account are restricted for use on required maintenance appropriations and may not be transferred to any other line-item account. As of June 30, 2020 the District has reserved \$294,518.00 for maintenance.

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 prior year:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest on Investments</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 3,439.54	\$ 37.10	\$ -	\$ 63,733.91
2018-2019	3,780.20	31.36	3,268.27	60,257.27
2017-2018	3,364.29	27.08	17,262.20	59,713.98

NOTE 16 – CONTINGENT LIABILITIES

Federal and State Grants

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

NOTE 17 – ECONOMIC DEPENDENCY

The District receives support from federal government and from the state governments through local school districts. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

NOTE 18 – LITIGATION

The Board of Education is a defendant in legal proceedings that are in various stages of litigation. The New Jersey School Board Association Insurance Group is handling the litigation and it is believed that the outcome, or exposure to the Board, from such litigation for any potential losses are covered by insurance.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 19 – COMMITMENTS

The District has not adopted an encumbrance policy for the fiscal year end to determine significant encumbrances. All encumbrances are classified as Assigned Fund Balance in the General Fund and Special Revenue Fund. Significant encumbrances at June 30th are as follows;

Fund	Amount
General Fund Encumbered Orders	\$ 2,960.71
	\$ 2,960.71

NOTE 20 – FUND BALANCE APPROPRIATED

General Fund – Of the \$1,333,476.49 General Fund balance, at June 30, 2020, \$2,960.71 is reserved for encumbrances, \$226,680.33 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$159,856.26 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021), \$534,051.71 has been reserved in the Capital Reserve Account; \$294,518.00 has been reserved in a Maintenance Reserve Account; \$30,814.74 has been reserved and designated for the 2020-21 budget; and \$244,451.00 is classified as unassigned.

NOTE 21 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount of budgeted fund balance in their subsequent years' budget. The excess fund balance generated in June 30, 2020 is \$226,680.33.

NOTE 22 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2020 through January 12, 2021, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

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BUDGETARY COMPARISON SCHEDULES

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BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,078,694.00		3,078,694.00	3,078,694.00	-
Tuition from Individuals	213,800.00		213,800.00	134,274.00	(79,526.00)
Tuition from Other LEAs	289,000.00		289,000.00	289,000.00	-
Interest on Capital Reserve	150.00		150.00	150.00	-
Interest on Maintenance Reserve	150.00		150.00	150.00	-
Unrestricted Miscellaneous Revenues	1,200.00		1,200.00	2,142.47	942.47
Total Local Sources	3,582,994.00		3,582,994.00	3,504,410.47	(78,583.53)
State Sources:					
Categorical Transportation Aid	28,649.00		28,649.00	28,649.00	-
Categorical Special Education Aid	36,286.00		36,286.00	36,286.00	-
Categorical Security Aid	4,841.00		4,841.00	4,841.00	-
On-behalf TPAF Pension Contributions (non-budgeted)			-	330,656.00	330,656.00
On-behalf TPAF Postretirement Contributions (non-budgeted)			-	122,668.00	122,668.00
On-behalf TPAF Long-Term Disability Ins. Contrib. (non-budgeted)			-	210.00	210.00
TPAF Social Security (Reimbursed- (non-budgeted)			-	119,104.51	119,104.51
Total State Sources	69,776.00	-	69,776.00	642,414.51	572,638.51
Total Revenues	3,652,770.00	-	3,652,770.00	4,146,824.98	494,054.98
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Salaries of Teachers	112,322.00	3,560.00	115,882.00	115,882.00	-
Grades 1 - 5 Salaries of Teachers	187,330.00	18,899.00	206,229.00	201,803.07	4,425.93
Grades 6 - 8 Salaries of Teachers	487,200.00	(12,006.00)	475,194.00	469,049.12	6,144.88
Regular Programs - Home Instruction Salaries of Teachers	500.00		500.00		500.00
Regular Programs - Undistributed Instruction Other Salaries for Instruction	99,730.00		99,730.00	98,230.00	1,500.00
Purchased Professional Educational Services	61,854.00		61,854.00	53,520.00	8,334.00
Other Purchased Services (400-500 series)	34,927.00	(4,266.00)	30,661.00	29,890.42	770.58
General Supplies	106,623.15	(6,733.70)	99,889.45	78,987.81	20,901.64
Textbooks	5,000.00		5,000.00	243.96	4,756.04
Other Objects	22,000.00	(11,510.00)	10,490.00	10,254.50	235.50
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,117,486.15	(12,056.70)	1,105,429.45	1,057,860.88	47,568.57
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center					
Salaries of Teachers	850.00	706.00	1,556.00	1,556.00	-
Purchased Technical Services	128,037.00		128,037.00	128,037.00	-
General Supplies	2,500.00	(706.00)	1,794.00	35.75	1,758.25
Textbooks	200.00		200.00		200.00
Total Resource Room/Resource Center	131,587.00	-	131,587.00	129,628.75	1,958.25
TOTAL SPECIAL EDUCATION - INSTRUCTION	131,587.00	-	131,587.00	129,628.75	1,958.25
Basic Skills/Remedial - Instruction					
Salaries of Teachers	36,301.00	42,835.00	79,136.00	79,135.36	0.64
General Supplies	2,500.00		2,500.00		2,500.00
Textbooks	200.00		200.00		200.00
Total Basic Skills/Remedial - Instruction	39,001.00	42,835.00	81,836.00	79,135.36	2,700.64
School-Spon. Cocurricular Activities - Instruction					
Salaries	17,575.00		17,575.00	14,516.80	3,058.20
Other Purchased Services (300-500)	2,000.00		2,000.00	1,060.00	940.00
Supplies & Materials	4,000.00	(2,500.00)	1,500.00	12.80	1,487.20
Total School-Spon. Cocurricular Activities - Inst.	23,575.00	(2,500.00)	21,075.00	15,589.60	5,485.40

BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Athletics - Instruction					
Salaries	10,975.00	(7,500.00)	3,475.00	3,473.75	1.25
Other Purchased Services (300-500)		10,049.00	10,049.00	10,048.10	0.90
Supplies & Materials	2,000.00	(49.00)	1,951.00	1,692.00	259.00
Total School-Spon. Athletics - Inst.	<u>12,975.00</u>	<u>2,500.00</u>	<u>15,475.00</u>	<u>15,213.85</u>	<u>261.15</u>
TOTAL INSTRUCTION	<u>1,324,624.15</u>	<u>30,778.30</u>	<u>1,355,402.45</u>	<u>1,297,428.44</u>	<u>57,974.01</u>
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Regular	385,113.00	1.00	385,114.00	385,113.11	0.89
Tuition to County Vocational School	27,865.00		27,865.00	27,865.00	-
Tuition to CSSD & Reg Day Schools	2,730.00	(1.00)	2,729.00		2,729.00
Total Undistributed Expenditures - Instruction	<u>415,708.00</u>	<u>-</u>	<u>415,708.00</u>	<u>412,978.11</u>	<u>2,729.89</u>
Undistributed Expend. - Attendance & Social Work					
Salaries	19,236.00		19,236.00	19,235.76	0.24
Purchased Professional and Technical Services	9,500.00		9,500.00	8,280.00	1,220.00
Other Purchased Services (400-500)	2,500.00		2,500.00	2,500.00	-
Total Undistributed Expend. - Attendance Services	<u>31,236.00</u>	<u>-</u>	<u>31,236.00</u>	<u>30,015.76</u>	<u>1,220.24</u>
Undistributed Expend. - Health Services					
Salaries	80,211.00	3,202.00	83,413.00	83,412.30	0.70
Purchased Professional and Technical Services	1,250.00		1,250.00	750.00	500.00
Supplies & Materials	5,000.00		5,000.00	1,238.81	3,761.19
Other Objects			-		-
Total Undistributed Expend. - Health Services	<u>86,461.00</u>	<u>3,202.00</u>	<u>89,663.00</u>	<u>85,401.11</u>	<u>4,261.89</u>
Undist. Expend. - Other Support Serv. Students - Speech, OT, PT & Related Services					
Purchased Professional - Educational Services	5,400.00	(4,000.00)	1,400.00		1,400.00
Supplies & Materials	2,500.00		2,500.00		2,500.00
Total Undist. Expend. - Other Support Serv. Students - Speech, OT, PT & Related Services	<u>7,900.00</u>	<u>(4,000.00)</u>	<u>3,900.00</u>	<u>-</u>	<u>3,900.00</u>
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	29,915.00	324.00	30,239.00	30,238.33	0.67
Purchased Professional - Educational Services	1,995.00	(324.00)	1,671.00		1,671.00
Total Undist. Expend. - Other Support Serv. Students - Extraordinary Services	<u>31,910.00</u>	<u>-</u>	<u>31,910.00</u>	<u>30,238.33</u>	<u>1,671.67</u>
Undist. Expend. - Other Support Serv.-Guidance Services					
Salaries	50,838.00	158.00	50,996.00	50,995.50	0.50
Other Purch. Professional and Technical Services	600.00	(591.00)	9.00		9.00
Supplies & Materials	801.40	(19.00)	782.40	688.07	94.33
Total Undist. Expend. - Other Support Serv.- Guid. Serv.	<u>52,239.40</u>	<u>(452.00)</u>	<u>51,787.40</u>	<u>51,683.57</u>	<u>103.83</u>
Undist. Expend. - Other Support Serv.- Child Study Team					
Salaries of Other Professional Staff	38,048.00	111.00	38,159.00	38,158.94	0.06
Salaries of Secretarial and Clerical Assistants	12,824.00	(111.00)	12,713.00	11,755.26	957.74
Purchased Professional and Technical Services	-	700.00	700.00		700.00
Supplies & Materials	3,000.00	3,300.00	6,300.00		6,300.00
Total Undist. Expend. - Other Support Serv.-Child Study Team	<u>53,872.00</u>	<u>4,000.00</u>	<u>57,872.00</u>	<u>49,914.20</u>	<u>7,957.80</u>
Undist. Expend. - Improvement of Inst. Services					
Salaries of Other Professional Staff	350.00		350.00	350.00	-
Purchased Professional - Educational Services	6,000.00		6,000.00	562.50	5,437.50
Other Purch. Professional and Technical Services	82,450.00		82,450.00	82,450.00	-
Supplies and Materials	1,000.00		1,000.00		1,000.00
Other Objects	1,000.00		1,000.00		1,000.00
Total Undist. Expend. - Improvement of Inst. Serv.	<u>90,800.00</u>	<u>-</u>	<u>90,800.00</u>	<u>83,362.50</u>	<u>7,437.50</u>
Undist. Expend. - Educational Media / School Library					
Salaries	47,444.00		47,444.00	45,756.10	1,687.90
Other Purch. Professional and Technical Services	-	1,000.00	1,000.00	481.00	519.00
Supplies & Materials	3,750.00	(3,750.00)	-		-
Total Undistributed Expenditures - Educational Media Services / School Library	<u>51,194.00</u>	<u>(2,750.00)</u>	<u>48,444.00</u>	<u>46,237.10</u>	<u>2,206.90</u>

BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	7,500.00		7,500.00		7,500.00
Other Purchased Professional and Technical Services	11,000.00		11,000.00	2,749.00	8,251.00
Other Purchased Services (400-500 series)	6,000.00	30.00	6,030.00	5,411.58	618.42
Supplies and Materials	1,000.00	(30.00)	970.00	201.23	768.77
Total Undistributed Expenditures - Instructional Staff Training Services	<u>25,500.00</u>	<u>-</u>	<u>25,500.00</u>	<u>8,361.81</u>	<u>17,138.19</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	73,263.00	(160.00)	73,103.00	72,912.10	190.90
Legal Services	4,000.00	10,746.75	14,746.75	14,586.75	160.00
Audit Fees	8,000.00		8,000.00	8,000.00	-
Other Purchased Professional Services	500.00	(442.75)	57.25		57.25
Purchased Technical Services	250.00	(232.00)	18.00		18.00
Communications/Telephone	1,956.00	725.00	2,681.00	2,548.09	132.91
BOE Other Purchased Services	100.00	1,025.00	1,125.00	1,125.00	-
Misc. Purchased Services (400-500 except 530 & 585)	7,390.00	647.00	8,037.00	8,036.61	0.39
General Supplies	2,567.34	(1,799.34)	768.00	689.71	78.29
BOE In-House Training/Meeting Supplies	500.00	(474.00)	26.00		26.00
Miscellaneous Expenditures	250.00		250.00		250.00
BOE Membership Dues and Fees	3,350.00		3,350.00	3,255.45	94.55
Total Undistributed Expenditures - Support Services - General Administration	<u>102,126.34</u>	<u>10,035.66</u>	<u>112,162.00</u>	<u>111,153.71</u>	<u>1,008.29</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Other Professional Staff	30,832.00	3,891.00	34,723.00	30,735.55	3,987.45
Salaries of Secretarial and Clerical Assistants	5,829.00		5,829.00	5,443.88	385.12
Supplies & Materials	250.00	614.00	864.00	859.50	4.50
Other Objects	2,400.00	(614.00)	1,786.00	1,608.00	178.00
Total Undistributed Expenditures - Support Services - School Administration	<u>39,311.00</u>	<u>3,891.00</u>	<u>43,202.00</u>	<u>38,646.93</u>	<u>4,555.07</u>
Undistributed Expenditures - Central Services					
Purchased Professional Services	100.00		100.00	35.00	65.00
Purchased Technical Services	12,500.00	13,181.00	25,681.00	25,680.85	0.15
Supplies and Materials	1,500.00	(609.00)	891.00	28.88	862.12
Miscellaneous Expenditures	225.00		225.00	44.00	181.00
Total Undistributed Expenditures - Central Services	<u>14,325.00</u>	<u>12,572.00</u>	<u>26,897.00</u>	<u>25,788.73</u>	<u>1,108.27</u>
Undist. Expend. - Required Maint. School Fac.					
Salaries	42,301.00	2,134.00	44,435.00	44,434.02	0.98
Cleaning, Repair and Maintenance Service	52,454.00	5,997.00	58,451.00	50,174.81	8,276.19
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>94,755.00</u>	<u>8,131.00</u>	<u>102,886.00</u>	<u>94,608.83</u>	<u>8,277.17</u>
Undist. Expend. - Custodial Services					
Salaries	65,879.00	6,978.00	72,857.00	72,856.58	0.42
Purchased Professional and Technical Services	12,039.00		12,039.00	10,329.22	1,709.78
Cleaning, Repair and Maintenance Service	76,306.00	(27,852.00)	48,454.00	36,602.53	11,851.47
Rent of Land & Buildings - Oth. than Lease Purch.	5,250.00		5,250.00	5,236.00	14.00
Insurance	40,595.00	1,170.00	41,765.00	41,104.58	660.42
Miscel. Purch. Serv.	10,750.00	(868.00)	9,882.00	7,711.57	2,170.43
General Supplies	22,778.00	8,990.00	31,768.00	29,159.11	2,608.89
Natural Gas	40,000.00	(6,549.00)	33,451.00	33,450.04	0.96
Electricity	95,000.00	(15,000.00)	80,000.00	75,412.89	4,587.11
Other Objects	800.00		800.00		800.00
Total Undistributed Expenditures - Custodial Services	<u>369,397.00</u>	<u>(33,131.00)</u>	<u>336,266.00</u>	<u>311,862.52</u>	<u>24,403.48</u>
Total Undistributed Expenditures					
Operations and Maintenance of Plant	<u>464,152.00</u>	<u>(25,000.00)</u>	<u>439,152.00</u>	<u>406,471.35</u>	<u>32,680.65</u>

BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Bet. Home & School)-Reg	26,851.00	2,887.00	29,738.00	29,737.63	0.37
Sal. Pupil Trans. (Bet. Home & School) Nonpublic	6,412.00		6,412.00	6,411.84	0.16
Other Purchased Prof. and Technical Serv.	6,851.77	(1,032.00)	5,819.77	3,400.36	2,419.41
Aid in Lieu - Nonpublic	4,000.00		4,000.00	2,018.28	1,981.72
Contr. Serv. (Bet. Home & School) - Joint Agrmnts	2,298.00	(775.00)	1,523.00	1,522.50	0.50
Contr. Serv. (Sp Ed Stds) - Joint Agrmnts	956.00	94.00	1,050.00	1,050.00	-
Contr. Serv. (Other than Home & School) - Vendors	12,026.00	489.00	12,515.00	7,284.10	5,230.90
Contr. Trm Spec ESC/CTSA	2,500.00	(1,663.00)	837.00	837.00	-
Transportation Services	<u>61,894.77</u>	<u>-</u>	<u>61,894.77</u>	<u>51,424.71</u>	<u>10,470.06</u>
Unallocated Benefits					
Social Security Contribution	40,000.00	6,233.00	46,233.00	46,232.74	0.26
Other Retirement Contributions - PERS	45,000.00	2,089.00	47,089.00	47,058.21	30.79
Unemployment Compensation	2,500.00		2,500.00	1,146.54	1,353.46
Workmen's Compensation	35,740.00	1,822.00	37,562.00	37,561.96	0.04
Health Benefits	531,318.00	(48,392.00)	482,926.00	420,684.13	62,241.87
Tuition Reimbursement	15,000.00	1,822.00	16,822.00	10,314.00	6,508.00
Other Employee Benefits	25,000.00	1,025.00	26,025.00	26,025.00	-
Unused Sick Payment to Terminated/Retired Staff			-		
Total Unallocated Benefits	<u>694,558.00</u>	<u>(35,401.00)</u>	<u>659,157.00</u>	<u>589,022.58</u>	<u>70,134.42</u>
On-Behalf Contributions					
On-behalf TPAF Pension Contributions (non-bud)				330,656.00	(330,656.00)
On-Behalf TPAF Postretirement Contribution (non-bud)				122,668.00	(122,668.00)
On-Behalf TPAF Long-Term Disability Ins. Contrib. (non-bud)				210.00	(210.00)
Reimbursed TPAF Social Security Cont.(non-bud)				119,104.51	(119,104.51)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>572,638.51</u>	<u>(572,638.51)</u>
Total Personal Services - Employee Benefits	<u>694,558.00</u>	<u>(35,401.00)</u>	<u>659,157.00</u>	<u>1,161,661.09</u>	<u>(502,504.09)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>2,223,187.51</u>	<u>(33,902.34)</u>	<u>2,189,285.17</u>	<u>2,593,339.01</u>	<u>(404,053.84)</u>
Interest Earned on Maintenance Reserve	<u>150.00</u>		<u>150.00</u>	<u>150.00</u>	<u>-</u>
TOTAL GENERAL CURRENT EXPENSE	<u>3,547,961.66</u>	<u>(3,124.04)</u>	<u>3,544,837.62</u>	<u>3,890,917.45</u>	<u>(346,079.83)</u>
CAPITAL OUTLAY					
Support Services:					
Central Services	30,000.00		30,000.00	29,704.00	296.00
Increase in Capital Reserve	150.00		150.00	150.00	-
Total Instruction	<u>30,150.00</u>	<u>-</u>	<u>30,150.00</u>	<u>29,854.00</u>	<u>296.00</u>
Security					
Equipment	71,951.00		71,951.00	69,951.00	2,000.00
Transportation					
Equipment	50,000.00		50,000.00	33,811.93	16,188.07
Total Equipment	<u>121,951.00</u>	<u>-</u>	<u>121,951.00</u>	<u>103,762.93</u>	<u>18,188.07</u>
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Technical Serv.	22,462.72		22,462.72	3,470.00	18,992.72
Construction Services	114,504.20		114,504.20	13,768.83	100,735.37
Assess SDA Funding	14,287.00		14,287.00	14,287.00	-
Total Facilities Acquisition and Construction Services	<u>151,253.92</u>	<u>-</u>	<u>151,253.92</u>	<u>31,525.83</u>	<u>119,728.09</u>
TOTAL CAPITAL OUTLAY	<u>303,354.92</u>	<u>-</u>	<u>303,354.92</u>	<u>165,142.76</u>	<u>138,212.16</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	4,000.00		4,000.00	526.01	3,473.99
General Supplies	250.00		250.00	-	250.00
Total Special Schools	<u>4,250.00</u>	<u>-</u>	<u>4,250.00</u>	<u>526.01</u>	<u>3,723.99</u>
TOTAL EXPENDITURES	<u>3,855,566.58</u>	<u>(3,124.04)</u>	<u>3,852,442.54</u>	<u>4,056,586.22</u>	<u>(204,143.68)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(202,796.58)</u>	<u>3,124.04</u>	<u>(199,672.54)</u>	<u>90,238.76</u>	<u>289,911.30</u>

BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Transfer to Food Service	(21,500.00)	(3,006.00)	(24,506.00)	(24,505.82)	(0.18)
Increase in Capital Reserve				190,000.00	(190,000.00)
Increase in Capital Reserve			-	(190,000.00)	190,000.00
Transfer to Capital Reserve				(150.00)	150.00
Interest Deposit to Capital Reserve				150.00	(150.00)
Interest Deposit to Maintenance Reserve				150.00	(150.00)
Deposit Interest into Maintenance Reserve				(150.00)	150.00
Total Other Financing Sources/(Uses)	<u>(21,500.00)</u>	<u>(3,006.00)</u>	<u>(24,506.00)</u>	<u>(24,505.82)</u>	<u>(0.18)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(224,296.58)	118.04	(224,178.54)	65,732.94	289,911.12
Fund Balance July 1	<u>1,273,292.55</u>		<u>1,273,292.55</u>	<u>1,273,292.55</u>	
Fund Balance June 30	<u>\$ 1,048,995.97</u>	<u>118.04</u>	<u>1,049,114.01</u>	<u>1,339,025.49</u>	<u>289,911.12</u>
Recapitulation:					
Nonspendable Fund Balance					
None					
Restricted Fund Balance:					
Excess Surplus - Current Year				66,824.07	
Excess Surplus - Designated for Subsequent Year's Expenditures				159,856.26	
Committed Fund Balance:					
Capital Reserve				534,051.71	
Maintenance Reserve				294,518.00	
Assigned Fund Balance:					
Year-end Encumbrances				2,960.71	
Designated for Subsequent Year's Expenditures				30,814.74	
Unassigned Fund Balance				<u>250,000.00</u>	
				1,339,025.49	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				<u>5,549.00</u>	
				<u>1,333,476.49</u>	

BOROUGH OF AVALON SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources	17,500.00	3,500.00	3,500.00	2,000.00	(1,500.00)
Federal Sources		20,371.00	37,871.00	29,969.00	(7,902.00)
Total Revenues	<u>17,500.00</u>	<u>23,871.00</u>	<u>41,371.00</u>	<u>31,969.00</u>	<u>(9,402.00)</u>
EXPENDITURES:					
Instruction:					
General Supplies		1,500.00	1,500.00	-	1,500.00
Other Purchased Professional Services		2,675.00	2,675.00	2,675.00	-
Total Instruction	<u>-</u>	<u>4,175.00</u>	<u>4,175.00</u>	<u>2,675.00</u>	<u>1,500.00</u>
Support Services:					
Cleaning, Repair & Maintenance		2,000.00	2,000.00	2,000.00	-
Other Purchased Professional Services	17,500.00	833.00	18,333.00	11,130.00	7,203.00
General Supplies		7,699.00	7,699.00	7,000.00	699.00
Total Support Services	<u>17,500.00</u>	<u>10,532.00</u>	<u>28,032.00</u>	<u>20,130.00</u>	<u>7,902.00</u>
Capital Outlay:					
Instructional Equipment		9,164.00	9,164.00	9,164.00	-
Total Capital Outlay	<u>-</u>	<u>9,164.00</u>	<u>9,164.00</u>	<u>9,164.00</u>	<u>-</u>
Total Outflows	<u>\$ 17,500.00</u>	<u>23,871.00</u>	<u>41,371.00</u>	<u>31,969.00</u>	<u>9,402.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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BOROUGH OF AVALON SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to RSI
For the Year Ended June 30, 2020

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 4,146,824.98	[C-2]	31,969.00
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized				
State aid payment recognized for GAAP purposes, previously recognized for budgetary purposes in the prior year		5,875.00		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(5,549.00)		
	[B-2]	<u>4,147,150.98</u>	[B-2]	<u>31,969.00</u>
Uses / outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	4,056,586.22	[C-2]	31,969.00
Difference - 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.				
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	<u>\$ 4,056,586.22</u>	[B-2]	<u>31,969.00</u>

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REQUIRED SUPPLEMENTARY INFORMATION – PART III

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BOROUGH OF AVALON SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Seven Fiscal Years

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0045215127%	0.0044058527%	0.0041877466%	0.0042992587%	0.0039017982%	0.0040397359%	0.3619739800%
District's proportionate of the net pension liability (asset)	\$ 814,708.00	\$ 867,490.00	\$ 974,840.00	\$ 1,273,317.00	\$ 875,876.00	\$ 756,349.00	\$ 691,804.00
District's covered payroll	\$ 386,607.00	\$ 335,874.00	\$ 304,410.00	\$ 300,768.00	\$ 300,354.00	\$ 284,141.00	\$ 278,186.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	210.73%	258.28%	320.24%	423.36%	291.61%	266.19%	248.68%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for seven years. Additional years will be presented as they become available.

BOROUGH OF AVALON SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Seven Fiscal Years

	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 43,981.00	\$ 43,824.00	\$ 38,317.00	\$ 33,545.00	\$ 33,303.00	\$ 27,274.00	\$ 28,326.00
Contributions in relation to the contractually required contribution	\$ 43,981.00	\$ 43,824.00	\$ 38,317.00	\$ 33,545.00	\$ 33,303.00	\$ 27,274.00	\$ 28,326.00
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 386,607.00	\$ 335,874.00	\$ 304,410.00	\$ 300,768.00	\$ 300,354.00	\$ 284,141.00	\$ 278,186.00
Contributions as a percentage of covered-employee payroll	11.38%	13.05%	12.59%	11.15%	11.09%	9.60%	10.18%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for seven years. Additional years will be presented as they become available.

BOROUGH OF AVALON SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Seven Fiscal Years

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	7,101,663.00	7,698,969.00	9,361,223.00	11,103,189.00	8,731,442.00	7,655,038.00	7,801,571.00
Total	<u>\$ 7,101,663.00</u>	<u>\$ 7,698,969.00</u>	<u>\$ 9,361,223.00</u>	<u>\$ 11,103,189.00</u>	<u>\$ 8,731,442.00</u>	<u>\$ 7,655,038.00</u>	<u>\$ 7,801,571.00</u>
District's covered payroll	\$ 1,663,139.00	\$ 1,507,182.00	\$ 1,274,795.00	\$ 1,257,426.00	\$ 1,429,532.00	\$ 1,662,346.00	\$ 1,347,786.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

Source: GASB 68 report on Teachers' Pension and Annuity Fund; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for seven years. Additional years will be presented as they become available.

BOROUGH OF AVALON SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
Public Employee Retirement System and Teachers' Pension and Annuity Fund
Last Four Fiscal Years

	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	-	-	-
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 6,159,346.00	\$ 7,276,641.00	8,377,719.00	9,129,250.00
Total	\$ 6,159,346.00	\$ 7,276,641.00	\$ 8,377,719.00	\$ 9,129,250.00
District's covered payroll	\$ 2,049,746.00	\$ 1,843,056.00	\$ 1,579,205.00	\$ 1,558,194.00
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:				
Service Cost	185,838.00	192,369.00	230,367.00	
Interest Cost	285,282.00	303,476.00	264,104.00	
Differences between Expected & Actual	(1,496,782.00)	(574,042.00)	-	
Changes in Assumptopns	91,836.00	(835,031.00)	(1,059,101.00)	
Member Contributions	5,605.00	6,725.00	7,145.00	
Benefit Payments	(189,074.00)	(194,575.00)	(194,046.00)	
Change in Total Opeb Liability	(1,117,295.00)	(1,101,078.00)	(751,531.00)	
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	7,276,641.00	8,377,719.00	9,129,250.00	
Ending Balance	\$ 6,159,346.00	\$ 7,276,641.00	\$ 8,377,719.00	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	300.49%	394.81%	530.50%	

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.

However, information is only currently available for four years.

Additional years will be presented as they become available.

OTHER SUPPLEMENTARY INFORMATION

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**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.

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BOROUGH OF AVALON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2020

	Small Rural School Achievement (REAP)	AtlantiCare Healthy Kids	NJSBAIG Safety Grant	I.D.E.A. Part B Basic	I.D.E.A. Preschool	Total
REVENUES:						
Local Sources	\$ 9,164.00	-	2,000.00	20,265.00	540.00	2,000.00
Federal Sources	9,164.00	-	2,000.00	20,265.00	540.00	29,969.00
Total Revenues						31,969.00
EXPENDITURES:						
Instruction:						
Other Purchased Professional Services	-	-	-	2,675.00	-	2,675.00
Total Instruction						2,675.00
Support Services:						
Cleaning, Repair & Maintenance			2,000.00			2,000.00
Other Purchased Professional Services				10,590.00	540.00	11,130.00
General Supplies				7,000.00		7,000.00
Total Support Services						20,130.00
Capital Outlay:						
Instructional Equipment	9,164.00					9,164.00
Total Capital Outlay						9,164.00
Total Expenditures						31,969.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						-

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**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

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BOROUGH OF AVALON SCHOOL DISTRICT
Capital Projects Funds
Summary Schedule of Project Expenditures
For the Year Ended June 30, 2020

Project Title/Issue	Date	Original Appropriations	Expenditures to Date		Cancelled	Unexpended Balance June 30, 2020
			Prior Years	Current Years		
Avalon Elementary School Boiler and Chiller Replacement Project		\$ 1,187,340.00	1,154,714.06	-		32,625.94
		\$ 1,187,340.00	1,154,714.06	-		32,625.94

BOROUGH OF AVALON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2020

REVENUES AND OTHER FINANCING SOURCES:

Local Sources	
Library Contribution	\$ -
Borough Contribution	-
Total Revenues	-
 EXPENDITURES	
Facilities Acquisition and Construction Services:	
Other Professional and Technical Services	-
Construction Services	-
Total Expenditures	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-
 Other Financing Sources(Uses):	
Operating Transfers In:	
Transfer from General Fund	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-
Fund Balances, July 1	32,625.94
Fund Balances, June 30	\$ 32,625.94

BOROUGH OF AVALON SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Avalon Elementary School Boiler and Chiller Replacement
From Inception and for the Year Ended June 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
REVENUES AND OTHER FINANCING SOURCES:				
Local Sources				
Library Contribution	\$ 279,363.50		279,363.50	279,363.50
Borough Contribution	368,759.82		368,759.82	368,759.82
Total Revenues	<u>648,123.32</u>	<u>-</u>	<u>648,123.32</u>	<u>648,123.32</u>
EXPENDITURES AND OTHER FINANCING USES:				
Facilities Acquisition and Construction Services:				
Other Professional and Technical Services	-		-	
Construction Services	1,154,714.06		1,154,714.06	1,187,340.00
Total Expenditures	<u>1,154,714.06</u>	<u>-</u>	<u>1,154,714.06</u>	<u>1,187,340.00</u>
Other Financing Sources(Uses):				
Operating Transfers In:				
Transfer from General Fund	539,216.68		539,216.68	539,216.68
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 32,625.94</u>	<u>-</u>	<u>32,625.94</u>	<u>-</u>
ADDITIONAL PROJECT INFORMATION:				
State Project Number	0170-010-18-1000			
Original Cost Authorized	1,112,448.00			
Additional Authorized Cost	74,892.00			
Revised Authorized Cost	1,187,340.00			
Percentage Increase over Original Authorized Cost	7%			
Percentage Completion	178%			
Target Completion Date	6/30/2019			

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PROPRIETARY FUNDS – DETAILED STATEMENTS

Internal Service Fund - This fund provides for the operation of certain activities, such as building use and curriculum service charges to other governmental entities.

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BOROUGH OF AVALON SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Net Position
June 30, 2020

	Internal Service Funds Major Funds		
	Building Use	Shared Services	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 172,258.73		172,258.73
Accounts Receivable	57,140.39	-	57,140.39
Interfund Receivable		905.00	905.00
Total Current Assets	229,399.12	905.00	230,304.12
Total Assets	229,399.12	905.00	230,304.12
LIABILITIES			
Current Liabilities:			
Accounts Payable	21,072.88	155.00	21,227.88
Interfund Payable			-
Total Current Liabilities	21,072.88	155.00	21,227.88
NET POSITION			
Unassigned	208,326.24	750.00	209,076.24
Total Net Position	\$ 208,326.24	750.00	209,076.24

BOROUGH OF AVALON SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2020

	Internal Service Funds		
	Major Funds		
	Building Use	Shared Services	Totals Internal Service
Operating Revenues:			
Charges for Building Use:			
Interlocal Revenue - Borough Library	\$ 627,350.00		627,350.00
Interlocal Revenue - Services Provided to Other LEA's		815,642.71	815,642.71
Total Operating Revenue	<u>627,350.00</u>	<u>815,642.71</u>	<u>1,442,992.71</u>
Operating Expenses:			
Salaries	45,416.24	634,357.29	679,773.53
Employee Benefits		143,460.61	143,460.61
Cleaning, Repair and Maintenance Services			-
Purchased Professional Technical Services	8,547.25	1,828.38	10,375.63
Supplies & Materials	211,040.35	1,244.50	212,284.85
Other Objects		34,751.93	34,751.93
Total Operating Expenses	<u>265,003.84</u>	<u>815,642.71</u>	<u>1,080,646.55</u>
Operating Income (Loss)	362,346.16	-	362,346.16
Nonoperating Revenues (Expenses):			
None			-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before Contributions & Transfers	362,346.16	-	362,346.16
Transfers In (Out)	<u>(324,450.00)</u>		<u>(324,450.00)</u>
Changes in Net Position	37,896.16	-	37,896.16
Total Net Position - Beginning	<u>170,430.08</u>	<u>750.00</u>	<u>171,180.08</u>
Total Net Position - Ending	<u>\$ 208,326.24</u>	<u>750.00</u>	<u>209,076.24</u>

BOROUGH OF AVALON SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Internal Service Funds		
	Major Funds		
	Building Use	Shared Services	Totals Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Borough Library - Building Use	\$ 640,554.79		640,554.79
Receipts from Services Provided to Other LEA's		821,234.92	821,234.92
Payments to Employees	(45,416.24)	(639,199.50)	(684,615.74)
Payments for Employee Benefits		(143,460.61)	(143,460.61)
Payments for Professional Technical Services	(8,547.25)	(1,828.38)	(10,375.63)
Payments for Supplies & Materials	(189,967.47)	(1,089.50)	(191,056.97)
Net Cash Provided by (Used for) Operating Activities	<u>396,623.83</u>	<u>905.00</u>	<u>397,528.83</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers to Other Funds	(324,450.00)	(905.00)	(325,355.00)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(324,450.00)</u>	<u>(905.00)</u>	<u>(325,355.00)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
None			-
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	72,173.83	(0.00)	72,173.83
Balance - Beginning of Year	100,084.90	-	100,084.90
Balance - End of Year	<u>\$ 172,258.73</u>	<u>(0.00)</u>	<u>172,258.73</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 362,346.16	-	362,346.16
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating			
(Increase) in Accounts Receivable	13,204.79	5,592.21	18,797.00
Increase in Accounts Payable	21,072.88	155.00	21,227.88
Increase in Interfund Payable		(4,842.21)	(4,842.21)
Total Adjustments	<u>34,277.67</u>	<u>905.00</u>	<u>35,182.67</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 396,623.83</u>	<u>905.00</u>	<u>397,528.83</u>

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FIDUCIARY FUNDS DETAIL STATEMENTS

Trust funds are used to account for gifts and bequests to the school district for a specific purpose.

Unemployment Fund - This trust fund is an expendable trust fund and limits expenses set aside for this purpose in current and prior budgets and contributions from employee withholding in prior years.

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.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

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

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BOROUGH OF AVALON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2020

	Unemployment Compensation Trust	Private Purpose Trust	Agency Funds	Totals
ASSETS				
Cash and Cash Equivalents	\$ 64,161.83	390.53	29,030.81	\$ 93,583.17
Interfund Receivable - Other Agency Funds			427.92	427.92
Total Assets	<u>64,161.83</u>	<u>390.53</u>	<u>29,458.73</u>	<u>94,011.09</u>
LIABILITIES				
Interfund Payable	427.92		3,010.88	3,438.80
Payable to Student Groups			21,881.97	21,881.97
Payroll Deductions & Withholdings			4,565.88	4,565.88
Total Liabilities	<u>427.92</u>	<u>-</u>	<u>29,458.73</u>	<u>29,886.65</u>
NET ASSETS				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 63,733.91</u>			63,733.91
Reserve for Scholarships		<u>\$ 390.53</u>		390.53
Total Net Assets				<u>64,124.44</u>
Total Liabilities and Net Assets				<u>\$ 94,011.09</u>

BOROUGH OF AVALON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2020

	Unemployment Compensation Trust	Private Purpose Trust	Totals
ADDITIONS			
Contributions:			
Plan Members	\$ 3,439.54		3,439.54
Total Contributions	<u>3,439.54</u>	<u>-</u>	<u>3,439.54</u>
Investments Earnings:			
Interest	37.10		37.10
Net Investment Earnings	<u>37.10</u>	<u>-</u>	<u>37.10</u>
Total Additions	<u>3,476.64</u>	<u>-</u>	<u>3,476.64</u>
Deductions			
Unemployment Claims			-
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	3,476.64	-	3,476.64
Net Assets - Beginning of the Year	<u>60,257.27</u>	<u>390.53</u>	<u>60,104.51</u>
Net Assets - End of the Year	<u>\$ 63,733.91</u>	<u>390.53</u>	<u>63,581.15</u>

BOROUGH OF AVALON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Avalon Elementary School	\$ 22,545.66	963.31	1,627.00	21,881.97
	<u>\$ 22,545.66</u>	<u>963.31</u>	<u>1,627.00</u>	<u>21,881.97</u>

**BOROUGH OF AVALON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 4,839.57	2,494,265.01	2,491,955.74	7,148.84
Interfund Receivable	427.92			427.92
Total Assets	<u><u>5,267.49</u></u>	<u><u>2,494,265.01</u></u>	<u><u>2,491,955.74</u></u>	<u><u>7,576.76</u></u>
LIABILITIES:				
Payroll Deductions & Withholding	2,296.85	2,494,224.77	2,491,955.74	4,565.88
Interfund Payable	2,970.64	40.24		3,010.88
Total Liabilities	<u><u>\$ 5,267.49</u></u>	<u><u>2,494,265.01</u></u>	<u><u>2,491,955.74</u></u>	<u><u>7,576.76</u></u>

LONG-TERM DEBT SCHEDULES

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BOROUGH OF AVALON SCHOOL DISTRICT
Schedule of General Serial Bonds
As of June 30, 2020

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2018				Balance June 30, 2019	Increased	Decreased	Balance June 30, 2020
			Date	Amount	Interest Rate	Balance June 30, 2019				
Avalon School Refunding Bonds	7/11/2012	\$ 2,790,000				\$ 315,000.00	-	315,000.00	-	
						<u>\$ 315,000.00</u>	<u>-</u>	<u>315,000.00</u>	<u>-</u>	

BOROUGH OF AVALON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
None	-	-	-	-	-
Total Revenues	-	-	-	-	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	315,000.00	-	315,000.00	315,000.00	-
Interest on Bonds	9,450.00	-	9,450.00	9,450.00	-
Total Regular Debt Service	324,450.00	-	324,450.00	324,450.00	-
Total Expenditures	324,450.00	-	324,450.00	324,450.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(324,450.00)	-	(324,450.00)	(324,450.00)	-
Other Financing Sources(Uses):					
Operating Transfers In:					
Transfer from Internal Service Fund Building Use	324,450.00	-	324,450.00	324,450.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	-	-	-	-

Statistical Section

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BOROUGH OF AVALON SCHOOL DISTRICT
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Invested in capital assets, net of related debt	5,458,863.70	5,599,506.92	5,964,538.80	6,042,907.80	6,378,633.76	6,906,141.66	7,148,737.66	7,375,487.00	9,362,915.88	9,339,041.88
Restricted	670,792.01	959,086.18	1,238,332.83	376,549.65	173,209.07	195,846.29	330,245.90	282,631.23	246,881.59	226,680.33
Unrestricted*	681,642.00	368,537.78	4,956,493.20	781,898.67	365,759.94	712,780.04	908,557.44	1,600,685.09	1,060,008.06	186,723.34
Total governmental activities net position	6,821,297.71	7,127,650.68	7,957,720.63	7,201,344.12	7,117,602.77	7,814,767.99	8,387,531.00	9,258,803.32	9,719,805.53	9,752,447.55
Business-type activities										
Invested in capital assets, net of related debt	64,995.00	58,742.00	52,488.00	46,235.00	47,376.12	37,783.12	29,354.12	23,615.12	19,046.65	12,710.38
Restricted	4,592.20	6,014.78	5,365.11	5,246.70	5,160.88	5,013.50	6,027.88	5,054.69	(786.43)	(86.22)
Unrestricted	69,587.20	64,756.78	57,928.51	51,481.70	52,537.00	42,796.62	35,382.00	28,669.81	18,260.22	12,624.16
Total business-type activities net position										
District-wide										
Invested in capital assets, net of related debt	5,523,858.70	5,658,248.92	5,917,026.80	6,089,142.80	6,426,009.88	6,943,924.78	7,178,091.78	7,399,102.12	9,381,962.53	9,351,752.26
Restricted	670,792.01	959,086.18	1,238,408.23	376,549.65	173,209.07	195,846.29	330,245.90	292,631.23	246,881.59	226,680.33
Unrestricted	686,234.20	574,952.56	502,214.31	787,133.37	570,918.82	777,793.54	914,985.32	1,605,739.78	1,092,211.63	196,639.12
Total district net position	6,890,884.91	7,192,287.66	7,657,649.34	7,252,825.82	7,170,137.77	7,917,564.61	8,423,323.00	9,297,473.13	9,738,065.75	9,775,071.71

* - Restated Unrestricted in 2014 for the effects of GASB 68

Source: CAFR Schedule A-1

BOROUGH OF AVALON SCHOOL DISTRICT
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
Instruction:										
Regular	1,658,534.07	1,662,147.28	1,714,925.79	1,507,094.86	1,857,890.02	1,563,961.66	1,785,185.07	2,487,759.91	1,722,568.89	1,887,431.48
Special education	106,538.91	140,192.08	132,386.66	111,467.59	127,156.04	152,305.70	156,617.40	243,834.13	211,411.30	222,410.55
Other instruction	42,915.25	212,930.70	227,101.55	189,492.84	216,278.05	179,237.35	119,924.54	132,615.17	122,137.25	188,627.55
Support Services:										
Tuition	487,763.25	1,037,979.17	930,009.81	1,012,373.39	929,088.12	980,038.39	752,557.69	382,990.00	372,384.89	412,878.11
Student & instruction related services	441,544.51	543,227.18	521,948.56	498,940.13	574,315.66	530,519.32	607,731.90	822,847.91	680,936.31	695,468.73
Other administrative services	101,847.61	121,827.34	127,314.60	111,957.52	110,491.33	114,464.54	127,299.78	195,008.80	184,903.33	234,959.02
School administrative services	131,229.17	336,149.17	334,888.21	329,683.09	345,403.01	396,553.15	497,722.87	663,165.60	681,911.73	746,082.01
Plant operations and maintenance	502,802.40	522,464.88	514,074.19	752,114.72	895,215.24	733,118.08	940,394.83	993,110.38	1,037,288.79	1,098,533.71
Pupil transportation	62,850.99	63,592.39	55,140.33	78,208.39	103,743.07	118,093.59	92,209.80	114,612.70	111,653.56	88,231.95
Special schools	4,954.60	6,427.62	4,912.99	3,479.26	2,910.77	2,686.76	4,422.83	-	-	902.54
Interest on long-term debt	171,080.00	156,690.00	180,151.82	92,465.62	70,939.99	56,297.01	41,054.05	25,889.78	10,875.52	898.08
Unallocated depreciation	279,610.78	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	3,991,671.54	4,803,517.81	4,742,854.50	4,687,277.21	5,233,441.30	4,827,275.55	5,127,121.06	6,091,334.38	5,136,061.57	5,576,524.73
Business-type activities:										
Food service	105,050.40	105,935.08	121,981.64	113,317.91	79,588.96	55,566.90	61,122.41	58,912.66	71,951.04	68,925.69
Total business-type activities expenses	105,050.40	105,935.08	121,981.64	113,317.91	79,588.96	55,566.90	61,122.41	58,912.66	71,951.04	68,925.69
Total district expenses	4,096,721.94	4,909,452.89	4,864,836.14	4,800,595.12	5,313,030.26	4,882,842.45	5,188,243.47	6,150,247.04	5,208,032.61	5,645,450.42

BOROUGH OF AVALON SCHOOL DISTRICT
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	-	860,400.00	784,960.00	620,400.00	474,460.00	456,560.00	372,220.00	416,305.28	434,130.00	423,274.00
Other Support Services	202,823.95	390,379.32	404,494.48	415,293.14	492,190.48	488,593.38	648,907.17	795,291.77	968,735.82	1,090,646.55
Operating grants and contributions	244,112.80	317,495.40	411,865.27	36,554.00	456,594.00	605,285.00	918,115.00	1,194,237.58	611,282.10	682,257.51
Total governmental activities program revenues	446,936.75	1,568,274.72	1,601,319.75	1,072,247.14	1,423,244.48	1,560,438.38	1,939,242.17	2,405,834.63	2,014,147.92	2,196,178.06
Business-type activities:										
Charges for services:										
Food service	26,707.50	22,619.65	34,927.07	22,012.88	19,601.09	21,209.05	15,659.49	20,307.75	55,125.58	38,783.81
Operating grants and contributions	4,743.90	3,123.41	3,368.59	1,177.18	-	-	-	-	-	-
Total business-type activities program revenue	31,451.40	25,743.06	38,295.66	23,190.06	19,601.09	21,209.05	15,659.49	20,307.75	55,125.58	38,783.81
Total district program revenue	478,388.15	1,594,017.78	1,639,615.41	1,095,437.20	1,442,845.57	1,581,647.43	1,954,901.66	2,426,142.38	2,069,273.50	2,224,961.87
Net (Expense)/Revenue										
Governmental activities	(3,544,734.79)	(3,235,243.09)	(3,141,534.75)	(3,615,030.07)	(3,810,136.82)	(3,266,837.17)	(3,187,878.89)	(3,686,098.75)	(3,121,933.65)	(3,390,346.67)
Business-type activities	(73,599.00)	(80,192.02)	(83,685.98)	(90,127.85)	(59,967.87)	(34,357.85)	(45,482.92)	(38,604.91)	(16,825.46)	(30,141.88)
Total district-wide net expense	(3,618,333.79)	(3,315,435.11)	(3,225,220.73)	(3,705,157.92)	(3,870,104.69)	(3,301,195.02)	(3,233,341.81)	(3,724,704.66)	(3,138,759.11)	(3,420,488.55)

BOROUGH OF AVALON SCHOOL DISTRICT
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	3,076,693.50	3,076,694.00	3,076,694.00	3,076,694.00	3,076,694.00	3,076,694.00	3,076,694.00	3,076,694.00	3,076,694.00	3,076,694.00
Taxes levied for debt service	-	-	173,162.65	510,623.47	406,185.07	675,440.44	371,214.34	609,070.33	427,069.29	362,346.16
Library Contribution	-	-	-	-	-	-	-	279,363.50	-	-
Borough Contribution - Capital Projects	-	20,632.00	4,641.00	337,291.93	295,716.47	287,908.13	291,083.64	326,759.82	73,970.00	70,102.00
Unrestricted grants and contributions	3,385.98	1,967.42	884.79	1,144.00	691.87	-	-	550.00	300.00	300.00
Investment earnings	564,184.44	515,544.44	459,448.19	37,111.00	6,189.23	3,761.29	4,682.22	4,767.00	4,548.19	2,142.47
Miscellaneous income	(69,274.00)	(75,361.60)	(76,857.71)	(83,681.04)	(61,023.17)	(31,800.47)	(40,661.30)	(31,892.72)	(5,038.07)	(24,505.82)
Transfers	-	-	-	-	-	-	-	-	-	-
Extraordinary items:										
Cancellation of Prior Year Receivable	(674.00)	-	(2,234.00)	-	-	-	-	(31,388.20)	-	-
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(37,923.66)	(6,607.55)	(56,090.12)
Total governmental activities	3,576,315.92	3,541,476.26	3,637,738.92	3,881,183.36	3,726,453.47	4,024,004.39	3,705,012.90	4,566,962.07	3,572,935.86	3,432,888.69
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-
Adjustment to Fixed Assets	-	-	-	-	(7,183.00)	-	(6,574.00)	-	-	-
Transfers	69,274.00	75,361.60	76,857.71	83,681.04	61,023.17	31,800.47	40,661.30	31,892.72	1,377.80	-
Total business-type activities	69,274.00	75,361.60	76,857.71	83,681.04	61,023.17	24,617.47	34,087.30	31,892.72	5,038.07	24,505.82
Total district-wide	3,645,589.92	3,616,837.86	3,714,596.63	3,964,864.40	3,787,476.64	4,048,621.86	3,739,100.20	4,598,854.79	3,579,351.73	3,457,394.51
Changes in Net Position										
Governmental activities	31,581.13	306,233.17	496,204.17	266,153.29	(63,743.35)	757,167.22	517,134.01	880,862.32	451,002.21	42,642.02
Business-type activities	(4,325.00)	(4,630.42)	(6,528.27)	(6,446.51)	3,055.30	(9,740.38)	(11,375.62)	(6,712.19)	(10,409.59)	(5,535.06)
Total district	27,256.13	301,402.75	489,675.90	259,706.78	(60,688.05)	747,426.84	505,758.39	874,150.13	440,592.62	37,106.96

Source: CAFR Schedule A-2

BOROUGH OF AVALON SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	64,173.31	276,822.80	546,246.77	376,549.65	173,209.07	195,846.29	330,245.90	292,631.23	246,881.59	226,680.33
Committed	633,597.92	633,597.92	633,597.92	923,095.92	660,985.79	1,010,039.79	1,460,289.79	887,969.71	639,269.71	828,569.71
Assigned	86,247.53	48,665.46	59,657.14	44,138.26	246,000.16	48,851.17	27,533.13	200,471.31	137,271.25	33,773.45
Unassigned	251,297.16	251,169.15	250,488.93	247,338.00	247,503.00	247,046.00	244,588.00	244,503.00	244,995.00	244,451.00
Total general fund	1,015,315.92	1,210,255.33	1,489,980.76	1,591,121.83	1,329,708.02	1,501,783.25	2,062,656.82	1,625,575.25	1,267,417.55	1,333,476.49
All Other Governmental Funds										
Restricted	-	-	-	-	-	-	-	-	-	-
Reported in Capital projects fund										
Debt service fund	0.25	0.25	0.62					1,080,181.68	32,625.94	32,625.94
Committed										
Unassigned										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Debt service fund										
Total all other governmental funds	0.25	0.25	0.62	-	-	-	-	1,080,181.68	32,625.94	32,625.94

Source: CAFR Schedule B-1

BOROUGH OF AVALON SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	3,078,693.50	3,078,694.00	3,078,694.00	3,078,694.00	3,078,694.00	3,078,694.00	3,078,694.00	3,078,694.00	3,078,694.00	3,078,694.00
Tuition	44,800.00	860,400.00	784,960.00	620,400.00	474,460.00	456,560.00	372,220.00	416,305.28	434,130.00	423,274.00
Miscellaneous	9,571.15	9,072.07	14,236.35	38,255.00	6,881.10	3,761.29	7,745.22	279,363.50	10,089.27	4,442.47
Library Contribution			173,162.65					368,759.82		
Borough Contribution - Capital Projects	203,953.80	294,935.40	376,316.27	337,291.93	370,403.47	410,913.13	447,253.64	738,130.58	522,439.53	642,740.51
State sources	40,159.00	41,692.00	40,190.00	36,554.00	36,736.00	33,392.00	37,038.00	35,253.00	32,345.49	29,969.00
Federal sources	3,377,177.45	4,284,793.47	4,467,559.27	4,111,194.93	3,967,234.57	3,983,320.42	3,942,950.86	4,924,132.18	4,077,708.29	4,179,119.98
Total revenue										
Expenditures										
Instruction:										
Regular instruction	1,197,893.56	1,046,419.12	1,052,823.82	1,069,556.59	1,126,578.72	992,340.14	997,152.28	1,185,004.06	1,087,957.93	1,060,535.88
Special education instruction	71,065.99	82,847.89	77,089.58	80,226.11	83,712.64	92,269.30	89,997.92	125,180.25	126,465.00	129,628.75
Other instruction	30,793.52	127,134.93	132,845.69	136,382.76	142,385.75	108,584.94	68,043.98	68,054.43	73,061.78	109,938.81
Support Services:										
Tuition	487,763.25	1,037,979.17	930,009.81	728,631.35	611,667.83	593,723.37	426,993.68	392,990.00	372,394.89	412,978.11
Student & instruction related services	335,940.88	330,366.62	342,139.25	359,100.13	378,098.30	321,397.32	344,820.98	422,262.79	407,332.11	405,344.38
General administrative services	65,286.12	66,116.84	74,130.57	73,152.10	65,034.18	61,636.12	64,463.17	95,955.43	97,409.44	111,153.71
School administrative services	25,335.31	36,369.52	33,256.23	27,465.27	27,054.27	27,104.61	25,227.11	32,920.18	36,257.98	38,646.93
Business administrative services	34,208.55	29,620.67	8,061.27	7,426.63	7,707.32	7,708.38	7,765.45	4,117.70	13,198.65	25,788.73
Plant operations and maintenance	356,796.80	358,475.84	324,761.44	452,235.41	465,670.01	355,212.72	422,563.14	419,176.55	412,665.61	406,621.35
Pupil transportation	60,049.29	60,455.83	51,508.11	56,288.61	68,298.82	71,543.04	52,318.92	58,816.09	66,790.51	51,424.71
Unallocated employee benefits	718,293.76	752,569.99	838,465.84	860,846.91	882,089.52	876,620.55	769,202.03	1,163,214.39	993,605.26	1,161,661.09
Special schools	3,351.28	4,192.20	3,200.45	2,504.12	1,916.29	1,627.70	2,509.53	-	-	526.01
Capital outlay	23,895.00	81,943.84	242,674.07	72,566.83	307,411.56	269,676.53	70,357.80	250,059.28	1,791,244.50	174,306.76
Debt service:										
Principal	178,080.00	164,080.00	400,000.00	425,000.00	470,000.00	490,000.00	510,000.00	505,000.00	500,000.00	315,000.00
Interest and other charges	350,000.00	375,000.00	126,180.63	101,231.24	83,700.00	69,600.00	54,900.00	39,600.00	24,450.00	9,450.00
Total Expenditures	3,938,753.31	4,553,572.46	4,637,146.76	4,452,614.06	4,721,325.21	4,339,044.72	3,906,315.99	4,762,351.15	6,002,833.66	4,413,005.22
Excess (Deficiency) of revenues over (under) expenditures	(561,575.86)	(268,778.99)	(169,587.49)	(341,419.13)	(754,090.64)	(355,724.30)	36,634.87	161,781.03	(1,925,125.37)	(233,885.24)
Other Financing Sources (Uses)										
Transfers in	498,310.00	539,080.00	526,181.00	526,230.62	553,700.00	559,600.00	564,900.00	1,083,816.68	524,450.00	324,450.00
Transfers out	(69,274.00)	(75,361.60)	(76,857.71)	(83,681.04)	(61,023.17)	(31,800.47)	(40,661.30)	(571,109.40)	(5,038.07)	(24,505.82)
Cancellation of prior year receivables								(31,388.20)		
Bond proceeds										
Total other financing sources (uses)	429,036.00	463,718.40	449,323.29	442,549.58	492,676.83	527,799.53	524,238.70	481,319.08	519,411.93	299,944.18
Net change in fund balances	(132,539.86)	194,939.41	279,735.80	101,130.45	(261,413.81)	172,075.23	560,873.57	643,100.11	(1,405,713.44)	66,058.94
Debt service as a percentage of noncapital expenditures	13.49%	12.06%	11.97%	12.01%	12.54%	13.75%	14.73%	12.07%	12.45%	7.65%

Source: CAFR Schedule B-2

Exhibit J-5

BOROUGH OF AVALON SCHOOL DISTRICT
General Fund Other Local Revenue by Source,
Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Interest on				Totals
	Investments	Transportation	Miscellaneous		
2011	3,385.98	-	6,185.17	9,571.15	
2012	1,967.42	-	5,604.65	7,572.07	
2013	884.79	-	13,351.56	14,236.35	
2014	1,144.00	-	37,111.00	38,255.00	
2015	691.87	-	1,940.16	2,632.03	
2016	-	-	3,761.29	3,761.29	
2017	-	-	4,682.22	4,682.22	
2018	550.00	-	4,767.00	5,317.00	
2019	300.00	-	4,548.19	4,848.19	
2020	300.00	-	2,142.47	2,442.47	

Source: District Records

BOROUGH OF AVALON SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
2011	141,132,800	6,882,483,800			169,374,400			7,192,991,000		1,400,299	7,194,391,299	0.043	8,181,767,282
2012	148,896,500	6,923,540,100			167,517,900			7,239,954,500		1,295,691	7,241,250,191	0.043	7,828,562,189
2013	147,245,900	6,950,490,900			167,517,700			7,265,254,500		1,109,239	7,266,363,739	0.043	7,670,656,901
2014	112,159,500	7,028,995,300			359,648,000			7,500,802,800	193,090,400	871,927	7,308,584,327	0.043	7,688,107,085
2015	185,567,300	7,004,430,200			359,474,900			7,559,472,400	192,845,400	865,940	7,367,492,940	0.042	7,796,565,147
2016	177,766,900	7,080,456,300			358,350,600			7,616,573,800	191,721,100	862,511	7,425,715,211	0.042	7,949,645,938
2017	108,227,700	7,221,927,700			360,694,400			7,690,849,800	191,192,900	827,659	7,500,484,559	0.042	8,216,668,527
2018	218,096,200	8,522,519,600			403,810,300			9,144,426,100	210,887,100	940,138	8,934,479,138	0.035	8,436,507,499
2019	214,514,100	8,650,936,700			397,463,800			9,262,914,600	211,198,000	950,328	9,052,666,928	0.035	9,143,638,451
2020	185,698,600	8,830,343,000			393,816,600			9,409,858,200	211,198,000	922,679	9,199,582,879	0.034	9,852,574,850

Source: County Abstract of Rates & Municipal Tax Assessor
R = Revaluation/Reassessment

BOROUGH OF AVALON SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	BOROUGH OF AVALON SCHOOL DISTRICT				Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	County General	County Open Space	County Library	Municipal Library Tax	Municipal Local Purpose	
2011	0.043	-	0.043	0.207	0.012	-	0.038	0.200	0.500
2012	0.043	-	0.043	0.209	0.011	-	0.036	0.210	0.509
2013	0.043	-	0.043	0.217	0.011	-	0.036	0.219	0.526
2014	0.043	-	0.043	0.222	0.011	-	0.035	0.224	0.535
2015	0.042	-	0.042	0.227	0.011	-	0.035	0.226	0.541
2016	0.042	-	0.042	0.234	0.011	-	0.036	0.227	0.550
2017	0.042	-	0.042	0.240	0.011	-	0.037	0.226	0.556
2018	0.035	-	0.035	0.212	0.010	-	0.032	0.199	0.488
2019	0.035	-	0.035	0.231	0.011	-	0.034	0.199	0.510
2020	0.034	-	0.034	0.245	0.011	-	0.036	0.200	0.526

Source: District Records and Municipal Tax Collector

BOROUGH OF AVALON SCHOOL DISTRICT
Principal Property Tax Payers,
This Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Jordon Realty, Inc.	\$ 41,296,700	1	0.45%	10,273,700	4	0.14%
Individual Taxpayer #1	31,204,400	2	0.34%	19,351,200	1	0.27%
Individual Taxpayer #2	27,389,900	3	0.30%			
Accardi Family Partnership	21,201,600	4	0.23%			0.00%
Icona Golden Inn, LLC	20,450,000	5	0.22%			
Individual Taxpayer #3	16,625,000	6	0.18%			0.00%
Dandra LLC	15,409,400	7	0.17%			0.00%
MBM Estate, LLC	15,063,000	8	0.16%			0.00%
Individual Taxpayer #4	14,394,900	9	0.16%			
Dilbet Inc.	13,550,000	10	0.15%	12,224,200	3	0.17%
Avalon Hotel Company, LLC				15,956,500	2	0.22%
H.E. Hanway				10,045,100	5	0.14%
Dilbert, Inc.				9,500,000	6	0.13%
Individual Taxpayer #6				9,497,500	7	0.13%
Individual Taxpayer #7				9,223,800	8	0.13%
Individual Taxpayer #8				9,141,900	9	0.13%
75th Street Beach, LLC				9,027,100	10	0.13%
Individual Taxpayer #9						0.00%
Totals	\$ 216,584,900		2.35%	\$ 114,241,000		1.59%

District Assessed Value \$ 9,199,582,879

\$ 7,194,391,299

Source: District CAFR & Municipal Tax Assessor

Exhibit J-9

BOROUGH OF AVALON SCHOOL DISTRICT
Property Tax Levies and Collections,
Last Ten Fiscal Years

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 Levy	
2011	3,078,693.50	3,078,693.50	100%	-
2012	3,078,694.00	3,078,694.00	100%	-
2013	3,078,694.00	3,078,694.00	100%	-
2014	3,078,694.00	3,078,694.00	100%	-
2015	3,078,694.00	3,078,694.00	100%	-
2016	3,078,694.00	3,078,694.00	100%	-
2017	3,078,694.00	3,078,694.00	100%	-
2018	3,078,694.00	3,078,694.00	100%	-
2019	3,078,694.00	3,078,694.00	100%	-
2020	3,078,694.00	3,078,694.00	100%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

BOROUGH OF AVALON SCHOOL DISTRICT
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2011	3,946,000					3,946,000	6.12%	48,694
2012	3,571,000					3,571,000	5.19%	52,276
2013	3,215,000					3,215,000	4.68%	52,276
2014	2,790,000					2,790,000	4.07%	52,276
2015	2,320,000					2,320,000	3.32%	53,932
2016	1,830,000					1,830,000	2.75%	51,812
2017	1,320,000					1,320,000	1.94%	53,309
2018	815,000					815,000	1.17%	54,865
2019	315,000					315,000	0.43%	58,324
2020	-					-	0.00%	60,877

Source: District CAFR Schedules I-1

BOROUGH OF AVALON SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	3,946,000	-	3,946,000	0.05%	48,694
2012	3,571,000	-	3,571,000	0.05%	52,276
2013	3,215,000	-	3,215,000	0.04%	52,276
2014	2,790,000	-	2,790,000	0.04%	52,276
2015	2,320,000	-	2,320,000	0.03%	53,932
2016	1,830,000	-	1,830,000	0.02%	51,812
2017	1,320,000	-	1,320,000	0.02%	53,309
2018	815,000	-	815,000	0.01%	54,865
2019	315,000	-	315,000	0.00%	58,324
2020	-	-	-	0.00%	60,877

BOROUGH OF AVALON SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Bonded Debt,
As of December 31, 2019

<u>Governmental Unit</u>	Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Borough of Avalon	\$ 30,302,462.61	100.00%	\$ 30,302,462.61
Other Debt			
County of Cape May	299,971,257.00	17.99%	53,964,829.13
Subtotal, Overlapping Debt			84,267,291.74
Borough of Avalon School District Direct Debt			-
Total Direct and Overlapping Debt			<u>\$ 84,267,291.74</u>

Sources:
 Borough of Avalon - 2019 Audit Report
 County of Cape May - 2019 Audit Report
 District Records

BOROUGH OF AVALON SCHOOL DISTRICT
 Legal Debt Margin Information,
 Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 255,508,576	\$ 245,201,163	\$ 235,479,894	\$ 230,421,469	\$ 229,999,651	\$ 232,441,189	\$ 237,356,537	\$ 244,320,900	\$ 255,690,597	271,293,757
Total net debt applicable to limit	3,946,000	3,571,000	3,215,000	2,790,000	2,320,000	1,830,000	1,320,000	315,000	315,000	-
Legal debt margin	\$ 251,562,576	\$ 241,630,163	\$ 232,264,894	\$ 227,631,469	\$ 227,679,651	\$ 230,611,189	\$ 236,036,537	\$ 244,005,900	\$ 255,375,597	\$ 271,293,757
Total net debt applicable to the limit as a percentage of debt limit	1.54%	1.46%	1.37%	1.21%	1.01%	0.79%	0.56%	0.13%	0.12%	0.00%

Equalized valuation basis	2019	2018	2017
	9,688,233,544	9,017,400,828	8,423,741,323
			\$ 27,129,375,695

Average equalized valuation of taxable property	2019	2020
	\$ 9,043,125,232	271,293,757
Debt limit (3% of average) Net bonded school debt Legal debt margin		\$ 271,293,757

Source: Abstract of Rates and District Records CAFR Schedule J-7

BOROUGH OF AVALON SCHOOL DISTRICT
Demographic and Economic Statistics,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	** Per Capita Personal Income	Unemployment Rate
2011	1,325	64,520	48,694	5.3%
2012	1,315	68,743	52,276	5.8%
2013	1,315	68,743	52,276	5.8%
2014	1,310	68,482	52,276	10.9%
2015	1,297	69,950	53,932	8.5%
2016	1,283	66,475	51,812	7.1%
2017	1,279	68,182	53,309	7.8%
2018	1,267	69,514	54,865	6.0%
2019	1,247	72,730	58,324	5.5%
2020	1,236	75,244	60,877	4.9%

** County wide information

Source:

U.S. Department of Commerce, Bureau of Economic Analysis,
 Regional Economic Information System; New Jersey Department of Labor,
 Bureau of Labor Force Statistics; U.S. Bureau of Census, Population Division

Exhibit J-15

**BOROUGH OF AVALON SCHOOL DISTRICT
Principal Employers,**

Employer	2009			2000		
	Year- Round Employees	Rank	Percentage of Total Employment	Year- Round Employees	Rank	Percentage of Total Employment
Sturdy Savings	106	1	10.23%	56	2	5.67%
Borough of Avalon	105	2	10.14%	105	1	10.63%
Golden Inn	80	3	7.72%	42	4	4.25%
Motor Boat Club	50	4	4.83%			
Avalon Real Estate Agency	40	5	3.86%	39	5	
Princeton Hotel/Sea Grille	35	6	3.38%	65	3	6.58%
Ferguson & Deckert Realty	25	7	2.41%	25	6	2.53%
Borough of Avalon School District	23	8	2.22%	28	7	2.83%
Rocking Chair Restaurant	15	9	1.45%			
Windrift Hotel	10	10	0.97%	22	8	2.23%
Marabella's Restaurant				10	10	1.01%
Coldwell Banker Realty				13	9	1.32%
Totals	489		47.20%	405		37.04%
Total Employment			1,036			988

This is the most current information available.

BOROUGH OF AVALON SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular instruction	13.0	12.0	12.0	12.0	12.0	12.0	13.0	14.5	14.6	14.6
Special education instruction		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other special education instruction										
Vocational education										
Other instruction	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Support Services:										
Tuition										
Student & instruction related services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0	5.0	5.0
General administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business administrative services			0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5	3.0	3.0
Pupil transportation					1.5	1.5	1.5	1.2	1.2	1.2
Food Service	1.5	1.5	1.5	1.5	0.5	0.5	0.5	0.7	0.7	0.7
Total	22.5	22.5	23.0	23.0	23.5	23.5	24.5	27.4	28.0	28.0

Source: District Records, ASSA, Certified Staff Report

**BOROUGH OF AVALON SCHOOL DISTRICT
Operating Statistics,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	ASSA Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	School				
2011	77	3,370,514.31	43,772.91	-3.34%	15	5.31:1	5.31:1	75.0	71.5	7.3%	95.3%
2012	66	3,974,654.46	60,222.04	37.58%	15	4.40:1	4.40:1	65.0	62.0	-13.3%	95.4%
2013	61	3,897,613.48	63,895.30	6.10%	15	4.07:1	4.07:1	60.2	56.7	-7.4%	94.2%
2014	57	3,853,815.99	67,610.81	5.81%	15	3.80:1	3.80:1	57.3	53.0	-4.8%	92.5%
2015	50	2,499,346.63	49,986.93	-26.07%	14	3.57:1	3.57:1	50.1	47.2	-12.6%	94.2%
2016	49	3,041,046.49	62,062.17	-8.21%	14	3.50:1	3.50:1	48.3	44.7	-3.7%	92.7%
2017	43	3,967,691.87	92,271.90	84.59%	15	2.87:1	2.87:1	42.6	40.5	-11.8%	95.2%
2018	73	3,967,691.87	54,351.94	-12.42%	17	2.87:1	2.87:1	72.9	67.1	71.3%	92.0%
2019	85	3,687,139.16	43,378.11	-52.99%	17	2.87:1	2.87:1	84.2	78.5	15.5%	93.2%
2020	86	3,914,248.46	45,514.52	4.93%	17	2.87:1	2.87:1	86.8	82.2	3.1%	94.7%

Source: District records, ASSA and Certificated Staff Report

BOROUGH OF AVALON SCHOOL DISTRICT
School Building Information,
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District Buildings										
Elementary										
Avalon School (1965)	49,962	49,962	49,962	49,962	49,962	49,962	49,962	49,962	49,962	49,962
Square Feet	159	159	159	159	159	159	159	159	159	159
Capacity (students)	77	66	66	57	50	49	43	73	85	86
Enrollment										

Number of Schools at June 30, 2019
 Elementary - 1

Source: District Records, ASSA

BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities,
Last Ten Fiscal Years
(Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Avalon School - only building		65,061.39	57,852.38	57,946.26	64,517.07	82,509.52	63,612.16	62,044.72	61,556.06	70,673.44	94,608.83
Total School Facilities		65,061.39	57,852.38	57,946.26	64,517.07	82,509.52	63,612.16	62,044.72	61,556.06	70,673.44	94,608.83
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		65,061.39	57,852.38	57,946.26	64,517.07	82,509.52	63,612.16	62,044.72	61,556.06	70,673.44	94,608.83

Source: District Records

BOROUGH OF AVALON SCHOOL DISTRICT
Insurance Schedule
For the Fiscal Year Ended June 30, 2020
(Unaudited)

Company	Type of Coverage	Amount of Coverage	Deductible
New Jersey School Boards Association Insurance Group			
Package Policy			
I Property			
	Blanket Real & Personal Property - per occurrence	\$ 12,226,800	\$ 5,000
	Blanket Extra Expense	50,000,000	5,000
	Blanket Valuable Papers and Records	10,000,000	5,000
	Demolition and Increased Cost of Construction - per occurrence	10,000,000	
	Flood - per occurrence/NJSBAIG annual aggregate - Zone A & V	10,000,000	500,000
	Flood - per occurrence/NJSBAIG annual aggregate - All Other Zones	50,000,000	10,000
	Earthquake - per occurrence/NJSBAIG annual aggregate	50,000,000	
	Terrorism - per occurrence/NJSBAIG annual aggregate	1,000,000	
II Electronic Data Processing			
	EDP Hardware/Software	250,000	1,000
III Equipment Breakdown			
	Combined Single Limit per Accident for Property Damage & Expense	100,000,000	5,000
IV Crime			
	Public Employee Dishonesty with Faithful Performance	250,000	1,000
	Moneys & Securities	25,000	500
	Forgery or Alteration	50,000	500
	Computer Fraud	25,000	500
	Public Officials Bond - Board Secretary	10,000	500
	Public Officials Bond - Board Treasurer	155,000	1,000
V Comprehensive General Liability			
	Bodily Injury and Property Damage	11,000,000	
	Bodily Injury from Products & Operations - Annual Aggregate	11,000,000	
	Sexual Abuse	11,000,000	
	Personal Injury & Advertising Injury - Per Occurrence/Annual Aggregate	11,000,000	
	Employee Benefit Liability - Per Claim/Annual Aggregate	11,000,000	
	Premises Medical Payments - Per Accident	10,000	
VI Automobile			
	Liability		
	Combined Single Limit	11,000,000	1,000
Workers Compensation			
	Bodily Injury by Accident - Per Accident	statutory	
	Bodily Injury by Disease - Per Employee	statutory	
	Bodily Injury by Disease - Agreement Limit	statutory	
Errors & Omissions			
	Coverage A		
	Limit of Liability - Each Policy Period	11,000,000	5,000
	Coverage B		
	Limit of Liability - Each Claim	100,000	5,000
	Each Policy Period	300,000	5,000

Source: District records.

Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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

Honorable President and
Members of the Board of Education
Avalon School District
County of Cape May
Avalon, New Jersey

We have audited, in accordance with the 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Avalon School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Borough of Avalon School District's basic financial statements, and have issued our report thereon dated January 12, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Avalon School Districts basic 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 basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements prescribed by the Division of Finance, Department of Education, and State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Michael S. Garcia

**Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080**

January 12, 2021

BOROUGH OF AVALON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures			Repayment of Prior Years' Balances	(Accounts Receivable) 06/30/2020	Deferred Revenue/ 06/30/2020	Due to Grantor June 30, 2020
										Pass Through	Source	Total				
U.S. Department of Education																
Passed Through State																
Department of Education																
Special Revenue Fund:																
Special Education Cluster (IDEA):																
I.D.E.A. Part B - Basic Regular	84.027A	S027A180100	FT 19	7/1/19	21,899.00	(4,404.49)	0.49	6,255.00	(20,265.00)	(20,265.00)	(14,010.00)	0.00				
I.D.E.A. Part B - Basic Regular	84.027A	S027A180100	FT 18	7/1/18	21,899.00			4,404.00	(540.00)	(540.00)	0.00	(540.00)				
I.D.E.A. Preschool	84.173A	S173A180114	PS 18	7/1/18	1,047.00	(1,047.00)	0.49	1,047.00	-	-	-	-				
I.D.E.A. Preschool	84.173A	S173A180114	PS 18	7/1/18	1,047.00	(6,451.49)	0.49	11,706.00	(20,805.00)	(20,805.00)	(14,550.00)	-				
Total Special Education Cluster (IDEA)																
Small Rural School Achievement Program	85.358A	S358A190753	N/A	7/1/19	17,098.00				(9,164.00)	(9,164.00)	(9,164.00)					
Total Special Revenue Fund																
Total Federal Financial Awards																
						\$ (6,451.49)	0.49	\$ -	\$ 11,706.00	\$ (9,164.00)	\$ (29,969.00)	\$ (237,14.00)	\$ -	\$ -	\$ -	\$ -

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

BOROUGH OF AVALON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayments of Prior Years' Balances	Balance at June 30, 2020			MEMO Cumulative Total Expenditures
				Deferred Revenue/ (Accts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor	
State Department of Education													
General Fund:													
State Aid Public Cluster:													
Security Aid	20-495-034-5120-084	7/1/2019 - 6/30/2020	4,841.00				4,841.00	(4,841.00)				384.98	4,841.00
Special Education Categorical Aid	20-495-034-5120-089	7/1/2019 - 6/30/2020	36,286.00				36,286.00	(36,286.00)				2,885.68	36,286.00
Total State Aid Public Cluster							41,127.00	(41,127.00)				3,270.66	41,127.00
Transportation Aid	20-495-034-5120-014	7/1/2019 - 6/30/2020	28,649.00				28,649.00	(28,649.00)				2,278.34	28,649.00
Non-Public Transportation Aid	20-100-034-5120-064	7/1/2019 - 6/30/2019	870.00	(870.00)			870.00						870.00
Reimbursed TPAF Social Security Contributions	19-100-034-5120-064	7/1/2018 - 6/30/2019	870.00										
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/2019 - 6/30/2020	119,104.51				107,334.33	(119,104.51)		(11,770.18)			119,104.51
On-Behalf TPAF Pension Contributions	19-495-034-5094-003	7/1/2019 - 6/30/2019	110,665.53	(10,282.36)			10,282.36						110,665.53
On-Behalf TPAF Pension Contributions	20-495-034-5095-001	7/1/2019 - 6/30/2020	453,534.00				453,534.00	(453,534.00)					453,534.00
Total General Fund				(11,152.36)			641,796.69	(642,414.51)		(11,770.18)		5,549.00	759,950.04
Total State Financial Assistance				(11,152.36)			641,796.69	(642,414.51)		(11,770.18)		5,549.00	759,950.04
Less: On Behalf TPAF Pension Contributions:													
								(453,534.00)					
								(188,880.51)					

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2020**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Education, Borough of Avalon. The Board of Education is defined in Note 1(A) to the Board's 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 schedule 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 of accounting with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) and 1(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas GAAP reporting, revenue is not recognized until the subsequent year or when the 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. 18A:22-4.2*. For GAAP purposes that payment is not recognized until the subsequent 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 recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis was \$326.00 for the general fund and \$0.00 for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2020
(CONTINUED)**

	<u>General fund</u>	<u>Total</u>
State Assistance:		
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 642,414.51	642,414.51
Difference – budget to "GAAP"		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	5,875.00	5,875.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(5,549.00)	(5,549.00)
<hr/>		
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 642,740.51</u>	<u>642,740.51</u>

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2020
(CONTINUED)**

	Special Revenue Fund	Total
Federal Assistance:		
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 29,969.00	29,969.00
Difference - budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	<u>\$ 29,969.00</u>	<u>29,969.00</u>

The On-Behalf Pension Contributions made for the district by the State of New Jersey are recognized as revenue in the basic financial statements but are not considered in the major program determination.

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF pension contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2020. TPAF social security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

BOROUGH OF AVALON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part I -- Summary of Auditor's Results

State Awards Section

Not Applicable

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes _____ no

2) Significant deficiencies identified _____ yes _____ none reported

Type of auditor's report on compliance for major programs _____

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

Identification of major programs:

GMIS Number(s)

Name of State Program

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

N) Dollar threshold used to determine Type A programs: _____

O) Auditee qualified as low-risk auditee? _____ yes _____ no

**BOROUGH OF AVALON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING JUNE 30, 2020**

Part 2 – Schedule of Financial Statement Findings

NONE

Part 3 – Schedule of State Award Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

NONE