

***SCHOOL DISTRICT***

***OF***

***AVON-BY-THE-SEA***

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

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2023**

# AVON-BY-THE-SEA SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**

# Avon Board of Education

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

Amy S. Lerner, Board Secretary  
School Business Administrator

(732) 775-4310, ext. 201  
Fax (732) 775-0761  
amy\_lerner@avonschool.com

November 30, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Avon-By-The-Sea School District ("District") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Avon-By-The-Sea Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

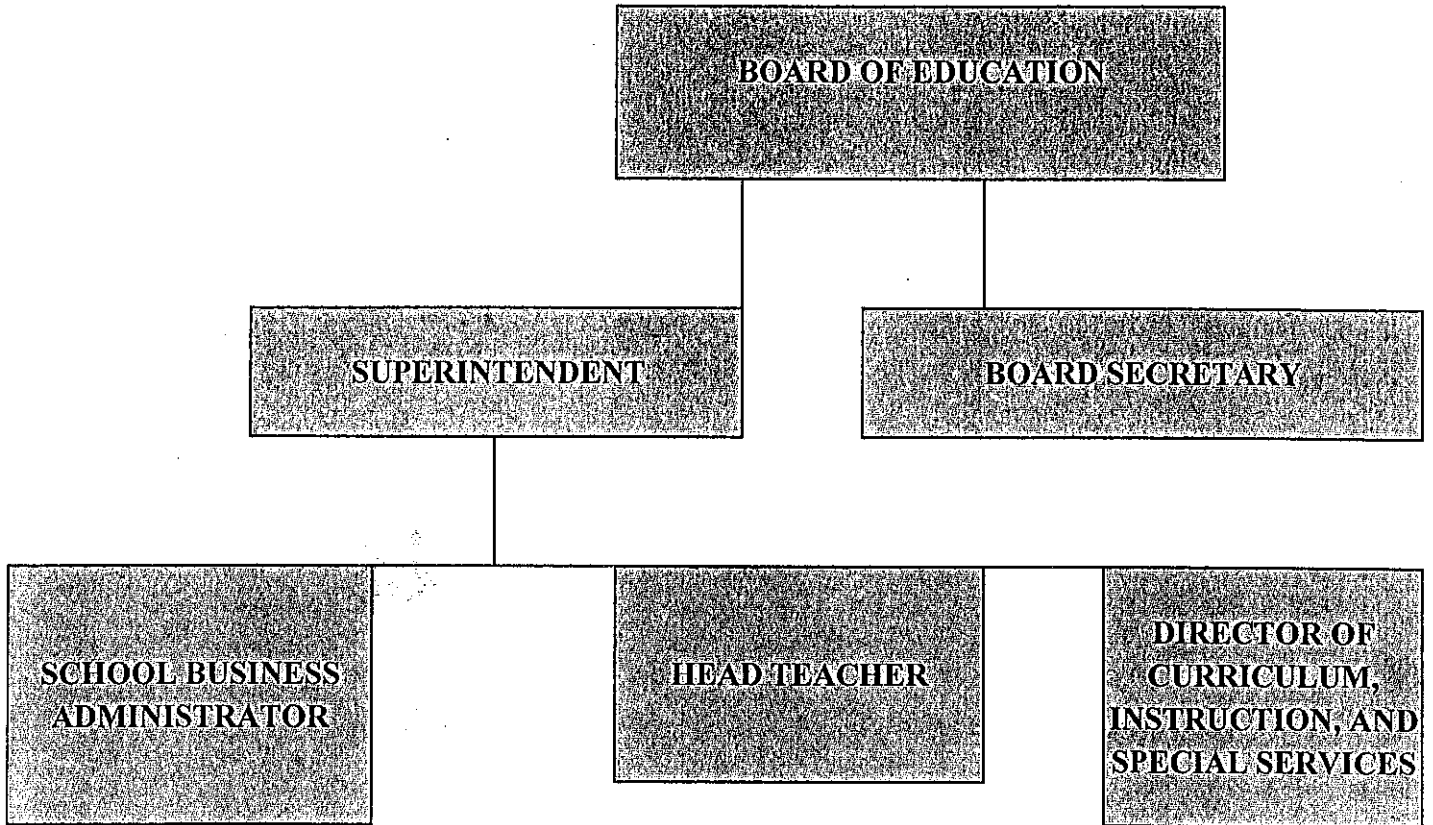
The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial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

Respectfully submitted,



Amy S. Lerner  
School Business Administrator/Board Secretary

**AVON BOARD OF EDUCATION  
ORGANIZATIONAL CHART**



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

**ROSTER OF OFFICIALS**

**JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
William Bing, President	2024
Kristen Scrabis-Fletcher, Vice President	2023
Meghan Rehbein	2024
Michael Evans	2023
Jane Losinger	2025
Matthew Johnson	2023
Mary Requa	2025

Other Officials

Dr. Michael-John Herits, Superintendent/Principal  
Amy S. Lerner, Board Secretary/School Business Administrator  
Christopher Mullins, Treasurer of School Funds  
Douglas J. Kovats, Esq., Attorney



**AVON-BY-THE-SEA BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**JUNE 30, 2023**

**AUDIT FIRM**

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

**ATTORNEY**

Douglas J. Kovats, Esq.  
Kenny, Gross, Kovats & Parton  
130 Maple Avenue  
Red Bank, NJ 07701

**OFFICIAL DEPOSITORY**

Kearny Savings Bank  
611 Main Street  
Belmar, NJ 07719

**FINANCIAL SECTION**

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

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

Phone: (732) 922-4222  
Fax: (732) 922-4533

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

## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Avon-By-The-Sea School District (the "District") in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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) and the schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*", are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

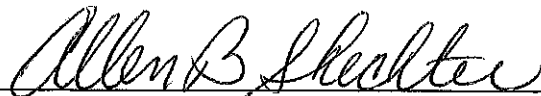
## Other Information

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

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

November 30, 2023  
Neptune, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**(Unaudited)**

The discussion and analysis of the Avon-By-The-Sea School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2023 are as follows:

- \* General revenues accounted for \$5,412,984.10 in revenue or 92.70% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$426,360.41 or 7.30% of total revenues of \$5,839,344.51.
- \* Total net position of governmental activities increased by \$709,369.20.
- \* The School District had \$5,129,975.31 in expenses; only \$426,360.41 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,412,984.10 were adequate to provide for these programs.
- \* The General Fund had \$5,509,794.44 in revenues and \$5,116,564.99 in expenditures. The General Fund's balance increased \$393,229.45 over 2022.

**Using this Annual Comprehensive Annual Financial Report (ACFR)**

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

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

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The *Statement of Net Position* and the *Statement of Activities* helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major (all) funds is included in the 2022-23 Annual Comprehensive Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund.

### **Governmental Funds**

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

### **Enterprise Fund**

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



## The School District as a Whole

The *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2023 compared to June 30, 2022.

**Table 1**  
**Net Position**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current and Other Assets	2,222,881.96	1,791,246.66
Capital and Lease Assets	<u>6,213,915.79</u>	<u>6,223,106.86</u>
<b>Total Assets</b>	<b><u>\$8,436,797.75</u></b>	<b><u>\$8,014,353.52</u></b>
<b>Deferred Outflows of Resources</b>	<b><u>\$ 341,526.97</u></b>	<b><u>\$ 233,551.04</u></b>
<b>Liabilities</b>		
Current Liabilities	467,354.09	430,354.77
Long-Term Liabilities	<u>4,660,106.87</u>	<u>4,748,541.23</u>
<b>Total Liabilities</b>	<b><u>\$5,127,460.96</u></b>	<b><u>\$5,178,896.00</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>\$ 108,229.00</u></b>	<b><u>\$ 235,743.00</u></b>
<b>Net Position</b>		
Invested in Capital and Lease Assets, Net of Related Debt	1,905,089.52	1,647,696.74
Restricted	1,487,280.24	1,300,118.75
Unrestricted	<u>150,265.00</u>	<u>(114,549.93)</u>
<b>Total Net Position</b>	<b><u>\$3,542,634.76</u></b>	<b><u>\$2,833,265.56</u></b>

Table 2 provides a comparison analysis of District-Wide changes in net position from fiscal years 2023 and 2022.

**Table 2**  
**Changes in Net Position**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Program Revenues:		
Charge for Services	179,586.95	172,298.95
Operating Grants and Contributions	246,773.46	177,349.54
General Revenues:		
Property Taxes	4,349,015.00	4,267,829.00
State Aid not Restricted	1,020,189.80	1,038,811.22
Other	<u>43,779.30</u>	<u>11,450.16</u>
<b>Total Revenues</b>	<b><u>\$5,839,344.51</u></b>	<b><u>5,667,738.87</u></b>
<b>Program Expenses</b>		
Instruction	2,346,080.03	2,328,341.31
Support Services:		
Pupils and Instructional Staff	1,513,426.19	1,788,309.07
General Administration and Central Services	320,952.71	309,691.96
Operations and Maintenance of Facilities	309,281.19	276,489.23
Pupil Transportation	263,438.70	273,559.08
Interest on Long-Term Debt and Other Charges	157,304.39	169,180.26
Unallocated Amortization and Depreciation	189,030.97	183,032.72
Food Service	<u>30,461.13</u>	<u>22,796.78</u>
<b>Total Expenses</b>	<b><u>\$5,129,975.31</u></b>	<b><u>5,351,400.41</u></b>
<b>Increase/(Decrease) in Net Position</b>	<b><u>\$ 709,369.20</u></b>	<b><u>\$ 316,338.46</u></b>

## Governmental Activities

Property taxes made up 74.51% of revenues for governmental activities for the Avon-By-The-Sea School District for the fiscal year 2023. The School District's total revenues were \$5,836,557.85 for the fiscal year ended June 30, 2023. Federal, state and local grants accounted for another 25.49% of revenues.

The total cost of all programs and services was \$5,099,514.18. Instruction comprises 38.31% of School District expenses.

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

- \* Food service expenses exceeded revenues by \$4,544.06.
- \* Charges for services represent \$11,131.95 of revenue. This represents amounts paid by patrons for daily food services.
- \* Federal and state reimbursements for all meals was \$14,785.12.

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

**Table 3**  
**Governmental Activities**

	<u>2023</u>		<u>2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	2,346,080.03	2,062,139.08	2,328,341.31	2,043,482.65
Support Services:				
Pupil and Instructional Staff	1,513,426.19	1,400,123.80	1,788,309.07	1,751,897.48
General Administration and Central Services	320,952.71	320,952.71	309,691.96	309,691.96
Operation and Maintenance of Facilities	309,281.19	309,281.19	276,489.23	276,489.23
Pupil Transportation	263,438.70	260,238.70	273,559.08	271,959.08
Interest on Long-Term Debt and Other Charges	157,304.39	157,304.39	169,180.26	169,180.26
Unallocated Amortization and Depreciation	<u>189,030.97</u>	<u>189,030.97</u>	<u>183,032.72</u>	<u>183,032.72</u>
<b>Total Expenses</b>	<b><u>\$5,099,514.18</u></b>	<b><u>\$4,699,070.84</u></b>	<b><u>\$5,328,603.63</u></b>	<b><u>\$5,005,733.38</u></b>

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

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

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

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

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

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

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

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

**The School District’s Funds**

Information about the School District’s major funds is included in the 2022-23 Annual Comprehensive Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e. General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) had total revenues of \$6,153,976.78 and expenditures of \$5,760,928.01. The net change in fund balance for the year in the General Fund, was an increase of \$393,048.77. The School District is able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2023, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021/22</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	4,560,462.64	74.11%	111,028.93	2.50%
State Sources	1,363,525.80	22.16%	236,286.58	20.96%
Federal Sources	<u>229,988.34</u>	<u>3.73%</u>	<u>77,293.01</u>	<u>50.62%</u>
<b>Total</b>	<b><u>\$6,153,976.78</u></b>	<b><u>100.00%</u></b>	<b><u>424,608.52</u></b>	<b><u>7.41%</u></b>

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

The increase in State Sources is attributed to maintenance of equity and supplemental stabilization aid.

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

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2023.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021/22</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
Instruction	1,965,116.02	34.17%	146,228.59	8.04%
Undistributed Expenditures	3,199,434.88	55.54%	(125,779.66)	(3.78)%
Debt Service	412,374.68	7.16%	2,999.90	.73%
Capital Outlay	<u>184,002.43</u>	<u>3.19%</u>	<u>160,890.58</u>	<u>696.14%</u>
<b>Total</b>	<b><u>\$5,760,928.01</u></b>	<b><u>100.00%</u></b>	<b><u>184,339.41</u></b>	<b><u>3.31%</u></b>

The increase in Current - Instruction is attributed to an increase in purchased salaries and supplies.

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

The increase in Debt Service is attributed to the prior implementation of GASB Statement No. 87 adding lease obligations to the Debt Service.

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

### **General Fund Budgeting Highlights**

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

During the course of the fiscal 2023 year, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems designed to tightly control total program budgets but provide flexibility for program management.

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

While the School District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$391,687.45 increase in surplus funds for a total unassigned free balance of \$538,976.00 at June 30, 2023.

### **Capital and Lease Assets**

At the end of the fiscal 2023 year, the School District had \$6,213,915.79 invested in land, site improvements, building and building improvements, and machinery and equipment, net of depreciation.

**Table 4**  
**Capital & Lease Assets (Net of Amortization & Depreciation) at June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Land	8,800.00	8,800.00
Site Improvements	54,898.97	59,142.02
Buildings and Improvements	6,049,193.52	6,019,880.75
Licensed Vehicles	.00	.00
Machinery and Equipment	<u>101,023.30</u>	<u>129,943.47</u>
<b>Totals</b>	<b><u>\$6,213,915.79</u></b>	<b><u>\$6,217,766.24</u></b>

## **Debt Administration**

At June 30, 2023, the School District had \$4,936,292.65 as outstanding debt. Of this amount, \$46,029.22 is for Compensated Absences and \$4,280,000.00 is for general obligation bonds, \$116,882.30 is for unamortized bond premiums, \$468,832.00 is for net pension liability and \$24,549.13 for lease obligations.

At June 30, 2023, the School District's overall legal debt margin was \$31,859,025.00.

## **For the Future**

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

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

The uncertainty of state aid and levy cap restrictions continue to present new challenges for the Avon-By-The-Sea School District as the budget for the 2024/25 school year is developed. The Avon-By-The-Sea School District will continue to maintain sound fiscal management, while continuously improving the existing program and addressing safety, security and facility needs.

## **Contacting the School District's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	857,819.80	53,900.29	911,720.09
Receivables, Net	771,052.15	1,846.11	772,898.26
Restricted Cash and Cash Equivalents	538,263.61	.00	538,263.61
Capital Assets, Net (Note 5)	6,186,484.79	4,277.14	6,190,761.93
Right-Of-Use Lease Assets, Net (Note 6)	<u>23,153.86</u>	<u>.00</u>	<u>23,153.86</u>
Total Assets	<u>8,376,774.21</u>	<u>60,023.54</u>	<u>8,436,797.75</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Loss on Refunding of Debt	147,251.97	.00	147,251.97
Deferred Outflows Related to Pensions (Note 11)	<u>194,275.00</u>	<u>.00</u>	<u>194,275.00</u>
Total Deferred Outflows of Resources	<u>341,526.97</u>	<u>.00</u>	<u>341,526.97</u>
<b>LIABILITIES:</b>			
Accounts Payable	64,929.01	57,674.80	122,603.81
Accrued Interest	61,322.90	.00	61,322.90
Unearned Revenue	7,241.60	.00	7,241.60
Noncurrent Liabilities (Note 7):			
Due Within One Year	276,185.78	.00	276,185.78
Due Beyond One Year	<u>4,660,106.87</u>	<u>.00</u>	<u>4,660,106.87</u>
Total Liabilities	<u>5,069,786.16</u>	<u>57,674.80</u>	<u>5,127,460.96</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows Related to Pensions (Note 11)	<u>108,229.00</u>	<u>.00</u>	<u>108,229.00</u>
<b>NET POSITION:</b>			
Invested in Capital & Lease Assets, Net of Related Debt	1,905,089.52	.00	1,905,089.52
Restricted for:			
Excess Surplus	949,015.66	.00	949,015.66
Capital Reserve	434,149.42	.00	434,149.42
Tuition Reserve	86,121.00	.00	86,121.00
Debt Service	.97	.00	.97
Unemployment Compensation	17,993.19	.00	17,993.19
Unrestricted	<u>147,916.26</u>	<u>2,348.74</u>	<u>150,265.00</u>
Total Net Position	<u>\$3,540,286.02</u>	<u>2,348.74</u>	<u>3,542,634.76</u>

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



**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

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<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes In Net Position</u>		
			<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction:								
Regular Instruction	1,586,571.69	307,674.44	165,255.00	118,685.95	.00	(1,610,305.18)	.00	(1,610,305.18)
Special Education Instruction	269,341.08	75,100.33	.00	.00	.00	(344,441.41)	.00	(344,441.41)
Other Instruction	97,589.29	9,803.20	.00	.00	.00	(107,392.49)	.00	(107,392.49)
Support Services:								
Tuition	660,206.33	.00	.00	.00	.00	(660,206.33)	.00	(660,206.33)
Student & Instruction Related Services	757,006.34	96,213.52	.00	113,302.39	.00	(739,917.47)	.00	(739,917.47)
General Administration	245,278.85	22,648.18	.00	.00	.00	(267,927.03)	.00	(267,927.03)
Central Services	51,142.99	1,882.69	.00	.00	.00	(53,025.68)	.00	(53,025.68)
Plant Operations and Maintenance	312,716.07	(3,434.88)	.00	.00	.00	(309,281.19)	.00	(309,281.19)
Pupil Transportation	264,616.86	(1,178.16)	3,200.00	.00	.00	(260,238.70)	.00	(260,238.70)
Unallocated Employee Benefits	505,664.27	(505,664.27)	.00	.00	.00	(.00)	.00	(.00)
Interest on Long-Term Debt and Other Charges	157,304.39	.00	.00	.00	.00	(157,304.39)	.00	(157,304.39)
Unallocated Amortization and Depreciation	<u>192,076.02</u>	<u>(3,045.05)</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>(189,030.97)</u>	<u>.00</u>	<u>(189,030.97)</u>
Total Governmental Activities	<u>\$5,099,514.18</u>	<u>.00</u>	<u>168,455.00</u>	<u>231,988.34</u>	<u>.00</u>	<u>(4,699,070.84)</u>	<u>.00</u>	<u>(4,699,070.84)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	<u>30,461.13</u>	<u>.00</u>	<u>11,131.95</u>	<u>14,785.12</u>	<u>.00</u>	<u>.00</u>	<u>(4,544.06)</u>	<u>(4,544.06)</u>
Total Business-Type Activities	<u>30,461.13</u>	<u>.00</u>	<u>11,131.95</u>	<u>14,785.12</u>	<u>.00</u>	<u>.00</u>	<u>(4,544.06)</u>	<u>(4,544.06)</u>
Total Primary Government	<u>\$5,129,975.31</u>	<u>.00</u>	<u>179,586.95</u>	<u>246,773.46</u>	<u>.00</u>	<u>(4,699,070.84)</u>	<u>(4,544.06)</u>	<u>(4,703,614.90)</u>
<b>GENERAL REVENUES:</b>								
Taxes:								
Property Taxes Levied for General Purposes						4,032,065.00	.00	4,032,065.00
Property Taxes Levied for Debt Service						316,950.00	.00	316,950.00
State Aid Not Restricted						1,020,189.80	.00	1,020,189.80
Interest Earnings -Restricted						321.25	.00	321.25
Interest Earnings - Unrestricted						20,113.14	544.83	20,657.97
Miscellaneous Income						<u>20,558.25</u>	<u>2,241.83</u>	<u>22,800.08</u>
Total General Revenues, Special Items, Extraordinary Items and Transfers						<u>5,410,197.44</u>	<u>2,786.66</u>	<u>5,412,984.10</u>
Change in Net Position						711,126.60	(1,757.40)	709,369.20
Net Position - July 1						<u>2,829,159.42</u>	<u>4,106.14</u>	<u>2,833,265.56</u>
Net Position - June 30						<u>\$3,540,286.02</u>	<u>2,348.74</u>	<u>3,542,634.76</u>

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

## **FUND FINANCIAL STATEMENTS**

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	848,398.68	9,421.12	.00	857,819.80
Receivables:				
Interfunds Receivable	126,105.20	.00	.00	126,105.20
Receivables from Other Governments	629,236.93	58,660.88	26,412.50	714,310.31
Other Receivables	302.96	.00	.00	302.96
Restricted Cash and Cash Equivalents	<u>538,263.61</u>	<u>.00</u>	<u>.00</u>	<u>538,263.61</u>
Total Assets	<u>\$2,142,307.38</u>	<u>68,082.00</u>	<u>26,412.50</u>	<u>2,236,801.88</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts Payable:				
Interfunds Payable	.00	43,254.79	26,411.53	69,666.32
Payroll Deductions and Withholdings Payable	9,494.04	.00	.00	9,494.04
Unemployment Compensation Claims Payable	13,174.64	.00	.00	13,174.64
Other	24,674.72	17,585.61	.00	42,260.33
Unearned Revenue	<u>.00</u>	<u>7,241.60</u>	<u>.00</u>	<u>7,241.60</u>
Total Liabilities	<u>47,343.40</u>	<u>68,082.00</u>	<u>26,411.53</u>	<u>141,836.93</u>
Fund Balances:				
Restricted For:				
Excess Surplus - Current Year	510,096.25	.00	.00	510,096.25
Excess Surplus Designated for Subsequent Year's Expenditures	438,919.41	.00	.00	438,919.41
Capital Reserve	434,149.42	.00	.00	434,149.42
Tuition Reserve	86,121.00	.00	.00	86,121.00
Debt Service	.00	.00	.97	.97
Unemployment Compensation	17,993.19	.00	.00	17,993.19
Assigned To:				
Encumbrances	13,304.12	.00	.00	13,304.12
Designated by the BOE for Subsequent Year's Expenditures	72,651.59	.00	.00	72,651.59
Unassigned:				
General Fund	<u>521,729.00</u>	<u>.00</u>	<u>.00</u>	<u>521,729.00</u>
Total Fund Balances	<u>2,094,963.98</u>	<u>.00</u>	<u>.97</u>	<u>2,094,964.95</u>
Total Liabilities and Fund Balances	<u>\$2,142,307.38</u>	<u>68,082.00</u>	<u>26,412.50</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$8,739,498.13 and the accumulated depreciation is \$(2,553,013.34). (See Note 5)

6,186,484.79

Leased assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the leased assets is \$44,964.10 and the accumulated amortization is \$(21,810.24). (See Note 6)

23,153.86

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

    Deferred Outflows Related to Pensions (See Note 11)

194,275.00

    Loss on Refunding Bonds (See Note 7)

147,251.97

    Deferred Inflows Related to Pensions (See Note 11)

(108,229.00)

233,297.97

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 7)

(4,936,292.65)

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

(61,322.90)

Net Position of Government Funds

\$3,540,286.02

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Local Sources:				
Local Tax Levy	4,032,065.00	.00	316,950.00	4,349,015.00
Tuition from Individuals	165,255.00	.00	.00	165,255.00
Transportation Fees from Individuals	3,200.00	.00	.00	3,200.00
Interest Earned on Capital Reserve	5,354.54	.00	.00	5,354.54
Other Restricted Miscellaneous Revenues	321.25	.00	.00	321.25
Unrestricted Miscellaneous Revenue	<u>35,316.85</u>	<u>2,000.00</u>	<u>.00</u>	<u>37,316.85</u>
Total - Local Sources	4,241,512.64	2,000.00	316,950.00	4,560,462.64
State Sources	1,268,281.80	.00	95,244.00	1,363,525.80
Federal Sources	.00	229,988.34	.00	229,988.34
Total Revenues	<u>5,509,794.44</u>	<u>231,988.34</u>	<u>412,194.00</u>	<u>6,153,976.78</u>
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	1,479,499.70	118,685.95	.00	1,598,185.65
Special Education Instruction	269,341.08	.00	.00	269,341.08
Other Instruction	97,589.29	.00	.00	97,589.29
Support Services:				
Tuition	660,206.33	.00	.00	660,206.33
Student & Instruction Related Services	642,461.81	113,302.39	.00	755,764.20
General Administration	241,706.16	.00	.00	241,706.16
Central Services	51,142.99	.00	.00	51,142.99
Plant Operations and Maintenance	312,662.07	.00	.00	312,662.07
Pupil Transportation	264,616.86	.00	.00	264,616.86
Unallocated Employee Benefits	913,336.27	.00	.00	913,336.27
Debt Service:				
Principal	.00	.00	255,000.00	255,000.00
Interest and Other Charges	.00	.00	157,374.68	157,374.68
Capital Outlay	<u>184,002.43</u>	<u>.00</u>	<u>.00</u>	<u>184,002.43</u>
Total Expenditures	<u>5,116,564.99</u>	<u>231,988.34</u>	<u>412,374.68</u>	<u>5,760,928.01</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>393,229.45</u>	<u>.00</u>	<u>(180.68)</u>	<u>393,048.77</u>
Net Change in Fund Balances	393,229.45	.00	(180.68)	393,048.77
Fund Balance - July 1	<u>1,701,734.53</u>	<u>.00</u>	<u>181.65</u>	<u>1,701,916.18</u>
Fund Balance - June 30	<u>\$2,094,963.98</u>	<u>.00</u>	<u>.97</u>	<u>2,094,964.95</u>

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

Total net change in fund balances - governmental funds (from B-2)		393,048.77
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current fiscal year.		
Capital Outlay	183,948.43	
Depreciation Expense	<u>(181,170.90)</u>	2,777.53
Capital outlays related to leased assets are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense.		(10,905.12)
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.		255,000.00
Payment of leases is an expenditure in the government funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		10,520.37
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		(5,564.83)
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Amortization of Original Issue Premium	8,990.95	
Amortization of Deferred Loss on Refunding of Debt	<u>(11,327.07)</u>	(2,336.12)
District pension contribution are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District Pension Contribution - 2023	39,176.00	
Add: Pension Expense	<u>25,160.00</u>	64,336.00
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.		4,250.00
Per GASB No. 68 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.		
Decrease in On-behalf State Aid TPAF Pension Revenue	(355,418.00)	
Decrease in On-behalf TPAF Pension Expense	<u>355,418.00</u>	.00
Per GASB No. 75 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf TPAF & PERS post-retirement medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.		
Increase in On-behalf State Aid TPAF & PERS Post-Retirement Medical Revenue	12,082.00	
Increase in On-behalf State Aid TPAF & PERS Post-Retirement Medical Expense	<u>(12,082.00)</u>	.00
Change in net position of governmental activities		<u>\$711,126.60</u>

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

**Business-Type Activities-**  
**Enterprise Funds**

**Food Service**

ASSETS:

Current Assets:

Cash and Cash Equivalents	53,900.29
Accounts Receivable:	
State	81.71
Federal	<u>1,764.40</u>

Total Current Assets 55,746.40

Noncurrent Assets:

Equipment	21,353.13
Less Accumulated Depreciation	<u>(17,075.99)</u>

Total Noncurrent Assets 4,277.14

Total Assets 60,023.54

LIABILITIES:

Current Liabilities:

Accounts Payable:	
Interfund Payable	56,438.88
Other Payable - Neptune City School District	<u>1,235.92</u>

Total Current Liabilities 57,674.80

NET POSITION:

Invested in Capital Assets, Net of Related Debt	.00
Unrestricted	<u>2,348.74</u>

Total Net Position \$ 2,348.74

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2023**

**Business-Type Activities-**  
**Enterprise Funds**

**Food Service**

**OPERATING REVENUES:**

Local Sources:

Daily Sales - Reimbursable Programs	8,866.95
Daily Sales - Non-Reimbursable Programs	<u>2,265.00</u>

Total Operating Revenues	<u>11,131.95</u>
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**OPERATING EXPENSES:**

Cost of Sales - Reimbursable Programs	17,163.99
Cost of Sales - Non-Reimbursable Programs	2,311.40
Salaries	7,121.25
Employee Benefits	545.08
Depreciation	1,063.48
Supplies	216.46
Miscellaneous Expenses	<u>2,039.47</u>

Total Operating Expenses	<u>30,461.13</u>
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Operating Loss	<u>(19,329.18)</u>
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**NONOPERATING REVENUES:**

State Sources:

State School Lunch Program	596.57
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Federal Sources:

National School Lunch Program	13,784.79
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HHFKA - Performance Based	403.76
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Interest Earnings	544.83
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Miscellaneous	<u>2,241.83</u>
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Total Nonoperating Revenues	<u>17,571.78</u>
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Change in Net Position	<u>(1,757.40)</u>
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Total Net Position - July 1	<u>4,106.14</u>
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Total Net Position - June 30	<u>\$ 2,348.74</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2023**

**Business-Type Activities-**  
**Enterprise Funds**

Food Service

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received from Daily Sales	11,000.70
Payments to Suppliers	(24,626.40)
Payments to Employees	(7,121.25)
Payments for Employee Benefits	<u>(545.08)</u>
Net Cash Used for Operating Activities	<u>(21,292.03)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

State Sources	578.07
Federal Sources	15,170.78
Interfunds	<u>51,275.06</u>
Net Cash Provided by Noncapital Financing Activities	<u>67,023.91</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest on Investments	<u>544.83</u>
Net Cash Provided by Investing Activities	<u>544.83</u>

Net Increase in Cash and Cash Equivalents 46,276.71

Cash and Cash Equivalents - July 1 7,623.58

Cash and Cash Equivalents - June 30 \$ 53,900.29

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

Operating Loss	<u>(19,329.18)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	1,063.48
Miscellaneous	2,241.83
Increase in Other Payable	(5,136.91)
(Decrease) in Student Charge Accounts	<u>(131.25)</u>
Total Adjustments	<u>(1,962.85)</u>

Net Cash Used for Operating Activities \$(21,292.03)

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



**NOTES TO THE FINANCIAL STATEMENTS**

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

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

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

**A. Reporting Entity:**

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

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

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

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

**B. New Accounting Standards:**

During fiscal year 2023, the District adopted the following GASB statements:

- GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations. Implementation of this Statement did not impact the District's financial statements.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objectives of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Implementation of this Statement did not impact the District's financial statements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. Implementation of this Statement did not impact the District's financial statements.
- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to enhance the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting guarantees. Implementation of this Statement did not impact the District's financial statements.

**AVON SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

**B. New Accounting Standards:**

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

- GASB Statement No. 100, *Accounting Changes and Error Correction - an amendment of GASB*, will be effective for the year ended June 30, 2024. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management does not expect this Statement to impact the financial statements.
- GASB Statement No. 101, *Compensated Absences*, will be effective for the year ended June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management does not expect this Statement to impact the financial statements.

**C. Basis of Presentation, Basis of Accounting:**

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

**Basis of Presentation**

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

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

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

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

**AVON SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

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

**Basis of Presentation (Cont'd):**

The District reports the following major governmental funds:

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

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

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

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

The District reports the following major proprietary fund:

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

**Basis of Accounting:**

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

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

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

Basis of Accounting (Cont'd):

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

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

**D. Budgets/Budgetary Control:**

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and GAAP with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as presented in the Notes to Required Supplementary Information. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

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

**E. Encumbrances:**

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

**E. Encumbrances (Cont'd):**

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

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

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

**Cash, Cash Equivalents, and Investments:**

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

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

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

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

**Interfund Transactions:**

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

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

**Bond Premiums:**

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

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

Allowance for Uncollectible Accounts:

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

Inventories:

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

Capital Assets:

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

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

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

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

Lease Assets:

Intangible Right-Of-Use Lease Assets are assets which the District leases for a term of more than one year. The amounts recognized as Right-Of-Use Lease Assets related to finance leases are included on the balance sheet, while the related liabilities are included in the current and long-term debt.

Unearned Revenue:

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

Accrued Liabilities and Long-Term Obligations:

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

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

Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. The amortization expense for the year ended June 30, 2022 amounted to \$11,327.07. As of June 30, 2023, the District has an unamortized balance of \$147,251.97 recorded as a deferred outflow of resources.

Net Position:

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

Fund Balance:

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

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

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

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

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



**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

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

**Fund Balance (Cont'd):**

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

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

**Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category, deferred loss on refunding bond issuance and deferred outflows related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred inflows related to pensions.

**Revenues - Exchange and Nonexchange Transactions:**

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

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

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

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

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Management Estimates:

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

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2023, and reported at fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
<b>Deposits:</b>			
Demand deposits			1,449,983.70
<b>Investments:</b>			
None			<u>.00</u>
<b>Total deposits and investments</b>			<b><u>\$1,449,983.70</u></b>
<b>Reconciliation of Statement of Net Position:</b>			
Cash and Cash Equivalents			911,720.09
Restricted Assets:			
Capital Reserve Account - Cash			434,149.42
Tuition Reserve Account - Cash			86,121.00
Unemployment Compensation - Cash			<u>17,993.19</u>
			<b><u>\$1,449,983.70</u></b>

**Custodial Credit Risk** - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$1,158,732.97 at June 30, 2023. Of the bank balance \$250,000.00 was fully insured by depository insurance and \$908,732.97 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

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

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

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

**Concentration of Investment Credit Risk** - The District places no limit on the amount it may invest in any one issuer. At June 30, 2023, the District had no investments.

**NOTE 3. CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$471,111.88
Interest earnings	5,354.54
Deposits Approved by Board Resolution	45,000.00
Withdrawals Approved in Budget	<u>(87,317.00)</u>
Ending balance, June 30, 2023	<u>\$434,149.42</u>

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects at June 30, 2023 is \$0. There were no withdrawals this year from the capital reserve account for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2023, consisted of interfunds and intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<b>Governmental Fund Financial Statements</b>	<b>District-Wide Financial Statements</b>
Local Tax Levy	362,417.95	362,417.95
State Aid	293,231.48	293,313.19
Federal Aid	58,660.88	60,425.28
Interfunds	126,135.20	56,438.88
Other	302.96	302.96
Gross Receivables	840,748.47	772,898.26
Less: Allowance for Uncollectibles	.00	.00
Total Receivables, Net	<b>\$840,748.47</b>	<b>772,898.26</b>

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	<b>Beginning Balance</b>	<b>Transfers or Additions</b>	<b>Transfers or Retirements</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	8,800.00	.00	.00	8,800.00
Total capital assets not being depreciated	8,800.00	.00	.00	8,800.00
Capital assets being depreciated:				
Site improvements	130,946.00	.00	.00	130,946.00
Building and building improvements	7,516,133.50	183,948.43	.00	7,700,081.93
Machinery and equipment	884,170.20	.00	.00	884,170.20
Licensed vehicles	15,500.00	.00	.00	15,500.00
Total capital assets being depreciated	8,546,749.70	183,948.43	.00	8,730,698.13
Total at historical cost	8,555,549.70	183,948.43	.00	8,739,498.13
Less accumulated depreciation for:				
Site Improvements	(71,803.98)	(4,243.05)	.00	(76,047.03)
Building and improvements	(1,496,252.75)	(154,635.66)	.00	(1,650,888.41)
Machinery and equipment	(788,285.71)	(22,292.19)	.00	(810,577.90)
Licensed vehicles	(15,500.00)	(.00)	.00	(15,500.00)
Total accumulated depreciation	(2,371,842.44)	(181,170.90)	.00	(2,553,013.34)
Governmental activity capital assets, net	<b>\$ 6,183,707.26</b>	<b>2,777.53</b>	<b>.00</b>	<b>6,186,484.79</b>
<b>Business-Type activities:</b>				
Capital assets being depreciated:				
Equipment	21,353.13	.00	.00	21,353.13
Less accumulated depreciation	(16,012.51)	(1,063.48)	.00	(17,075.99)
Enterprise fund capital assets, net	<b>\$ 5,340.62</b>	<b>(1,063.48)</b>	<b>.00</b>	<b>4,277.14</b>

**Depreciation expense was charged to the following governmental programs:**

Instruction - Regular	3,045.05
Unallocated	178,125.85
Total	<b>\$181,170.90</b>

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 6. RIGHT-OF-USE LEASE ASSETS - FINANCE LEASES**

The District has Right-Of-Use Lease Assets. The Right-Of-Use Lease Assets are for two leased copy machines and a software program that monitors printing usage by staff members. The related lease finance obligations are discussed in the Note 7. The Right-Of-Use Lease Assets are amortized on a straight-line basis over the terms of the related leases.

Right-Of-Use Lease Assets activity for the year ended June 30, 2023, is as follows:

	<b>Balance July 1, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2023</b>
<b>Governmental Activities:</b>				
Right-Of-Use Lease Assets:				
Machinery and Equipment	44,964.10	.00	.00	44,964.10
Total Right-Of-Use Lease Assets	44,964.10	.00	.00	44,964.10
Accumulated Amortization:				
Machinery and Equipment	(10,905.12)	(10,905.12)	.00	(21,810.24)
Total Accumulated Amortization	(10,905.12)	(10,905.12)	.00	(21,810.24)
Right-Of-Use Lease Assets, Net	\$ 34,058.98	(10,905.12)	.00	23,153.86

Amortization expense in the amount of \$10,905.12 was charged to governmental activities.

**NOTE 7. LONG-TERM DEBT OBLIGATIONS:**

Changes in long-term debt obligations for the year ended June 30, 2023, are as follows:

	<b>Balance July 1, 2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2023</b>	<b>Amounts Due Within One Year</b>
Bonds Payable	4,535,000.00	.00	(255,000.00)	4,280,000.00	265,000.00
Add: Unamortized Premium	125,873.25	.00	(8,990.95)	116,882.30	.00
	4,660,873.25	.00	(263,990.95)	4,396,882.30	265,000.00
Compensated Absences	40,464.39	15,915.09	(10,350.26)	46,029.22	.00
Net Pension Liability	286,351.00	182,481.00	(.00)	468,832.00	.00
Lease Obligations - Finance Leases	35,069.50	.00	(10,520.37)	24,549.13	11,185.78
	<u>\$5,022,758.14</u>	<u>198,396.09</u>	<u>(284,861.58)</u>	<u>4,936,292.65</u>	<u>276,185.78</u>

**A. Bonds Payable:**

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

	<b>Government Activities</b>			<b>Principal Balance June 30, 2023</b>
	<b>Issue Dates</b>	<b>Interest Rates</b>	<b>Date of Maturity</b>	
2015 Refunding Bonds	06/25/2015	1.50%-5.00%	02/01/2036	<u>\$4,280,000.00</u>

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONT'D):**

**A. Bonds Payable (Cont'd):**

Debt Service Requirements:

Principal and interest on bonds payable at June 30, 2023 are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	265,000.00	147,175.00	412,175.00
2025	275,000.00	136,575.00	411,575.00
2026	285,000.00	125,575.00	410,575.00
2027	300,000.00	114,175.00	414,175.00
2028-2032	1,630,000.00	427,406.28	2,057,406.28
2033-2036	<u>1,525,000.00</u>	<u>135,525.00</u>	<u>1,660,525.00</u>
	<u>\$4,280,000.00</u>	<u>1,086,431.28</u>	<u>5,366,431.28</u>

Bonds Authorized But Not Issued: The District has no authorized but not issued bonds at June 30, 2023.

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

**C. Compensated Absences:** For governmental activities, the liability for compensated absences are generally liquidated by the general fund.

**D. Lease Obligations - Finance Leases:**

As of June 30, 2023, the District had leases outstanding as follows:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Savin Digital Copier	11/28/25	6.32%	6,094.08
Paper Cut Software Program	04/28/25	6.62%	2,232.92
Savin Digital Copier	05/28/26	5.90%	<u>16,222.13</u>
Total			<u>\$24,549.13</u>

Interest expense in the amount of \$1,843.59 was charged to government activities.

The future annual lease payments as of June 30, 2023, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	11,185.78	1,178.18	12,363.96
2025	8,308.25	531.81	8,840.06
2026	<u>5,055.10</u>	<u>137.70</u>	<u>5,192.80</u>
	<u>\$24,549.13</u>	<u>1,847.69</u>	<u>26,396.82</u>

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 8. FUND BALANCE APPROPRIATED**

General Fund - Of the \$2,094,963.98 General Fund fund balance at June 30, 2023, \$510,096.25 has been restricted for excess surplus; \$438,919.41 has been restricted for excess surplus at June 30, 2021 and has been appropriated and included as anticipated revenue for the year ending June 30, 2024; \$434,149.42 has been restricted for the Capital Reserve Account; \$86,121.00 has been restricted for tuition adjustment in accordance with N.J.A.C. 6A:23-3.1(f)(8); \$17,993.19 has been restricted for Unemployment Compensation Account; \$13,304.12 of encumbrances for outstanding purchase orders have been assigned for other purposes; \$72,651.59 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2024; \$521,729.00 is unassigned.

**NOTE 9. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1997 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$510,096.25.

**NOTE 10. CONTINGENT LIABILITIES**

**Grant Programs:**

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

**NOTE 11. PENSION PLANS**

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

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

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 11. PENSION PLANS (CONT'D):**

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$6,522,673 as measured on June 30, 2022 and \$6,100,577 as measured on June 30, 2021.

*For the year ended June 30, 2023, the District recognized pension expense of \$175,543 and revenue of \$175,543 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.*

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

	<u>06/30/2021</u>	<u>06/30/2022</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	27,175,330,929	19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	48,075,188,642	51,594,415,806
State's portion of the net pension liability that was associated with the district	6,100,577	6,522,673
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.0126896589%	0.0126422080%

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

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



**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 11. PENSION PLANS (CONT'D):**

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

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

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

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

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

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 11. PENSION PLANS (CONT'D):**

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

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

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

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

*Summary of Significant Accounting Policies* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2023, the District reported a liability of \$468,832 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the year ended June 30, 2022. At June 30, 2022, the District's proportion was 0.0031066224% which was an increase of 0.0006894413% from its proportion measured as of June 30, 2021.

*For the year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension expense of (\$25,160). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:*

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	3,384	2,984
Changes of assumptions	1,453	70,203
Net difference between projected and actual earnings on pension plan investments	19,405	-
Changes in proportion and differences between District contributions and proportionate share of contributions	130,857	35,042
District contributions subsequent to the measurement date	<u>39,176</u>	<u>-</u>
Total	<u>\$194,275</u>	<u>\$108,229</u>

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 11. PENSION PLANS (CONT'D):**

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

\$39,176 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b><u>Year Ended June 30</u></b>
2024	(10,283)
2025	55
2026	16,329
2027	39,952
2028	<u>817</u>
 Total	 \$ <u>46,870</u>

Additional Information:

Local Group Collective balances at June 30, 2021 and 2022 are as follows:

	<b><u>06/30/2021</u></b>	<b><u>06/30/2022</u></b>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,965
Collective net pension liability (Non State - Local Group)	11,972,782,878	15,219,184,920
District's portion of net pension liability	286,351	468,832
District's portion %	0.0024171811%	0.0031066224%

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

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 11. PENSION PLANS (CONT'D):**

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

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

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

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

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

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 11. PENSION PLANS (CONT'D):**

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2022, calculated using the discount rate of (7.00%), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's proportionate share of the net pension liability	\$573,850	\$468,832	\$379,823

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

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

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Member contributions are matched by a 3% employer contribution. For the year ended June 30, 2023, employee contributions total \$4,201.32 and the District recognized pension expense of \$3,197.12. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 11. PENSION PLANS (CONT'D):**

**Significant Legislation (Cont'd):**

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

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

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

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

**Three-Year Trend Information for PERS**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Liability</u>
6/30/23	39,176	100%	-
6/30/22	28,308	100%	-
6/30/21	25,413	100%	-

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Liability</u>
6/30/23	530,961	100%	-
6/30/22	527,779	100%	-
6/30/21	375,891	100%	-

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 11. PENSION PLANS (CONT'D):**

**Contribution Requirements (Cont'd):**

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$139,482.00 to the TPAF for post-retirement medical benefits and \$397.00 for long-term disability insurance on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$123,398.80 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in the fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

**NOTE 12. OTHER POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan**

**State Health Benefit State Retired Employees Plan**

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 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 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claim 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 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Total Nonemployer OPEB Liability**

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

**AVON SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

**General Information about the OPEB Plan (Cont'd):**

**Total Nonemployer OPEB Liability (Cont'd):**

**Actuarial Assumptions and Other Inputs**

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Total Nonemployer OPEB Liability	\$50,646,462,966		
Salary Increases:	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	Based on Service Years	Based on Service Years	Based on Service Years

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2023. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2023. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**Discount Rate**

The discount rate for June 30, 2022 was 3.54%. 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.



**AVON SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

**General Information about the OPEB Plan (Cont'd):**

**Total Nonemployer OPEB Liability (Cont'd):**

**Changes in the State's Total Nonemployer OPEB Liability**

	<b><u>Total OPEB Liability</u></b>
Balance at June 30, 2021	\$60,007,650,970
Changes for the Year:	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments by the State	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net Changes	<u>(9,361,188,004)</u>
Balance at June 30, 2022	<u>\$ 50,646,462,966</u>

Differences Between Expected and Actual Experience: The \$1,399,200,736 increase in liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Update in census information	\$1,102,043,610
Premium and Claims Experience	<u>297,157,126</u>
Total	<u>\$1,399,200,736</u>

Changes in Assumptions: The \$13,586,368,097 decrease in the liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Trend Update	\$1,934,312,842
Experience Study Update	(2,690,739,174)
Discount Rate Change	(12,829,941,765)
Total Changes in Assumptions	<u>\$(13,586,368,097)</u>

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

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

	<b>June 30, 2022</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(2.54%)</b>	<b>(3.54%)</b>	<b>(4.54%)</b>
Total Nonemployer OPEB Liability (School Retirees)	\$59,529,589,697	\$50,646,462,966	\$43,527,080,995

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

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

**General Information about the OPEB Plan (Cont'd):**

**Total Nonemployer OPEB Liability (Cont'd):**

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

The following presents the total nonemployer 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:

	<b>June 30, 2022</b>	
	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
	<b><u>1% Decrease</u></b>	<b><u>1% Increase</u></b>
Total Nonemployer OPEB Liability (School Retirees)	\$41,862,397,291	\$62,184,866,635

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

For the year ended June 30, 2022, the board of education recognized OPEB expense of \$151,564 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the Avon Board of Education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Actual and Expected Experience Assumption Changes	9,042,402,619	15,462,950,679
Contributions Made in Fiscal Year Ending 2022 After June 30, 2021 Measurement Date	TBD	N/A
	<b>\$17,808,023,196</b>	<b>\$32,700,239,909</b>

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

Year ended June 30:	
2023	\$(2,517,151,602)
2024	\$(2,517,151,602)
2025	\$(2,517,151,602)
2026	\$(2,175,449,761)
2027	\$(1,243,951,140)
Thereafter	\$(3,921,361,006)
	<b>\$(14,892,216,273)</b>

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 13. COMPENSATED ABSENCES**

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

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

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

**NOTE 14. DEFERRED COMPENSATION**

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are 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 third party administrator of the plan is Plan Connect.

Equitable  
Met Life

**NOTE 15. RISK MANAGEMENT**

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

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

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

<u>Fiscal Year</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2022-2023	321.25	4,852.81	57.53	31,167.83*
2021-2022	58.80	4,429.03	.00	26,051.30
2020-2021	72.53	4,013.24	62.91	21,563.47

\*Includes \$13,174.64 unemployment claims payable (unspent employee deductions)

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**NOTE 16. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances at June 30, 2023 consisted of the following:

	<b><u>Due From Other Funds</u></b>	<b><u>Due To Other Funds</u></b>
General Fund:		
Food Service Fund	56,438.88*	.00
Special Revenue Fund	43,254.79	.00
Debt Service Fund	26,411.53	.00
Special Revenue Fund:		
General Fund	.00	43,254.79
Debt Service Fund:		
General Fund	.00	26,411.53
Food Service Fund:		
General Fund	.00	56,438.88
	<b><u>\$126,105.20</u></b>	<b><u>126,105.20</u></b>

All of the above interfunds represent short-term loans.

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

**NOTE 17. INVENTORY**

The District had no inventory at June 30, 2023.

**NOTE 18. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and November 30, 2023, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items came to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	4,032,065.00	0.00	4,032,065.00	4,032,065.00	0.00
Tuition from Individuals	128,832.00	0.00	128,832.00	165,255.00	36,423.00
Transportation Fees from Individuals	0.00	0.00	0.00	3,200.00	3,200.00
Interest Earned on Capital Reserve Funds	300.00	0.00	300.00	5,354.54	5,054.54
Other Restricted Miscellaneous Revenues	0.00	0.00	0.00	321.25	321.25
Unrestricted Miscellaneous Revenues	3,000.00	0.00	3,000.00	35,316.85	32,316.85
<b>Total - Local Sources</b>	<b>4,164,197.00</b>	<b>0.00</b>	<b>4,164,197.00</b>	<b>4,241,512.64</b>	<b>77,315.64</b>
<b>State Sources:</b>					
Transportation Aid	63,965.00	0.00	63,965.00	63,965.00	0.00
Special Education Categorical Aid	102,938.00	0.00	102,938.00	102,938.00	0.00
Security Aid	16,622.00	0.00	16,622.00	16,622.00	0.00
Extraordinary Special Education Costs Aid	15,000.00	0.00	15,000.00	71,501.00	56,501.00
Supplemental Stabilization Aid	0.00	0.00	0.00	8,476.00	8,476.00
Maintenance of Equity	0.00	0.00	0.00	202,050.00	202,050.00
Reimbursed Nonpublic School Transportation Costs Aid	0.00	0.00	0.00	6,949.00	6,949.00
TPAF - Pension Contributions (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	530,961.00	530,961.00
TPAF - Post Retirement Medical Contrib. (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	139,482.00	139,482.00
TPAF - LTD Insurance Contributions (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	397.00	397.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	123,398.80	123,398.80
<b>Total State Sources</b>	<b>198,525.00</b>	<b>0.00</b>	<b>198,525.00</b>	<b>1,266,739.80</b>	<b>1,068,214.80</b>
<b>Total Revenues</b>	<b>4,362,722.00</b>	<b>0.00</b>	<b>4,362,722.00</b>	<b>5,508,252.44</b>	<b>1,145,530.44</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Preschool - Salaries of Teachers	63,370.00	200.00	63,570.00	63,570.00	0.00
Kindergarten - Salaries of Teachers	113,226.00	(5,059.90)	108,166.10	108,166.10	0.00
Grades 1-5 - Salaries of Teachers	463,100.00	12,885.81	475,985.81	475,985.81	0.00
Grades 6-8 - Salaries of Teachers	404,051.00	(26,843.91)	377,207.09	369,254.25	7,952.84
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	30,800.00	20,035.00	50,835.00	50,835.00	0.00
Purchased Technical Services	0.00	2,600.00	2,600.00	2,600.00	0.00
General Supplies	176,182.00	(35,216.35)	140,965.65	87,189.37	53,776.28
Textbooks	6,075.00	0.00	6,075.00	5,175.00	900.00
Other Objects	48,000.00	1,050.25	49,050.25	47,492.24	1,558.01
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>1,304,804.00</b>	<b>(30,349.10)</b>	<b>1,274,454.90</b>	<b>1,210,267.77</b>	<b>64,187.13</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	193,910.00	25,930.15	219,840.15	219,840.15	0.00
Other Salaries for Instruction	20,300.00	(20,300.00)	0.00	0.00	0.00
General Supplies	600.00	0.00	600.00	425.63	174.37
<b>Total Resource Room/Resource Center - Instr.</b>	<b>214,810.00</b>	<b>5,630.15</b>	<b>220,440.15</b>	<b>220,265.78</b>	<b>174.37</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>214,810.00</b>	<b>5,630.15</b>	<b>220,440.15</b>	<b>220,265.78</b>	<b>174.37</b>
<b>Bilingual Education - Inst.</b>					
Salaries of Teachers	500.00	0.00	500.00	0.00	500.00
<b>Total Bilingual Education - Inst.</b>	<b>500.00</b>	<b>0.00</b>	<b>500.00</b>	<b>0.00</b>	<b>500.00</b>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	13,832.00	(1,220.48)	12,611.52	10,219.00	2,392.52
Other Objects	1,200.00	3,120.48	4,320.48	2,294.48	2,026.00
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<b>15,032.00</b>	<b>1,900.00</b>	<b>16,932.00</b>	<b>12,513.48</b>	<b>4,418.52</b>
<b>School-Spon. Cocurricular Athletics - Inst.</b>					
Salaries	26,114.00	0.00	26,114.00	25,707.00	407.00
Purchased Services (300-500 series)	8,315.00	0.00	8,315.00	4,140.00	4,175.00
Supplies and Materials	7,100.00	0.00	7,100.00	4,298.31	2,801.69
Other Objects	1,500.00	0.00	1,500.00	1,300.00	200.00
<b>Total School-Spon. Cocurricular Athletics - Inst.</b>	<b>43,029.00</b>	<b>0.00</b>	<b>43,029.00</b>	<b>35,445.31</b>	<b>7,583.69</b>

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Expenditures (continued)</b>					
<b>Other Supplemental/At-Risk Programs - Instruction</b>					
Salaries of Reading Specialists	63,770.00	(571.68)	63,198.32	38,262.00	24,936.32
General Supplies	9,335.00	0.00	9,335.00	1,089.00	8,246.00
<b>Total Other Supplemental/At-Risk Programs - Instruction</b>	<b>73,105.00</b>	<b>(571.68)</b>	<b>72,533.32</b>	<b>39,351.00</b>	<b>33,182.32</b>
<b>TOTAL INSTRUCTION AND AT-RISK PROGRAMS</b>	<b>1,651,280.00</b>	<b>(23,390.63)</b>	<b>1,627,889.37</b>	<b>1,517,843.34</b>	<b>110,046.03</b>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	449,982.00	(12,301.56)	437,680.44	386,606.03	51,074.41
Tuition to Other LEAs Within the State - Special	257,164.00	(64,158.60)	193,005.40	118,818.50	74,186.90
Tuition to County Voc. School Dist. - Regular	30,068.00	0.00	30,068.00	15,034.00	15,034.00
Tuition to Private Schools for the Disabled - Within State	162,267.00	2,011.80	164,278.80	139,747.80	24,531.00
<b>Total Undistributed Expenditures - Instruction</b>	<b>899,481.00</b>	<b>(74,448.36)</b>	<b>825,032.64</b>	<b>660,206.33</b>	<b>164,826.31</b>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	103,328.00	0.00	103,328.00	103,328.00	0.00
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<b>103,328.00</b>	<b>0.00</b>	<b>103,328.00</b>	<b>103,328.00</b>	<b>0.00</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	80,370.00	1,950.00	82,320.00	82,320.00	0.00
Purchased Professional Services	4,750.00	(450.00)	4,300.00	3,890.00	410.00
Supplies and Materials	5,100.00	(2,500.00)	2,600.00	1,989.01	610.99
Other Objects	30.00	0.00	30.00	25.00	5.00
<b>Total Undistributed Expenditures - Health Services</b>	<b>90,250.00</b>	<b>(1,000.00)</b>	<b>89,250.00</b>	<b>88,224.01</b>	<b>1,025.99</b>
<b>Undist. Expend. - Speech, OT, PT, &amp; Related Services</b>					
Salaries	46,999.00	(10,465.00)	36,534.00	36,467.52	66.48
Purchased Professional - Educational Services	0.00	20,525.00	20,525.00	19,362.50	1,162.50
Supplies and Materials	1,000.00	322.23	1,322.23	1,322.23	0.00
<b>Total Undist. Exp. - Speech, OT, PT &amp; Related Services</b>	<b>47,999.00</b>	<b>10,382.23</b>	<b>58,381.23</b>	<b>57,152.25</b>	<b>1,228.98</b>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	53,696.00	193.49	53,889.49	53,889.49	0.00
Salaries of Secretarial and Clerical Assistants	39,358.00	(193.49)	39,164.51	38,273.04	891.47
Purchased Professional - Educational Services	28,000.00	0.00	28,000.00	25,690.00	2,310.00
Other Purchased Professional and Technical Services	11,959.00	0.00	11,959.00	5,933.47	6,025.53
Supplies and Materials	537.00	0.00	537.00	291.89	245.11
Other Objects	500.00	0.00	500.00	333.33	166.67
<b>Total Undist. Expend. - Child Study Teams</b>	<b>134,050.00</b>	<b>0.00</b>	<b>134,050.00</b>	<b>124,411.22</b>	<b>9,638.78</b>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of Supervisor of Instruction	53,696.00	193.58	53,889.58	53,889.58	0.00
Salaries of Other Professional Staff	4,320.00	(711.46)	3,608.54	450.00	3,158.54
Salaries of Secretarial and Clerical Assistants	10,902.00	0.00	10,902.00	10,614.48	287.52
Other Salaries	0.00	209.48	209.48	209.48	0.00
Purchased Professional - Educational Services	2,000.00	(400.00)	1,600.00	0.00	1,600.00
Other Purchased Services (400-500)	1,200.00	513.40	1,713.40	1,453.13	260.27
Other Objects	1,000.00	195.00	1,195.00	1,195.00	0.00
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<b>73,118.00</b>	<b>0.00</b>	<b>73,118.00</b>	<b>67,811.67</b>	<b>5,306.33</b>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Salaries	9,303.00	(494.80)	8,808.20	8,198.89	609.31
Salaries of Technology Coordinators	21,600.00	20,612.80	42,212.80	42,212.80	0.00
Purchased Professional and Technical Services	3,500.00	0.00	3,500.00	1,000.00	2,500.00
Supplies and Materials	7,500.00	0.00	7,500.00	2,074.29	5,425.71
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<b>41,903.00</b>	<b>20,118.00</b>	<b>62,021.00</b>	<b>53,485.98</b>	<b>8,535.02</b>
<b>Undist. Expend. - Instr. Staff Training Services</b>					
Purchased Professional - Educational Services	9,400.00	0.00	9,400.00	3,275.54	6,124.46
Other Purchased Services (400-500 series)	5,000.00	0.00	5,000.00	420.00	4,580.00
<b>Total Undist. Expend. - Instr. Staff Training Services</b>	<b>14,400.00</b>	<b>0.00</b>	<b>14,400.00</b>	<b>3,695.54</b>	<b>10,704.46</b>



**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Expenditures (continued)</b>					
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	152,500.00	4,115.36	156,615.36	156,615.36	0.00
General Admin. Salaries-Governance Staff (BOE Direct Reports Only)	2,200.00	50.00	2,250.00	2,250.00	0.00
Unused Vacation Payment to Terminated/Retired Staff	0.00	9,696.56	9,696.56	9,696.56	0.00
Legal Services	3,500.00	9,625.00	13,125.00	13,125.00	0.00
Audit Fees	11,000.00	(50.00)	10,950.00	10,750.00	200.00
Other Purchased Professional Services	0.00	7,500.00	7,500.00	7,500.00	0.00
Purchased Technical Services	2,500.00	550.00	3,050.00	3,050.00	0.00
Communications/Telephone	7,000.00	0.00	7,000.00	5,619.53	1,380.47
Misc. Purchased Services (400-500)	3,500.00	(3,250.30)	249.70	0.00	249.70
General Supplies	750.00	0.00	750.00	18.99	731.01
Miscellaneous Expenditures	5,000.00	1,994.84	6,994.84	5,318.66	1,676.18
BOE Membership Dues and Fees	3,500.00	0.00	3,500.00	2,477.73	1,022.27
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>191,450.00</b>	<b>30,231.46</b>	<b>221,681.46</b>	<b>216,421.83</b>	<b>5,259.63</b>
<b>Undist. Expend.-Support Serv.-School Admin.</b>					
Salaries of Other Professional Staff	13,599.00	(0.36)	13,598.64	0.00	13,598.64
<b>Total Undist. Expend.-Support Serv.-School Adm.</b>	<b>13,599.00</b>	<b>(0.36)</b>	<b>13,598.64</b>	<b>0.00</b>	<b>13,598.64</b>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	49,572.00	0.00	49,572.00	49,572.00	0.00
Supplies and Materials	250.00	1,075.99	1,325.99	1,325.99	0.00
Miscellaneous Expenditures	250.00	0.00	250.00	245.00	5.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>50,072.00</b>	<b>1,075.99</b>	<b>51,147.99</b>	<b>51,142.99</b>	<b>5.00</b>
<b>Undist. Expend. -Required Maintenance for School Facilities</b>					
Cleaning, Repair, and Maintenance Services	48,000.00	36,330.05	84,330.05	82,395.13	1,934.92
General Supplies	0.00	1,222.00	1,222.00	1,211.96	10.04
Other Objects	1,425.00	0.00	1,425.00	0.00	1,425.00
<b>Total Undist. Expend. -Required Maintenance for School Facilities</b>	<b>49,425.00</b>	<b>37,552.05</b>	<b>86,977.05</b>	<b>83,607.09</b>	<b>3,369.96</b>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	90,480.00	0.00	90,480.00	87,024.38	3,455.62
Salaries of Non-Instructional Aides	12,725.00	0.00	12,725.00	8,645.04	4,079.96
Purchased Professional and Technical Services	4,500.00	0.00	4,500.00	1,403.00	3,097.00
Cleaning, Repair and Maintenance Services	15,000.00	(9,000.00)	6,000.00	2,887.34	3,112.66
Other Purchased Property Services	12,500.00	(5,961.87)	6,538.13	1,956.82	4,581.31
Insurance	40,000.00	(6,900.93)	33,099.07	27,245.35	5,853.72
General Supplies	12,000.00	897.88	12,897.88	12,239.18	658.70
Energy (Natural Gas)	30,000.00	2,367.29	32,367.29	28,695.55	3,671.74
Energy (Electricity)	38,200.00	2,132.71	40,332.71	40,332.71	0.00
Other Objects	3,000.00	(1,158.01)	1,841.99	809.00	1,032.99
<b>Total Undist. Expend. - Custodial Services</b>	<b>258,405.00</b>	<b>(17,622.93)</b>	<b>240,782.07</b>	<b>211,238.37</b>	<b>29,543.70</b>
<b>Undist. Expend. - Care &amp; Upkeep of Grounds</b>					
Purchased Professional and Technical Services	2,500.00	0.00	2,500.00	2,227.00	273.00
Cleaning, Repair and Maintenance Services	1,550.00	0.00	1,550.00	649.95	900.05
General Supplies	1,800.00	0.00	1,800.00	647.19	1,152.81
<b>Total Undist. Expend. - Care &amp; Upkeep of Grounds</b>	<b>5,850.00</b>	<b>0.00</b>	<b>5,850.00</b>	<b>3,524.14</b>	<b>2,325.86</b>
<b>Undist. Expend. - Security</b>					
Purchased Professional and Technical Services	2,500.00	435.00	2,935.00	870.00	2,065.00
Cleaning, Repair and Maintenance Services	3,500.00	0.00	3,500.00	2,174.45	1,325.55
General Supplies	500.00	9,875.00	10,375.00	0.00	10,375.00
<b>Total Undist. Expend. - Security</b>	<b>6,500.00</b>	<b>10,310.00</b>	<b>16,810.00</b>	<b>3,044.45</b>	<b>13,765.55</b>
<b>Total Undist. Expend. - Oper. &amp; Maint. Of Plant</b>	<b>320,180.00</b>	<b>30,239.12</b>	<b>350,419.12</b>	<b>301,414.05</b>	<b>49,005.07</b>
<b>Undist. Expend. - Student Transportation Serv.</b>					
Sal. For Pup.Trans. (Bet. Home and School) - Regular	21,804.00	172.48	21,976.48	21,976.48	0.00
Contracted Services - Aid In Lieu of Payment for Non-Public Students	15,000.00	(172.48)	14,827.52	14,481.74	345.78
Contr Serv.-Aid in Lieu of Payments-Choice Stud.	1,000.00	0.00	1,000.00	0.00	1,000.00
Contract Services (Other than Between Home & School)-Vendors	400.00	1,618.61	2,018.61	1,453.61	565.00
Contract Services - (Between Home and Sch.) - Joint Agrmnts	7,437.00	0.00	7,437.00	5,890.10	1,546.90
Contr Serv (Regular Students) - ESCs & CTSAs	100,660.00	(12,986.80)	87,673.20	66,900.26	20,772.94
Contr Serv (Spl. Ed. Students) - ESCs & CTSAs	161,690.00	11,368.19	173,058.19	153,914.67	19,143.52
Transportation Supplies	500.00	0.00	500.00	0.00	500.00
Other Objects	500.00	0.00	500.00	0.00	500.00
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<b>308,991.00</b>	<b>0.00</b>	<b>308,991.00</b>	<b>264,616.86</b>	<b>44,374.14</b>

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Expenditures (continued)</b>					
<b>Regular Programs - Instruction - Employee Benefits</b>					
Other Retirement Contributions	7,000.00	0.00	7,000.00	3,197.12	3,802.88
Unemployment Compensation	6,500.00	0.00	6,500.00	0.00	6,500.00
Health Benefits	311,235.00	(15,623.50)	295,611.50	252,422.14	43,189.36
Tuition Reimbursement	16,000.00	0.00	16,000.00	13,612.67	2,387.33
Other Employee Benefits	400.00	0.00	400.00	0.00	400.00
<b>Total Regular Programs - Instruction</b>	<b>341,135.00</b>	<b>(15,623.50)</b>	<b>325,511.50</b>	<b>269,231.93</b>	<b>56,279.57</b>
<b>Special Programs - Instruction - Employee Benefits</b>					
Health Benefits	49,130.00	1,609.62	50,739.62	49,075.30	1,664.32
<b>Total Special Programs - Instruction</b>	<b>49,130.00</b>	<b>1,609.62</b>	<b>50,739.62</b>	<b>49,075.30</b>	<b>1,664.32</b>
<b>Other Instructional Programs - Instruction - Employee benefits</b>					
Health Benefits	10,040.00	571.68	10,611.68	10,279.50	332.18
<b>Total Other Instructional Programs - Instruction</b>	<b>10,040.00</b>	<b>571.68</b>	<b>10,611.68</b>	<b>10,279.50</b>	<b>332.18</b>
<b>Attendance and Social Work Services - Employee Benefits</b>					
Health Benefits	32,586.00	23,288.80	55,874.80	54,243.33	1,631.47
<b>Total Attendance and Social Work Services</b>	<b>32,586.00</b>	<b>23,288.80</b>	<b>55,874.80</b>	<b>54,243.33</b>	<b>1,631.47</b>
<b>Health Services - Employee Benefits</b>					
Health Benefits	28,231.00	2,500.00	30,731.00	28,303.76	2,427.24
<b>Total Health Services</b>	<b>28,231.00</b>	<b>2,500.00</b>	<b>30,731.00</b>	<b>28,303.76</b>	<b>2,427.24</b>
<b>Other Support Services - Child Study Team - Employee Benefits</b>					
Health Benefits	63,002.00	0.00	63,002.00	41,767.65	21,234.35
<b>Total Support Services - Child Study Team</b>	<b>63,002.00</b>	<b>0.00</b>	<b>63,002.00</b>	<b>41,767.65</b>	<b>21,234.35</b>
<b>Improvement of Instruction Services - Employee Benefits</b>					
Health Benefits	25,225.00	0.00	25,225.00	20,038.40	5,186.60
<b>Total Improvement of Instruction Services</b>	<b>25,225.00</b>	<b>0.00</b>	<b>25,225.00</b>	<b>20,038.40</b>	<b>5,186.60</b>
<b>Support Services - General Administration - Employee Benefits</b>					
Health Benefits	22,153.00	3,611.57	25,764.57	23,691.83	2,072.74
Other Employee Benefits	2,500.00	0.00	2,500.00	1,592.50	907.50
<b>Total Support Services - General Administration</b>	<b>24,653.00</b>	<b>3,611.57</b>	<b>28,264.57</b>	<b>25,284.33</b>	<b>2,980.24</b>
<b>Operation and Maintenance of Plant Services - Employee Benefits</b>					
Health Benefits	11,072.00	504.00	11,576.00	11,248.02	327.98
<b>Total Operation and Maintenance of Plant Services</b>	<b>11,072.00</b>	<b>504.00</b>	<b>11,576.00</b>	<b>11,248.02</b>	<b>327.98</b>
<b>TOTAL ALLOCATED BENEFITS</b>	<b>585,074.00</b>	<b>16,462.17</b>	<b>601,536.17</b>	<b>509,472.22</b>	<b>92,063.95</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	40,000.00	18,411.45	58,411.45	58,411.45	0.00
Other Retirement Contributions - PERS	41,480.00	(424.70)	41,055.30	39,176.00	1,879.30
Unemployment Compensation	0.00	106.50	106.50	106.50	0.00
Workmen's Compensation	25,000.00	(106.50)	24,893.50	21,403.52	3,489.98
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>106,480.00</b>	<b>17,986.75</b>	<b>124,466.75</b>	<b>119,097.47</b>	<b>5,369.28</b>
On-Behalf TPAF Pension Contributions (Non-Budgeted)	0.00	0.00	0.00	530,961.00	(530,961.00)
On-Behalf TPAF Past Retirement Medical Contrib. (Non-Budgeted)	0.00	0.00	0.00	139,482.00	(139,482.00)
On-behalf TPAF LTD Insurance Contributions (Non-Budgeted)	0.00	0.00	0.00	397.00	(397.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	123,398.80	(123,398.80)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>794,238.80</b>	<b>(794,238.80)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>691,554.00</b>	<b>34,448.92</b>	<b>726,002.92</b>	<b>1,422,808.49</b>	<b>(696,805.57)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>2,980,375.00</b>	<b>51,047.00</b>	<b>3,031,422.00</b>	<b>3,414,719.22</b>	<b>(383,297.22)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>4,631,655.00</b>	<b>27,656.37</b>	<b>4,659,311.37</b>	<b>4,932,562.56</b>	<b>(273,251.19)</b>

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Expenditures (continued)</b>					
<b>CAPITAL OUTLAY</b>					
<b>Facilities Acquisition &amp; Construction Services:</b>					
Construction Services	189,204.00	6,396.93	195,600.93	183,948.43	11,652.50
Assessment for Debt Service on SDA Funding	54.00	0.00	54.00	54.00	0.00
<b>Total Facilities &amp; Construction Services</b>	<u>189,258.00</u>	<u>6,396.93</u>	<u>195,654.93</u>	<u>184,002.43</u>	<u>11,652.50</u>
Interest Deposit to Capital Reserve	300.00	0.00	300.00	0.00	300.00
<b>TOTAL CAPITAL OUTLAY</b>	<u>189,558.00</u>	<u>6,396.93</u>	<u>195,954.93</u>	<u>184,002.43</u>	<u>11,952.50</u>
<b>TOTAL EXPENDITURES</b>	<u>4,821,213.00</u>	<u>34,053.30</u>	<u>4,855,266.30</u>	<u>5,116,564.99</u>	<u>(261,298.69)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(458,491.00)</u>	<u>(34,053.30)</u>	<u>(492,544.30)</u>	<u>391,687.45</u>	<u>884,231.75</u>
<b>Other Financing Sources (Uses):</b>					
<b>Operating Transfer In (Out):</b>					
Transfer to Food Service Fund	18,820.00	0.00	18,820.00	0.00	(18,820.00)
<b>Total Other Financing Sources (Uses)</b>	<u>18,820.00</u>	<u>0.00</u>	<u>18,820.00</u>	<u>0.00</u>	<u>(18,820.00)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(439,671.00)</u>	<u>(34,053.30)</u>	<u>(473,724.30)</u>	<u>391,687.45</u>	<u>865,411.75</u>
<b>Fund Balance, July 1</b>	<u>1,720,523.53</u>	<u>0.00</u>	<u>1,720,523.53</u>	<u>1,720,523.53</u>	<u>0.00</u>
<b>Fund Balance, June 30</b>	<u>\$1,280,852.53</u>	<u>(34,053.30)</u>	<u>1,246,799.23</u>	<u>2,112,210.98</u>	<u>865,411.75</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus - Designated for Subsequent Year's Expenditures				438,919.41	
Excess Surplus - Current Year				510,096.25	
Capital Reserve				434,149.42	
Tuition Reserve				86,121.00	
Unemployment Compensation				17,993.19	
<b>Assigned Fund Balance:</b>					
Year-end Encumbrances				13,304.12	
Designated for Subsequent Year's Expenditures				72,651.59	
<b>Unassigned Fund Balance</b>				<u>538,976.00</u>	
				2,112,210.98	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last Two State Aid Payment not recognized on GAAP basis				<u>(17,247.00)</u>	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<u>2,094,963.98</u>	

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

	<u>Original Budget</u>	<u>Budget Transfer/ Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Revenue from Local Sources	.00	3,000.00	3,000.00	2,000.00	1,000.00
Total - Local Sources	.00	3,000.00	3,000.00	2,000.00	1,000.00
<b>Federal Sources:</b>					
Title I, Part A	30,876.00	25,700.50	56,576.50	23,215.75	33,360.75
Title II, Part A	5,902.00	5,816.00	11,718.00	5,945.00	5,773.00
Title IV, Part A	9,000.00	9,273.61	18,273.61	11,970.61	6,303.00
I.D.E.A Part B, Basic	34,648.00	2,218.00	36,866.00	36,866.00	.00
I.D.E.A. Part B, Preschool	.00	1,240.00	1,240.00	1,240.00	.00
CRRSA Act - ESSER II	18,805.00	26,570.39	45,375.39	45,375.39	.00
CRRSA Act - Learning Acceleration Grant	.00	2,185.00	2,185.00	2,185.00	.00
CRRSA Act - Mental Health Grant	14,400.00	17,143.50	31,543.50	31,542.50	1.00
ARP ESSER	134,786.00	35,788.90	170,574.90	34,087.26	136,487.64
ARP ESSER - Accelerated Learning Coaching & Educator Support	45,223.00	4,777.00	50,000.00	3,500.00	46,500.00
ARP ESSER - Evidence-Based Summer Learning & Enrichment Activities	24,500.00	15,500.00	40,000.00	11,159.89	28,840.11
ARP ESSER - Evidence-Based Comprehensive Beyond School Day Activities	23,800.00	16,200.00	40,000.00	4,081.43	35,918.57
ARP ESSER - NJTSS Mental Health Support Staffing	26,000.00	19,000.00	45,000.00	5,628.99	39,371.01
Total - Federal Sources	367,940.00	181,412.90	549,352.90	216,797.82	332,555.08
<b>Total Revenues</b>	<b>367,940.00</b>	<b>184,412.90</b>	<b>552,352.90</b>	<b>218,797.82</b>	<b>333,555.08</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	253,490.00	(132,908.25)	120,581.75	41,892.91	78,688.84
Instruction Purchased Services	.00	6,225.00	6,225.00	6,225.00	.00
Other Purchased Services (400-500-series)	59,148.00	(37,406.00)	21,742.00	21,742.00	.00
Instructional Supplies	5,902.00	92,060.51	97,962.51	48,826.04	49,136.47
Other Objects	.00	14,500.00	14,500.00	.00	14,500.00
Total Instruction	318,540.00	(57,528.74)	261,011.26	118,685.95	142,325.31
<b>Support Services:</b>					
Salaries - Support	.00	145,938.50	145,938.50	54,482.75	91,455.75
Employee Benefits	.00	86,277.39	86,277.39	20,066.27	66,211.12
Professional Technical Services	49,400.00	(2,101.25)	47,298.75	22,470.00	24,828.75
Other Purchased Services	.00	2,550.00	2,550.00	1,829.93	720.07
Supplies and Materials	.00	9,277.00	9,277.00	1,262.92	8,014.08
Total Support Services	49,400.00	241,941.64	291,341.64	100,111.87	191,229.77
<b>Total Expenditures</b>	<b>367,940.00</b>	<b>184,412.90</b>	<b>552,352.90</b>	<b>218,797.82</b>	<b>333,555.08</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ .00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>
<b>Fund Balance - July 1</b>				<b>.00</b>	
<b>Fund Balance - June 30</b>				<b>.00</b>	

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

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

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	5,508,252.44	218,797.82
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2022	.00	14,040.52
Encumbrances, June 30, 2023	(.00)	(850.00)
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	18,789.00	.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(17,247.00)</u>	<u>(.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>5,509,794.44</u>	<u>231,988.34</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	5,116,564.99	218,797.82
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2022	.00	14,040.52
Encumbrances, June 30, 2023	<u>(.00)</u>	<u>(850.00)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$5,116,564.99</u>	<u>231,988.34</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**

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

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0031066224%	0.0024171811%	0.0023230504%	0.0026839574%	0.0024328503%	0.0024736796%	0.0026775532%	0.0020623874%	0.0020651744%	0.0026992105%
District's proportionate share of the net pension liability (asset)	<u>\$ 468,832</u>	<u>\$ 286,351</u>	<u>\$ 378,829</u>	<u>\$ 483,608</u>	<u>\$ 479,016</u>	<u>\$ 575,833</u>	<u>\$ 793,014</u>	<u>\$ 462,965</u>	<u>\$ 386,657</u>	<u>\$ 515,873</u>
District's covered-employee payroll	\$206,898	\$202,969	\$202,448	\$170,458	\$145,665	\$173,201	\$159,675	\$147,579	\$134,487	\$171,349
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	226.60%	141.08%	187.12%	283.71%	328.85%	332.47%	496.64%	313.71%	287.51%	301.07%
Plan fiduciary net position as a percentage of the total pension liability (local)	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%



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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 39,176	\$ 28,308	\$ 25,413	\$ 26,107	\$ 24,199	\$ 22,916	\$ 23,941	\$ 17,731	\$ 17,025	\$ 20,338
Contribution in relation to the contractually required contribution	<u>(39,176)</u>	<u>(28,308)</u>	<u>(25,413)</u>	<u>(26,107)</u>	<u>(24,199)</u>	<u>(22,916)</u>	<u>(23,941)</u>	<u>(17,731)</u>	<u>(17,025)</u>	<u>(20,338)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 206,898	\$ 202,969	\$ 202,448	\$ 170,548	\$ 145,665	\$ 173,201	\$ 159,675	\$ 147,579	\$ 134,487	\$ 171,349
Contributions as a percentage of covered-employee payroll	18.93%	13.95%	12.55%	15.31%	16.61%	13.23%	14.99%	12.01%	12.66%	11.87%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset) *	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) *	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 6,522,673</u>	<u>\$ 6,100,577</u>	<u>\$ 8,800,035</u>	<u>\$ 7,650,479</u>	<u>\$ 7,504,547</u>	<u>\$ 6,706,100</u>	<u>\$ 9,082,205</u>	<u>\$ 7,637,426</u>	<u>\$ 6,121,502</u>	<u>\$ 6,066,520</u>
Total	<u>\$ 6,522,676</u>	<u>\$ 6,100,577</u>	<u>\$ 8,800,035</u>	<u>\$ 7,650,479</u>	<u>\$ 7,504,547</u>	<u>\$ 6,706,100</u>	<u>\$ 9,082,205</u>	<u>\$ 7,637,426</u>	<u>\$ 6,121,502</u>	<u>\$ 6,066,520</u>
District's covered-employee payroll	\$ 1,579,462	\$ 1,419,343	\$ 1,446,805	\$ 1,365,415	\$ 1,398,636	\$ 1,369,299	\$ 1,181,904	\$ 1,183,115	\$ 1,244,950	\$ 1,200,702
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
State's proportion of the net OPEB liability (asset) associated with the District	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
District's proportionate share of the net OPEB liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 5,667,104	\$ 7,073,837	\$ 8,614,262	\$ 5,727,460	\$ 6,834,533	\$ 7,131,853
<b>Total</b>	<u>\$ 5,667,104</u>	<u>\$ 7,073,837</u>	<u>\$ 8,614,262</u>	<u>\$ 5,727,460</u>	<u>\$ 6,834,533</u>	<u>\$ 7,131,853</u>
Plan fiduciary net position as a percentage of the total OPEB liability (local)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total OPEB Liability</b>						
Service Cost	\$370,216	\$444,506	\$268,713	\$254,997	\$250,410	\$301,466
Interest Cost	150,185	183,503	207,343	271,095	243,616	209,753
Change of Benefit Terms	-	(7,529)	-	-	-	-
Differences Between Expected and Actual Experiences	(262,893)	(2,028,026)	982,637	(1,547,958)	659,302	-
Changes of Assumptions	(1,520,251)	6,979	1,573,530	85,397	(784,297)	(852,957)
Member Contributions	4,772	4,691	4,546	5,212	6,316	5,665
Gross Benefit Payments	(148,762)	(144,549)	(149,967)	(175,816)	(182,753)	(153,841)
<b>Net Change in Total OPEB Liability</b>	(1,406,733)	(1,540,425)	2,886,802	(1,107,073)	192,594	(489,914)
<b>Total OPEB Liability - Beginning</b>	<u>7,073,837</u>	<u>8,614,262</u>	<u>5,727,460</u>	<u>6,834,533</u>	<u>6,641,939</u>	<u>7,131,853</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 5,667,104</u>	<u>\$ 7,073,837</u>	<u>\$ 8,614,262</u>	<u>\$ 5,727,460</u>	<u>\$ 6,834,533</u>	<u>\$ 6,641,939</u>
District's Covered-Employee Payroll	\$ 1,786,360	\$ 1,622,312	\$ 1,649,253	\$ 1,535,963	\$ 1,544,301	\$ 1,542,500
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) SCHEDULES**  
**JUNE 30, 2023**

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

Pension Schedules:

*Changes of benefit terms.*

There were none.

*Changes of assumptions.*

The discount rate was 7.00% as of June 30, 2021 and June 30, 2022.

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

Pension Schedules:

*Changes of benefit terms.*

There were none.

*Changes of assumptions.*

The discount rate was 7.00% as of June 30, 2021 and June 30, 2022.

**Other Post-Employment Benefits**

OPEB Schedules:

*Changes of benefit terms.*

Employers adopting Chapter 44 provisions.

*Changes of assumptions.*

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2023**

	Every Child Succeeds Act (E.S.S.A.)			I.D.E.A.		CRRSA Act			ARP - ESSER						Total
	Title I, Part A	Title II, Part A	Title IV, Part A	Part B Basic	Part B Preschool	ESSER II	Learning Acceleration	Mental Health	ESSER	Accelerated Learning Coaching and Educator Support Grant	Evidence-Based Summer Learning and Enrichment Activities Grant	Evidence-Based Comprehensive Beyond the School Day Activities Grant	NJTSS Mental Health Support Staffing Grant	Take Vape Away Grant	
<b>REVENUES:</b>															
Federal Sources	23,215.75	5,945.00	11,970.61	36,866.00	1,240.00	45,375.39	2,185.00	31,542.50	34,087.26	3,500.00	11,159.89	4,081.43	5,628.99	0.00	216,797.82
Local Sources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00	2,000.00
<b>Total Revenues</b>	<b>23,215.75</b>	<b>5,945.00</b>	<b>11,970.61</b>	<b>36,866.00</b>	<b>1,240.00</b>	<b>45,375.39</b>	<b>2,185.00</b>	<b>31,542.50</b>	<b>34,087.26</b>	<b>3,500.00</b>	<b>11,159.89</b>	<b>4,081.43</b>	<b>5,628.99</b>	<b>2,000.00</b>	<b>218,797.82</b>
<b>EXPENDITURES:</b>															
<b>Instruction:</b>															
Salaries of Teachers	7,598.50	0.00	0.00	8,899.00	1,240.00	14,614.00	2,185.00	0.00	3,075.75	0.00	4,280.66	0.00	0.00	0.00	41,892.91
Purchased Services	0.00	0.00	0.00	6,225.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,225.00
Other Purchased Services	0.00	0.00	0.00	21,742.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,742.00
Instructional Supplies	9,324.25	0.00	6,655.68	0.00	0.00	0.00	0.00	0.00	25,966.88	0.00	6,879.23	0.00	0.00	0.00	48,826.04
<b>Total Instruction</b>	<b>16,922.75</b>	<b>0.00</b>	<b>6,655.68</b>	<b>36,866.00</b>	<b>1,240.00</b>	<b>14,614.00</b>	<b>2,185.00</b>	<b>0.00</b>	<b>29,042.63</b>	<b>0.00</b>	<b>11,159.89</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>118,685.95</b>
<b>Support Services:</b>															
Salaries - Support	1,305.00	428.00	1,485.00	0.00	0.00	19,668.00	0.00	26,265.50	1,348.75	0.00	0.00	3,982.50	0.00	0.00	54,482.75
Employee Benefits	0.00	0.00	0.00	0.00	0.00	11,093.39	0.00	5,277.00	3,695.88	0.00	0.00	0.00	0.00	0.00	20,066.27
Professional and Technical Services	4,988.00	5,517.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00	3,500.00	0.00	0.00	4,465.00	2,000.00	22,470.00
Other Purchased Services	0.00	0.00	1,829.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,829.93
Supplies and Materials	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.00	0.00	98.93	1,163.99	0.00	0.00	1,262.92
<b>Total Support Services</b>	<b>6,293.00</b>	<b>5,945.00</b>	<b>5,314.93</b>	<b>0.00</b>	<b>0.00</b>	<b>30,761.39</b>	<b>0.00</b>	<b>31,542.50</b>	<b>5,044.63</b>	<b>3,500.00</b>	<b>0.00</b>	<b>4,081.43</b>	<b>5,628.99</b>	<b>2,000.00</b>	<b>100,111.87</b>
<b>Total Expenditures</b>	<b>23,215.75</b>	<b>5,945.00</b>	<b>11,970.61</b>	<b>36,866.00</b>	<b>1,240.00</b>	<b>45,375.39</b>	<b>2,185.00</b>	<b>31,542.50</b>	<b>34,087.26</b>	<b>3,500.00</b>	<b>11,159.89</b>	<b>4,081.43</b>	<b>5,628.99</b>	<b>2,000.00</b>	<b>218,797.82</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Fund Balance - July 1</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Fund Balance - June 30</b>	<b>\$ 0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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## **LONG-TERM DEBT SCHEDULES**

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Bonds Payable**  
**Year Ended June 30, 2023**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>					
Monmouth County Improvement Authority Governmental Pooled Loaned Refunding Revenue Bonds, Series 2015	June 25, 2015	\$5,930,000.00	02/01/2024	265,000.00	4.000%	<u>\$4,535,000.00</u>	<u>.00</u>	<u>255,000.00</u>	<u>4,280,000.00</u>
			02/01/2025	275,000.00	4.000%				
			02/01/2026	285,000.00	4.000%				
			02/01/2027	300,000.00	3.000%				
			02/01/2028	305,000.00	3.000%				
			02/01/2029	315,000.00	3.125%				
			02/01/2030	330,000.00	3.250%				
			02/01/2031	335,000.00	3.250%				
			02/01/2032	345,000.00	3.375%				
			02/01/2033	360,000.00	3.375%				
			02/01/2034	375,000.00	3.500%				
			02/01/2035	385,000.00	3.500%				
			02/01/2036	405,000.00	3.500%				

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Obligations Under Leases**  
**For the Fiscal Year Ended June 30, 2023**

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Term of Lease</u>	<u>Amount of Principal</u>	<u>Original Lease Interest</u>	<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2023</u>
Savin Digital Copier	10/03/19	5 Years	20,437.85	3,415.15	6.32%	10,340.16	.00	4,246.08	6,094.08
Paper Cut Software Program	02/18/20	5 Years	5,753.66	1,020.34	6.62%	3,397.72	.00	1,164.80	2,232.92
Savin Digital Copier	02/21/21	5 Years	26,924.76	4,232.04	5.90%	<u>21,331.62</u>	<u>.00</u>	<u>5,109.49</u>	<u>16,222.13</u>
						<u>\$35,069.50</u>	<u>.00</u>	<u>10,520.37</u>	<u>24,549.13</u>

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	316,950.00	.00	316,950.00	316,950.00	.00
State Sources:					
Debt Service Aid	<u>95,244.00</u>	<u>.00</u>	<u>95,244.00</u>	<u>95,244.00</u>	<u>.00</u>
Total Revenues	<u>412,194.00</u>	<u>.00</u>	<u>412,194.00</u>	<u>412,194.00</u>	<u>.00</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	157,375.00	.00	157,375.00	157,374.68	.32
Redemption of Principal	<u>255,000.00</u>	<u>.00</u>	<u>255,000.00</u>	<u>255,000.00</u>	<u>.00</u>
Total Expenditures	<u>412,375.00</u>	<u>.00</u>	<u>412,375.00</u>	<u>412,374.68</u>	<u>.32</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(181.00)</u>	<u>.00</u>	<u>(181.00)</u>	<u>(180.68)</u>	<u>.32</u>
Fund Balance - July 1	<u>181.65</u>	<u>.00</u>	<u>181.65</u>	<u>181.65</u>	<u>.00</u>
Fund Balance - June 30	<u>\$ .65</u>	<u>.00</u>	<u>.65</u>	<u>.97</u>	<u>.32</u>

**STATISTICAL SECTION (Unaudited)**

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

**UNAUDITED**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ 1,131,517	\$ 937,097	\$ 1,244,324	\$ 1,316,739	\$ 1,346,781	\$ 1,436,507	\$ 1,498,862	\$ 1,569,797	\$ 1,647,697	\$ 1,905,090
Restricted	1,476,350	1,689,555	1,914,820	1,968,105	1,575,508	1,187,530	1,085,939	1,153,880	1,300,119	1,487,280
Unrestricted	122,684	(162,561)	(305,949)	(369,919)	(248,195)	(242,657)	(325,222)	(206,854)	(118,656)	147,916
<b>Total Governmental Activities Net Assets</b>	<u>\$ 2,730,551</u>	<u>\$ 2,464,091</u>	<u>\$ 2,853,195</u>	<u>\$ 2,914,925</u>	<u>\$ 2,674,094</u>	<u>\$ 2,381,380</u>	<u>\$ 2,259,579</u>	<u>\$ 2,516,823</u>	<u>\$ 2,829,160</u>	<u>\$ 3,540,286</u>
<b>Business-Type Activities</b>										
Invested in capital assets, net of related debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	0	7	7	7	7	8	8	47	4,106	2,349
<b>Total Business-Type Activities Net Assets</b>	<u>\$ 0</u>	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 47</u>	<u>\$ 4,106</u>	<u>\$ 2,349</u>
<b>District Wide</b>										
Invested in capital assets, net of related debt	\$ 1,131,517	\$ 937,097	\$ 1,244,324	\$ 1,316,739	\$ 1,346,781	\$ 1,436,507	\$ 1,498,862	\$ 1,569,797	\$ 1,647,697	\$ 1,905,090
Restricted	1,476,350	1,689,555	1,914,820	1,968,105	1,575,508	1,187,530	1,085,939	1,153,880	1,300,119	1,487,280
Unrestricted	122,684	(162,554)	(305,942)	(369,912)	(248,188)	(242,649)	(325,214)	(206,807)	(114,550)	150,265
<b>Total District Assets</b>	<u>\$ 2,730,551</u>	<u>\$ 2,464,098</u>	<u>\$ 2,853,202</u>	<u>\$ 2,914,932</u>	<u>\$ 2,674,101</u>	<u>\$ 2,381,388</u>	<u>\$ 2,259,587</u>	<u>\$ 2,516,870</u>	<u>\$ 2,833,266</u>	<u>\$ 3,542,635</u>

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

UNAUDITED

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 1,410,255	\$ 1,648,277	\$ 1,845,799	\$ 2,180,792	\$ 2,310,701	\$ 2,275,903	\$ 1,809,358	\$ 2,019,315	\$ 1,905,108	\$ 1,894,246
Special Education	0	0	0	0	0	0	477,035	572,659	318,165	344,442
Other Special Education	0	0	0	0	0	0	0	0	0	0
Vocational	0	0	0	0	0	0	0	0	0	0
Other Instruction	100,780	80,042	104,749	108,249	184,286	146,642	125,063	82,342	105,068	107,392
Nonpublic School Programs	0	0	0	0	0	0	0	0	0	0
Adult/Continuing Education Programs	0	0	0	0	0	0	0	0	0	0
<b>Support Services:</b>										
Tuition	\$ 722,083	\$ 760,873	\$ 804,853	\$ 802,773	\$ 942,418	\$ 1,200,140	\$ 1,104,782	\$ 964,656	\$ 975,790	\$ 660,206
Student & Instruction Related Services	589,807	659,583	671,871	717,044	803,026	832,033	823,715	943,240	812,519	853,220
School Administrative Services	24,422	37,761	14,296	18,351	17,939	17,502	13,757	13,231	2,399	
General and Business Administrative Services	215,801	245,513	294,315	314,666	293,286	296,895	295,905	328,093	307,293	320,953
Plant Operations and Maintenance	238,117	251,312	264,727	277,470	254,543	238,848	240,632	235,305	276,489	309,281
Pupil Transportation	132,273	143,455	153,960	166,738	246,052	244,209	212,419	198,892	273,559	263,439
Business and Other Support Services	0	0	0	0	0	0	0	0	0	0
Special Schools	0	0	0	0	0	0	0	0	0	0
Charter Schools	0	0	0	0	0	0	0	0	0	0
Interest on long-term debt	263,579	405,202	148,810	216,161	206,194	198,030	187,328	177,076	169,180	157,304
Unallocated Amortization & Depreciation	174,817	175,121	174,748	177,470	173,320	170,579	169,772	169,941	183,033	189,031
<b>Total Governmental Activities Expenses</b>	<b>\$ 3,871,934</b>	<b>\$ 4,407,139</b>	<b>\$ 4,478,128</b>	<b>\$ 4,979,714</b>	<b>\$ 5,431,745</b>	<b>\$ 5,620,781</b>	<b>\$ 5,459,766</b>	<b>\$ 5,704,750</b>	<b>\$ 5,328,603</b>	<b>\$ 5,099,514</b>
<b>Business-type Activities</b>										
Food Service	\$ 27,642	\$ 26,564	\$ 24,150	\$ 26,913	\$ 32,858	\$ 24,595	\$ 22,893	\$ 22,998	\$ 22,797	\$ 30,461
Child Care	0	0	0	0	0	0	0	0	0	0
<b>Total Business-Type Activities Expense</b>	<b>27,642</b>	<b>26,564</b>	<b>24,150</b>	<b>26,913</b>	<b>32,858</b>	<b>24,595</b>	<b>22,893</b>	<b>22,998</b>	<b>22,797</b>	<b>30,461</b>
<b>Total District Expenses</b>	<b>\$ 3,899,576</b>	<b>\$ 4,433,703</b>	<b>\$ 4,502,278</b>	<b>\$ 5,006,627</b>	<b>\$ 5,464,603</b>	<b>\$ 5,645,376</b>	<b>\$ 5,482,659</b>	<b>\$ 5,727,748</b>	<b>\$ 5,351,400</b>	<b>\$ 5,129,975</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<b>Charges for Services</b>										
Instruction (tuition)	\$ 115,675	\$ 127,150	\$ 135,722	\$ 138,663	\$ 106,625	\$ 105,740	\$ 96,960	\$ 140,210	\$ 168,575	\$ 165,255
Pupil Transportation	2,594	0	0	0	0	0	760	446	1,600	3,200
Business and Other Support Services	0	0	0	0	0	0	0	0	0	0
Operating Grants and Contributions	0	0	58,768	73,111	72,163	79,943	69,264	91,094	152,695	231,988
Capital Grants and Contributions	0	0	0	0	0	0	0	0	0	0
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 118,269</b>	<b>\$ 127,150</b>	<b>\$ 194,490</b>	<b>\$ 211,774</b>	<b>\$ 178,788</b>	<b>\$ 185,683</b>	<b>\$ 166,984</b>	<b>\$ 231,750</b>	<b>\$ 322,870</b>	<b>\$ 400,443</b>
<b>Business-type Activities</b>										
<b>Charges for Services</b>										
Food Service	\$ 7,587	\$ 6,910	\$ 4,914	\$ 5,241	\$ 7,338	\$ 9,157	\$ 8,679	\$ 2,781	\$ 2,124	\$ 11,132
Child Care	0	0	0	0	0	0	0	0	0	0
Operating Grants and Contributions	7,106	7,256	5,180	7,942	8,248	7,068	4,379	10,979	24,654	14,785
Capital Grants and Contributions	0	0	0	0	0	0	0	0	0	0
<b>Total Business-Type Activities Program Revenues</b>	<b>14,693</b>	<b>14,166</b>	<b>10,094</b>	<b>13,183</b>	<b>15,586</b>	<b>16,225</b>	<b>13,058</b>	<b>13,760</b>	<b>26,778</b>	<b>25,917</b>
<b>Total District Program Revenues</b>	<b>\$ 132,962</b>	<b>\$ 141,316</b>	<b>\$ 204,584</b>	<b>\$ 224,957</b>	<b>\$ 194,374</b>	<b>\$ 201,908</b>	<b>\$ 180,042</b>	<b>\$ 245,510</b>	<b>\$ 349,648</b>	<b>\$ 426,360</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (3,753,665)	\$ (4,279,989)	\$ (4,283,638)	\$ (4,767,940)	\$ (5,252,957)	\$ (5,435,098)	\$ (5,292,782)	\$ (5,473,000)	\$ (5,005,733)	\$ (4,699,071)
<b>Business-type Activities</b>	(12,949)	(12,398)	(14,056)	(13,730)	(17,272)	(8,370)	(9,835)	(9,238)	3,981	(4,544)
<b>Total District-Wide Net Expense</b>	<b>\$ (3,766,614)</b>	<b>\$ (4,292,387)</b>	<b>\$ (4,297,694)</b>	<b>\$ (4,781,670)</b>	<b>\$ (5,270,229)</b>	<b>\$ (5,443,468)</b>	<b>\$ (5,302,617)</b>	<b>\$ (5,482,238)</b>	<b>\$ (5,001,752)</b>	<b>\$ (4,703,615)</b>

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

**UNAUDITED**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities</b>										
Property taxes levied for general purposes, net	\$ 3,226,769	\$ 3,267,084	\$ 3,305,649	\$ 3,371,035	\$ 3,438,424	\$ 3,537,142	\$ 3,716,123	\$ 3,875,495	\$ 3,953,005	\$ 4,032,065
Taxes Levied for Debt Service	331,576	330,030	319,913	320,514	298,837	315,362	314,978	314,383	314,824	316,950
Unrestricted Grants and Contributions	549,543	867,024	1,030,473	1,138,501	1,278,662	1,280,322	1,129,928	1,499,400	1,038,811	1,020,190
Payments in Lieu of Taxes	0	0	0	0	0	0	0	0	0	0
Investment Earnings	6,220	8,058	8,437	8,403	8,251	13,703	11,577	6,743	5,179	20,434
Miscellaneous Income	9,488	49,228	22,310	4,911	10,102	3,949	8,077	25,875	6,251	20,558
Transfers	(12,930)	(12,352)	(14,040)	(13,694)	(17,192)	(8,093)	(9,702)	(9,193)		
<b>Total Governmental Activities</b>	<b>\$ 4,110,666</b>	<b>\$ 4,509,072</b>	<b>\$ 4,672,742</b>	<b>\$ 4,829,670</b>	<b>\$ 5,017,084</b>	<b>\$ 5,142,385</b>	<b>\$ 5,170,981</b>	<b>\$ 5,712,703</b>	<b>\$ 5,318,070</b>	<b>\$ 5,410,197</b>
<b>Business-Type Activities</b>										
Investment earnings	\$ 19	\$ 46	\$ 16	\$ 36	\$ 80	\$ 277	\$ 133	\$ 45	\$ 20	\$ 545
Miscellaneous	0	0	0	0	0	0	0	0	0	2,242
Transfers	12,930	12,352	14,040	13,694	17,192	8,093	9,702	9,193	0	0
<b>Total Business-type Activities</b>	<b>12,949</b>	<b>12,398</b>	<b>14,056</b>	<b>13,730</b>	<b>17,272</b>	<b>8,370</b>	<b>9,835</b>	<b>9,238</b>	<b>20</b>	<b>2,787</b>
<b>Total District Wide</b>	<b>\$ 4,123,615</b>	<b>\$ 4,521,470</b>	<b>\$ 4,686,798</b>	<b>\$ 4,843,400</b>	<b>\$ 5,034,356</b>	<b>\$ 5,150,755</b>	<b>\$ 5,180,816</b>	<b>\$ 5,721,941</b>	<b>\$ 5,318,090</b>	<b>\$ 5,412,984</b>
<b>Change in Net Assets</b>										
Governmental Activities	\$ 357,001	\$ 229,083	\$ 389,104	\$ 61,730	\$ (235,873)	\$ (292,713)	\$ (121,801)	\$ 239,703	\$ 312,337	\$ 711,126
Business-Type Activities	0	0	0	0	0	0	0	0	4,001	(1,757)
<b>Total District</b>	<b>\$ 357,001</b>	<b>\$ 229,083</b>	<b>\$ 389,104</b>	<b>\$ 61,730</b>	<b>\$ (235,873)</b>	<b>\$ (292,713)</b>	<b>\$ (121,801)</b>	<b>\$ 239,703</b>	<b>\$ 316,338</b>	<b>\$ 709,369</b>

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



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

**UNAUDITED**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Reserved	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	0	0	0	0	0	0	0	0	0	0
Restricted	1,467,943	1,681,147	1,883,862	1,937,146	1,568,493	1,180,509	1,078,918	1,153,698	1,299,937	1,487,279
Committed	0	0	0	0	0	0	0	0	0	0
Assigned	25,086	38,108	29,130	7,911	136,284	131,528	28,661	100,371	97,935	85,956
Unassigned	252,798	260,088	240,177	235,200	241,043	252,974	272,446	294,886	303,863	521,729
<b>Total General fund</b>	<b>\$ 1,745,827</b>	<b>\$ 1,979,343</b>	<b>\$ 2,153,169</b>	<b>\$ 2,180,257</b>	<b>\$ 1,945,820</b>	<b>\$ 1,565,011</b>	<b>\$ 1,380,025</b>	<b>\$ 1,548,955</b>	<b>\$ 1,701,735</b>	<b>\$ 2,094,964</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	0	0	0	0	0	0	0	0	0	0
Restricted	8,407	8,407	30,959	30,959	7,014	7,021	7,021	181	182	1
Committed	0	119,684	0	0	0	0	0	0	0	0
Assigned	0	0	0	0	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0	0	0	0	0
<b>Total All Other Governmental Funds</b>	<b>\$ 8,407</b>	<b>\$ 128,091</b>	<b>\$ 30,959</b>	<b>\$ 30,959</b>	<b>\$ 7,014</b>	<b>\$ 7,021</b>	<b>\$ 7,021</b>	<b>\$ 181</b>	<b>\$ 182</b>	<b>\$ 1</b>

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

**UNAUDITED**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Tax Levy	\$ 3,558,345	\$ 3,597,114	\$ 3,625,562	\$ 3,691,549	\$ 3,737,261	\$ 3,852,504	\$ 4,031,101	\$ 4,189,878	\$ 4,267,829	\$ 4,349,015
Tuition Charges	115,675	127,150	135,722	138,664	106,625	105,740	96,960	140,210	168,575	165,255
Interest Earnings	6,219	8,058	8,655	8,403	8,251	13,703	11,577	6,743	5,179	5,355
Miscellaneous	12,082	49,228	22,092	4,910	10,102	3,949	8,837	26,321	7,851	40,838
State Sources	504,430	557,145	656,574	567,976	684,336	778,208	846,774	962,765	1,127,239	1,363,526
Federal Sources	45,113	45,814	58,768	73,111	72,163	79,943	69,264	91,094	152,695	229,988
<b>Total Revenue</b>	<b>4,241,864</b>	<b>4,384,509</b>	<b>4,507,373</b>	<b>4,484,613</b>	<b>4,618,738</b>	<b>4,834,047</b>	<b>5,064,513</b>	<b>5,417,011</b>	<b>5,729,368</b>	<b>6,153,977</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,195,347	1,253,561	1,307,906	1,483,907	1,545,013	1,531,361	1,301,820	1,355,537	1,510,033	1,598,186
Special Education Instruction	0	0	0	0	0	0	363,391	379,329	205,081	269,341
Other Special Instruction	0	0	0	0	0	0	0	0	0	0
Vocational Education	0	0	0	0	0	0	0	0	0	0
Other Instruction	88,822	77,806	92,646	104,994	116,293	124,582	90,111	81,699	103,773	97,589
Nonpublic School Programs	0	0	0	0	0	0	0	0	0	0
Adult/Continuing Education Programs	0	0	0	0	0	0	0	0	0	0
<b>Support Services:</b>										
Tuition	722,083	760,873	804,853	802,773	942,418	1,200,140	1,104,782	964,656	975,790	660,206
Student & Instruction Related Services	536,078	523,937	566,717	523,671	609,040	597,326	627,488	649,554	655,274	755,764
School Administrative Services	14,800	15,124	13,770	15,762	14,610	14,929	12,242	12,750	13,165	0
General and Business Administrative Services	199,971	221,452	225,057	218,634	242,864	243,712	254,892	276,034	273,582	292,849
Plant Operations and Maintenance	235,415	248,431	236,102	254,501	247,223	230,248	235,613	229,705	275,854	312,662
Pupil Transportation	131,677	142,811	153,518	165,312	245,012	242,102	209,574	197,503	276,046	264,617
Employee Benefits	282,667	323,143	359,273	381,488	475,233	553,160	620,055	693,393	855,503	913,337
Special Schools	0	0	0	0	0	0	0	0	0	0
Bond Issuance Cost	0	0	0	0	0	0	0	0	0	0
Capital Outlay	54	22,670	248,860	81,714	3,989	59,128	10,254	14,534	23,112	184,002
<b>Debt Service:</b>										
Principal	165,000	170,000	270,000	195,000	205,000	210,000	220,000	230,000	240,000	255,000
Interest and Other Charges	266,160	410,089	137,937	216,075	208,275	200,069	189,575	178,574	169,375	157,375
<b>Total Expenditures</b>	<b>3,838,074</b>	<b>4,169,897</b>	<b>4,416,639</b>	<b>4,443,831</b>	<b>4,854,970</b>	<b>5,206,757</b>	<b>5,239,797</b>	<b>5,263,268</b>	<b>5,576,588</b>	<b>5,760,928</b>
<b>Excess (Deficiency) of Revenues over (under) expenditures</b>	<b>403,790</b>	<b>214,612</b>	<b>90,734</b>	<b>40,782</b>	<b>(236,232)</b>	<b>(372,710)</b>	<b>(175,284)</b>	<b>153,743</b>	<b>152,780</b>	<b>393,049</b>
<b>Other Financing Sources</b>										
Proceeds from borrowing	0	0	0	0	0	0	0	0	0	0
Proceeds from refunding	0	150,941	0	0	0	0	0	0	0	0
Capital Leases	0	0	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0	0	0	0
Transfers Out	(12,930)	(12,352)	(14,041)	(13,694)	(17,192)	(8,093)	(9,702)	(9,193)	0	0
<b>Total Other Financing Sources (uses)</b>	<b>(12,930)</b>	<b>138,589</b>	<b>(14,041)</b>	<b>(13,694)</b>	<b>(17,192)</b>	<b>(8,093)</b>	<b>(9,702)</b>	<b>(9,193)</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>\$ 390,860</b>	<b>\$ 353,201</b>	<b>\$ 76,693</b>	<b>\$ 27,088</b>	<b>\$ (253,424)</b>	<b>\$ (380,803)</b>	<b>\$ (184,986)</b>	<b>\$ 144,550</b>	<b>\$ 152,780</b>	<b>\$ 393,049</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>12.66%</b>	<b>16.26%</b>	<b>10.85%</b>	<b>10.40%</b>	<b>9.31%</b>	<b>8.66%</b>	<b>8.50%</b>	<b>8.44%</b>	<b>7.96%</b>	<b>7.98%</b>

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

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

**UNAUDITED**

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals-Use</u> <u>of Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Transportation</u> <u>Fees</u>	<u>Other</u>	<u>Total</u>
2014	6,217	115,675	1,050	0	2,594	7,038	132,574
2015	8,058	127,150	2,030	972	0	46,226	184,436
2016	8,437	135,722	2,170	0	0	14,976	161,305
2017	8,403	138,664	0	0	0	4,910	151,977
2018	8,250	106,625	2,170	1,118	0	6,814	124,977
2019	13,703	105,740	1,750	0	760	1,440	123,393
2020	11,577	96,960	0	0	760	8,077	117,374
2021	6,743	140,210	0	15,813	446	10,062	173,274
2022	5,179	168,575	0	0	1,600	6,251	181,605
2023	20,434	165,255	438	0	3,200	22,121	211,448
	<u>\$ 97,001</u>	<u>\$ 1,300,576</u>	<u>\$ 9,608</u>	<u>\$ 17,903</u>	<u>\$ 9,360</u>	<u>\$ 127,915</u>	<u>\$ 1,562,363</u>

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

**UNAUDITED**

<u>Year Ended</u> <u>December 31,</u>	<u>Vacant</u> <u>Land</u>	<u>Residential</u>	<u>Farm</u> <u>Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u> <u>Assessed</u> <u>Value</u>	<u>Tax-</u> <u>Exempt</u> <u>Property</u>	<u>Public</u> <u>Utilites</u>	<u>Net Valuation</u> <u>Taxable</u>	<u>Total Direct</u> <u>School Tax</u> <u>Rate</u>	<u>Estimated Actual</u> <u>(County Equalized</u> <u>Value)</u>
2014	12,831,900	904,028,100	-0-	-0-	40,557,000	2,303,600	6,952,400	966,673,000	-0-	-0-	966,673,000	0.372	989,936,508
2015	15,582,400	871,218,800	-0-	-0-	39,198,000	2,253,200	6,766,200	935,018,600	-0-	-0-	935,018,600	0.388	982,675,771
2016	14,970,400	847,808,700	-0-	-0-	35,581,900	1,835,700	6,594,800	906,791,500	-0-	-0-	906,791,500	0.407	981,337,741
2017	12,762,400	856,721,200	-0-	-0-	35,581,900	1,835,700	6,594,800	913,496,000	-0-	-0-	913,496,000	0.409	982,652,254
2018	12,127,500	865,062,600	-0-	-0-	35,381,900	1,835,700	6,594,800	921,002,500	-0-	-0-	921,002,500	0.418	999,894,148
2019	14,588,900	872,305,100	-0-	-0-	32,816,100	1,835,700	6,594,800	928,140,600	-0-	-0-	928,140,600	0.434	1,045,556,607
2020	14,224,000	876,201,100	-0-	-0-	32,388,900	1,835,700	6,594,800	931,244,500	-0-	-0-	931,244,500	0.450	1,109,681,244
2021	13,907,200	879,647,200	-0-	-0-	32,388,900	1,835,700	6,594,800	934,373,800	-0-	-0-	934,373,800	0.457	1,206,421,950
2022	16,891,000	1,303,960,800	-0-	-0-	42,486,100	2,083,600	8,600,000	1,374,021,500	-0-	-0-	1,374,021,500	0.317	1,315,570,775
2023	15,550,000	1,314,389,900	-0-	-0-	42,245,900	2,083,600	8,600,000	1,382,869,400	-0-	-0-	1,382,869,400	0.315	1,468,038,337

Source: Abstract of Ratables, County Board of Taxation.

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

**UNAUDITED**

Year Ended December 31,	<u>Avon-by-the-Sea School District Direct Rate</u>			<u>Overlapping Rates</u>		Total Direct and Overlapping Tax Rate
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct</u>	<u>Borough of Avon-by-the-Sea</u>	<u>Monmouth County</u>	
2014	0.335	0.037	0.372	0.393	0.304	1.069
2015	0.335	0.053	0.388	0.413	0.308	1.109
2016	0.342	0.065	0.407	0.428	0.307	1.142
2017	0.349	0.060	0.409	0.428	0.300	1.137
2018	0.359	0.059	0.418	0.424	0.306	1.148
2019	0.377	0.057	0.434	0.425	0.306	1.165
2020	0.393	0.057	0.450	0.430	0.320	1.200
2021	0.400	0.057	0.457	0.430	0.338	1.225
2022	0.260	0.057	0.317	0.295	0.233	0.845
2023	0.258	0.057	0.315	0.299	0.239	0.853

**Source: Municipal Tax Collector and School Business Administrator**

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

**UNADUITED**

Taxpayer	2023			2018		
	Taxable Assessed Value	Rank	As a Percentage of District's Net Assessed Valuation	Taxable Assessed Value	Rank	As a Percentage of District's Net Assessed Valuation
Individual Taxpayer #1	4,297,700	1	0.31%	2,781,400	4	0.30%
Avon Hotel Corp.	4,111,200	2	0.30%	3,593,700	1	0.33%
Individual Taxpayer #2	3,930,400	3	0.29%	3,017,500	2	0.32%
Individual Taxpayer #3	3,561,800	4	0.26%	2,671,600	5	0.29%
Individual Taxpayer #4	3,528,100	5	0.25%	2,338,800	10	0.25%
Individual Taxpayer #5	3,468,500	6	0.25%	2,488,800	6	0.27%
Individual Taxpayer #6	3,453,100	7	0.25%			
Individual Taxpayer #7	3,445,100	8	0.25%	2,358,200	9	0.26%
Individual Taxpayer #8	3,425,300	9	0.25%			
Individual Taxpayer #9	3,366,000	10	0.24%			
<b>Total</b>	<b>\$36,587,200</b>		<b>2.65%</b>	<b>\$19,250,000</b>		<b>2.02%</b>

Source: Municipal Tax Collector

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

**UNAUDITED**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Tax Levy	
2014	3,558,345.00	3,558,345.00	100.00%	-0-
2015	3,597,114.00	3,597,114.00	100.00%	-0-
2016	3,625,562.00	3,625,562.00	100.00%	-0-
2017	3,691,549.00	3,691,549.00	100.00%	-0-
2018	3,737,261.00	3,425,822.55	91.67%	311,438.45
2019	3,852,504.00	3,531,462.08	91.67%	321,041.92
2020	4,031,101.00	4,031,101.00	100.00%	-0-
2021	4,189,878.00	3,840,721.54	91.67%	349,156.46
2022	4,267,829.00	3,912,176.66	91.67%	355,652.34
2023	4,349,015.00	3,986,597.00	91.67%	362,418.00

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

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

**UNAUDITED**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Finance Leases	Bond Anticipation Notes (BANs)	Finance Leases				
2014	6,075,000	-0-	-0-	-0-	-0-	6,075,000	1.11%	67,481	
2015	6,105,000	-0-	-0-	-0-	-0-	6,105,000	1.16%	70,766	
2016	5,835,000	-0-	-0-	-0-	-0-	5,835,000	1.25%	73,074	
2017	5,640,000	-0-	-0-	-0-	-0-	5,640,000	1.35%	75,876	
2018	5,435,000	-0-	-0-	-0-	-0-	5,435,000	1.46%	79,249	
2019	5,225,000	-0-	-0-	-0-	-0-	5,225,000	1.57%	82,270	
2020	5,005,000	-0-	-0-	-0-	-0-	5,005,000	1.72%	86,091	
2021	4,775,000	-0-	-0-	-0-	-0-	4,775,000	1.93%	92,119	
2022	4,535,000	-0-	35,070	-0-	-0-	4,570,070	Not Available	Not Available	
2023	4,280,000	-0-	11,186	-0-	-0-	4,291,186	Not Available	Not Available	

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



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

**UNAUDITED**

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2014	6,075,000		6,075,000		67,481
2015	6,105,000		6,105,000		70,766
2016	5,835,000		5,835,000		73,074
2017	5,640,000		5,640,000		75,876
2018	5,435,000		5,435,000		79,249
2019	5,225,000		5,225,000		82,270
2020	5,005,000		5,005,000		86,091
2021	4,775,000		4,775,000		92,119
2022	4,535,000		4,535,000		Not Available
2023	4,280,000		4,280,000		Not Available

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2023**

**UNAUDITED**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b><u>Governmental Unit</u></b>			
Debt repaid with property taxes			
Borough of Avon-by-the-Sea	\$ 5,716,720	100.000%	\$ 5,716,720
Monmouth County General Obligation Debt	485,746,546	0.880%	4,274,570
Other debt	<u>0</u>		<u>0</u>
Subtotal, overlapping debt			9,991,290
Avon-by-the-Sea School District Direct Debt			<u>4,280,000</u>
Total Direct and Overlapping Debt			<u>\$ 14,271,290</u>

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

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

**UNAUDITED**

**Legal Debt Margin Calculation for Fiscal year 2023**

	Equalized Valuation Basis	
	2020	1,206,421,920
	2021	1,206,421,950
	2022	<u>1,466,457,476</u>
		<u>3,879,301,346</u>
	Average Equalized Valuation of Taxable Property	
		1,293,100,449
	Debt Limit (3% of Average Equalization Value)	
		38,793,013
		Net Bonded School Debt
		<u>4,280,000</u>
		<u>Legal Debt Margin</u>
		<u>34,513,013</u>

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 19,710,960	28,872,396	29,707,124	29,586,773	29,638,841	30,281,030	31,352,645	33,458,796	36,139,025	36,139,025
Total net debt applicable to limit	<u>6,075,000</u>	<u>6,293,810</u>	<u>5,835,000</u>	<u>5,640,000</u>	<u>5,435,000</u>	<u>5,225,000</u>	<u>5,005,000</u>	<u>4,775,000</u>	<u>4,535,000</u>	<u>4,280,000</u>
Legal debt margin	\$ <u>13,635,960</u>	<u>22,578,586</u>	<u>23,872,124</u>	<u>23,946,773</u>	<u>24,203,841</u>	<u>25,056,030</u>	<u>26,347,645</u>	<u>28,683,796</u>	<u>31,604,025</u>	<u>31,859,025</u>
Total net debt applicable to the limit as a percentage of debt limit	30.8%	21.8%	19.6%	19.1%	18.3%	17.3%	16.0%	14.3%	12.5%	11.8%

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

**UNAUDITED**

<u>Year</u>	<u>Population</u>	<u>Monmouth County Personal Income (thousands of dollars)</u>	<u>Monmouth County Per Capita Income</u>	<u>Unemployment Rate</u>
2014	1,798	41,544,287	67,069	5.90
2015	1,790	43,773,134	70,231	4.30
2016	1,786	45,283,381	73,071	4.40
2017	1,782	47,223,653	75,916	4.10
2018	1,778	49,308,331	79,471	3.60
2019	1,786	51,082,169	82,551	2.90
2020	1,783	53,238,207	86,091	7.60
2021	1,912	59,449,633	92,119	4.90
2022	1,940	60,790,515	94,381	2.70
2023	Not Available	Not Available	Not Available	Not Available

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

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

**UNAUDITED**

<u>Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>

This is not available within the community.

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

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Instruction										
Regular	8.7	10.0	10.0	10.0	10.0	10.0	11.0	11.0	11.0	11.0
Special Education	3.4	2.8	2.8	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other Special Education				2.0	1.0	1.0	2.0	2.0	2.0	3.0
Vocational										
Other Instruction	4.9	5.2	4.6	4.7	3.7	3.7	3.7	3.7	4.1	4.1
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	1.4	3.3	3.4	4.0	4.0	4.3	4.3	4.3	4.3	5.3
School administrative services	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.4
General and business administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Pupil transportation	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Business and other support services	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Special Schools										
Food Service	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Child Care										
Total	<u>26.0</u>	<u>28.9</u>	<u>28.4</u>	<u>32.3</u>	<u>30.3</u>	<u>30.6</u>	<u>32.6</u>	<u>32.6</u>	<u>33.0</u>	<u>34.8</u>

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

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

**UNAUDITED**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>		<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
						<u>Elementary</u>	<u>Middle</u>				
2014	162	3,373,331	20,823	-2.87%	18	18:1	20:1	160.2	153.1	-1.37%	95.57%
2015	163	3,653,361	22,413	7.64%	18	21:1	20:1	155.0	150.0	-2.07%	96.77%
2016	161	3,759,842	23,353	4.19%	17	16:1	16:1	146.0	140.3	-6.89%	96.14%
2017	168	3,951,042	23,518	0.71%	19	16:1	17:1	145.8	139.5	-0.62%	95.63%
2018	168	4,437,706	26,494	12.65%	18	16:1	17:1	147.0	139.7	0.14%	95.00%
2019	163	4,737,560	29,065	9.70%	18	13:1	14:1	136.2	131.4	-6.27%	96.49%
2020	150	4,819,968	32,133	10.56%	19	14:1	14:1	122.5	119.7	-9.78%	97.71%
2021	133	5,047,160	37,949	18.10%	19	12:1	13:1	130.9	126.5	5.38%	96.64%
2022	124	5,144,102	41,485	9.32%	19	12:1	13:1	124.8	118.3	-6.90%	94.82%
2023	124	5,164,551	41,650	0.40%	19	13:1	13:1	120.7	114.9	-2.99%	95.19%

83

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

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

**UNAUDITED**

<b><u>District Building</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Avon Elementary School (1904)										
Square Feet	27,393	27,393	27,393	27,393	27,393	27,393	27,393	27,393	27,393	27,393
Capacity (students)	250	250	250	250	250	250	250	250	250	250
Enrollment	162	163	161	168	168	163	150	133	124	135

Number of Schools at June 30, 2023

  Elementary/Middle School = 1

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

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



**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS ENDING JUNE 30, 2023**

**UNAUDITED**

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE  
 MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Avon Elementary School</u>	<u>Total</u>
2014	44,908	44,908
2015	62,423	62,423
2016	61,502	61,502
2017	45,127	45,127
2018	50,927	50,927
2019	33,561	33,561
2020	42,930	42,930
2021	27,295	27,295
2022	58,360	58,360
2023	83,607	83,607
	<u>\$ 510,640</u>	<u>\$ 510,640</u>

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

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**

**June 30, 2023**

**UNAUDITED**

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

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

**SINGLE AUDIT SECTION**

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Avon-By-The-Sea School District (the "District") in the County of Monmouth as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2023.

## **Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### Purpose of this Report

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



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

November 30, 2023  
Neptune, New Jersey

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-2

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

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

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

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

We have audited the Board of Education of the Avon-By-The-Sea School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and New Jersey *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2023. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Our responsibilities under those standards and the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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


## **Report on Internal Control over Compliance**

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

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

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

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

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

November 30, 2023  
Neptune, New Jersey



**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Fiscal Year ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022				Repayment of Prior Years' Balances	Balance at June 30, 2023		
					From	To	Accounts Receivable	Unearned Revenue	Due to Grantor	Cash Received		Budgetary Expenditures	Adjustments	Accounts Receivable
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education</b>														
<b>Special Revenue Fund:</b>														
<b>Special Education Cluster:</b>														
LD.E.A. Part B. Basic	84.027A	H027A220100	IDEA-0180-23	36,866.00	07/01/22	09/30/23				35,179.00	(36,866.00)		(1,687.00)	
LD.E.A. Part B, Preschool	84.027A	H027A220100	IDEA-0180-23	1,240.00	07/01/22	09/30/23				1,240.00	(1,240.00)			
<b>Total Special Education Cluster</b>										<b>36,419.00</b>	<b>(38,106.00)</b>		<b>(1,687.00)</b>	
<b>Elementary and Secondary Education Act</b>														
Title I, Part A	84.010	S010A220030	ESEA-0180-23	54,552.00	07/01/22	09/30/23				11,569.00	(21,191.00)		(9,622.00)	
Title I, Part A	84.010	S010A210030	ESEA-0180-22	45,132.00	07/01/21	09/30/22	(16,593.25)			18,618.00	(2,024.75)			
Title II, Part A	84.367A	S367A220029	ESEA 0180-23	11,718.00	07/01/22	09/30/23				4,667.00	(5,945.00)		(1,278.00)	
Title II, Part A	84.367A	S367A210029	ESEA 0180-22	7,643.00	07/01/21	09/30/22	(1,170.00)			1,170.00				
Title IV, Part A	84.424A	S424A220031	ESEA-0180-23	18,274.00	07/01/22	09/30/23				6,795.00	(10,971.00)		(4,176.00)	
Title IV, Part A	84.424A	S424A210031	ESEA-0180-22	14,325.00	07/01/21	09/30/22	(3,146.39)			4,146.00	(999.61)			
<b>Total Elementary and Secondary Education Act</b>							<b>(20,909.64)</b>			<b>46,965.00</b>	<b>(41,131.36)</b>		<b>(15,076.00)</b>	
<b>Elementary and Secondary School Emergency Relief (ESSER II)</b>														
<b>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</b>														
ESSER II	84.425D	S425D200027	N/A	82,136.00	03/13/20	09/30/23	(18,501.61)			33,116.00	(45,375.39)		(30,761.00)	
Learning Acceleration	84.425D	S425D210027	N/A	25,000.00	03/13/20	09/30/23	(5,281.00)			7,466.00	(2,185.00)			
Mental Health	84.425D	S425D210027	N/A	45,000.00	03/13/20	09/30/23	(5,456.50)			33,385.00	(31,542.50)		(3,614.00)	
<b>20 American Rescue Plan (ARP) Elementary and Secondary Schools Emergency Relief</b>														
ARP ESSER	84.425U	S425U210027	N/A	184,595.00	03/13/20	9/30/2024	(14,020.10)			49,730.00	(34,087.26)			1,622.64
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	N/A	50,000.00	03/13/20	9/30/2024					(3,500.00)		(3,500.00)	
Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	N/A	40,000.00	03/13/20	9/30/2024				9,152.00	(11,159.89)		(2,007.89)	
Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027	N/A	40,000.00	03/13/20	9/30/2024				4,082.00	(4,081.43)			0.57
NJTSS Mental Health Support Staffing	84.425U	S425U210027	N/A	45,000.00	03/13/20	9/30/2024				3,614.00	(5,628.99)		(2,014.99)	
<b>Total ESSER</b>							<b>(43,259.21)</b>			<b>140,545.00</b>	<b>(137,560.46)</b>		<b>(41,897.88)</b>	<b>1,623.21</b>
<b>Total Special Revenue Fund</b>							<b>(64,168.85)</b>			<b>223,929.00</b>	<b>(216,797.82)</b>		<b>(58,660.88)</b>	<b>1,623.21</b>
<b>U.S. Department of Agriculture</b>														
<b>Passed-through State Department of Education</b>														
<b>Enterprise Fund:</b>														
National School Lunch Program	10.555	231NJ304N1099	N/A	13,784.79	07/01/22	06/30/23				12,071.27	(13,784.79)		(1,713.52)	
National School Lunch Program - SSO	10.555	221NJ304N1099	N/A	20,014.24	07/01/21	06/30/22	(2,809.84)			2,809.84				
<b>Total Enterprise Fund</b>							<b>(2,809.84)</b>			<b>14,881.11</b>	<b>(13,784.79)</b>		<b>(1,713.52)</b>	
<b>Total Federal Financial Awards</b>							<b>(566,978.69)</b>			<b>\$238,810.11</b>	<b>(\$230,582.61)</b>		<b>(\$60,374.40)</b>	<b>\$1,623.21</b>

Note: Federal Single Audit is not required

AYUD. BY THE SEA SCHOOL DISTRICT  
Statement of Expenditures of State Financial Assistance  
for the fiscal year ended June 30, 2024

State Cluster/Program Title	Grant or State Project Number	Program or Award Abbreviation	Fiscal Year From	Fiscal Year To	Balance at June 30, 2022		Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversions of Prior Years' Balances	Balance at June 30, 2023		Memo
					Unearned Revenue (Accrued Non-Expendable)	Unearned Revenue/ Interfund Payable							
State Department of Education													
General Fund:													
State Aid Public Cluster:													
Security Aid	23-495-034-5120-084	16,622.00	07/01/22	06/30/23			16,622.00	(16,622.00)				1,562.00	16,622.00
Special Education Categorical Aid	23-495-034-5120-089	102,938.00	07/01/22	06/30/23			102,938.00	(102,938.00)				9,674.00	102,938.00
Total State Aid - Public Cluster							119,560.00	(119,560.00)				11,236.00	119,560.00
Transportation Aid	23-495-034-5120-014	63,965.00	07/01/22	06/30/23			63,965.00	(63,965.00)				6,011.00	63,965.00
Emergency Special Education Costs Aid	23-495-034-5120-044	71,501.00	07/01/22	06/30/23			71,501.00	(71,501.00)				*	71,501.00
Extraordinary Special Education Costs Aid	22-495-034-5120-044	68,050.00	07/01/21	06/30/22			68,050.00		(6,949.00)			*	6,949.00
Reimbursed Nonpublic School Transportation Cash Aid	23-495-034-5120-014	6,949.00	07/01/22	06/30/23			4,599.99					*	8,476.00
Reimbursed Nonpublic School Transportation Cash Aid	23-495-034-5120-014	4,602.00	07/01/21	06/30/22			8,476.00					*	202,050.00
Supplemental Substitution Aid	23-100-034-5120-494	8,476.00	07/01/22	06/30/23			202,050.00					*	8,476.00
Maintenance of Equity	23-495-034-5120-128	202,050.00	07/01/22	06/30/23			570,961.00					*	530,961.00
On Behalf TPAF Pension Contributions	23-495-034-5094-002	370,961.00	07/01/22	06/30/23			139,482.00					*	139,482.00
On Behalf TPAF Post Retirement Medical Contr.	23-495-034-5094-001	139,482.00	07/01/22	06/30/23			397.00					*	377.00
On Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	397.00	07/01/22	06/30/23			110,667.32					*	123,388.80
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	123,388.80	07/01/22	06/30/23			5,184.95					*	123,388.80
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	109,443.23	07/01/21	06/30/22			1,091,254.27					*	1,266,739.80
Total General Fund							1,091,254.27	(1,266,739.80)					1,266,739.80
Debt Service Fund:													
Debt Service Aid Type II	23-495-034-5120-017	95,244.00	07/01/22	06/30/23			95,244.00					*	95,244.00
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)	23-100-010-3350-023	496.57	07/01/22	06/30/23			514.86		(596.57)			*	596.57
National School Lunch Program (State Share)	22-100-010-3350-023	531.64	07/01/21	06/30/22			63.21					*	63.21
Total Enterprise Fund							578.07	(596.57)				*	596.57
Total State Financial Assistance							\$1,147,167.34	(\$1,863,360.37)				*	\$1,272,291.09

Less:  
On Behalf Assistance Not Included in State Single Audit - Major Program Determination  
On Behalf TPAF Pension Contributions 530,961.00  
On Behalf TPAF Post Retirement Medical Contr. 139,482.00  
On Behalf TPAF Long-Term Disability Insurance 397.00  
Total State Financial Assistance Subject to State Single Audit - Major Program Determination (\$691,740.37)

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Awards and Financial Assistance**  
**June 30, 2023**

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,542.00 for the general fund and \$13,190.52 for the special revenue fund. See Note A for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	.00	1,268,281.80	1,268,281.80
Special Revenue Fund	229,988.34	.00	229,988.34
Debt Service	.00	95,244.00	95,244.00
Food Service Fund	<u>13,784.79</u>	<u>596.57</u>	<u>14,381.36</u>
Total Awards & Financial Assistance	<u>\$243,773.13</u>	<u>1,364,122.37</u>	<u>1,607,895.50</u>

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Awards and Financial Assistance**  
**June 30, 2023**

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER INFORMATION**

The amount reported as TPAF Pension, Post-Retirement Medical and LTD Insurance Contributions represents amount paid by the state on behalf of the District for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

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

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

**NOTE 7. DE MINIMUS INDIRECT COST RATE**

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness identified?	_____ yes <u>  X  </u> no
2) Significant deficiencies identified?	_____ yes <u>  X  </u> none reported
Noncompliance material to basic financial statements noted?	_____ yes <u>  X  </u> no

**Federal Awards**

Internal Control over major programs:	
1) Material weakness identified?	<u>  N/A  </u> yes <u>  N/A  </u> no
2) Significant deficiencies identified?	<u>  N/A  </u> yes <u>  N/A  </u> none reported
Type of auditor's report issued on compliance for major programs:	<u>  N/A  </u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	<u>  N/A  </u> yes <u>  N/A  </u> no

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____ N/A _____	_____ N/A _____	_____ N/A _____

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

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

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

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

**State Awards**

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

Auditee qualified as low-risk auditee?   X   yes          no

Internal Control over major programs:

    1) Material weakness identified?    yes     X   no

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

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

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

Identification of major programs:

<u>State/Grant Project Number(s)</u>	<u>Name of State Program</u>
<u>23-495-034-5120-084</u>	<u>State Aid Public Cluster</u>
<u>23-495-034-5120-089</u>	<u>Security Aid</u>
<u>23-495-034-5120-014</u>	<u>Special Education Categorical Aid</u>
<u>23-495-034-5120-017</u>	<u>Transportation Aid</u>
	<u>Debt Service Aid Type II</u>

**Section II - Financial Statement Findings**

None

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

**Federal Awards**

N/A

**State Financial Assistance**

None

**AVON-BY-THE-SEA SCHOOL DISTRICT**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Fiscal Year Ended June 30, 2023**

**Financial Statement Findings**

No prior year findings.

**Federal Awards**

N/A - No prior year Federal Single Audit.

**State Financial Assistance**

No prior year findings.