

Annual Comprehensive Financial Report

of the

Borough of Avalon Board of Education

Cape May County, New Jersey

For the Fiscal Year Ended June 30, 2025

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7

FINANCIAL SECTION

Independent Auditor's Report	8-10
------------------------------	------

Required Supplementary Information - Part I Management's Discussion and Analysis	11-20
---	-------

Basic Financial Statements

A DISTRICT - WIDE FINANCIAL STATEMENTS

A-1 Statement of Net Position	21
A-2 Statement of Activities	22

B FUND FINANCIAL STATEMENTS

Governmental Funds:

B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	24
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25

Proprietary Funds:

B-4 Statement of Net Position	26
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	27
B-6 Statement of Cash Flows	28

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A

Notes to Financial Statements	29-54
-------------------------------	-------

Required Supplementary Information - Part II

C Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	55-59
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual	N/A
C-1b Community Development Block Grant - Budget to Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	60

Notes to the Required Supplementary Information

C-3 Budget - to - GAAP Reconciliation	61
---------------------------------------	----

TABLE OF CONTENTS

Page

Required Supplementary Information - Part III

L	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1	Schedule of the District's Proportionate Share of the Net Pension Liability (PERS)	62
L-2	Schedule of District Contributions (PERS)	63
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability (TPAF)	64
M	Schedules Related to Accounting and Reporting for Other Post Retirement Benefits (GASB 75)	
M-1	Schedule of the District's Proportionate Share of the Net OPEB Liability	65
Other Supplementary Information		
D	School Level Schedules	
D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures - Budget to Actual	N/A
E	Special Revenue Fund:	
E-1	Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	66
E-2	Preschool Education Aid Schedule(s) of Expenditures - Budgetary basis	N/A
F	Capital Projects Fund:	
F-1	Summary Schedule of Project Expenditures	67
F-2	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis	68
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	69
G	Proprietary Funds:	
Enterprise Fund:		
G-1	Combining Statement of Net Position	N/A
G-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3	Combining Statement of Cash Flows	N/A
Internal Service Fund:		
G-4	Combining Statement of Net Position	70
G-5	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	71
G-6	Combining Statement of Cash Flows	72
H	Fiduciary Funds	
H-1	Combining Statement of Fiduciary Net Position	N/A
H-2	Combining Statement of Changes in Fiduciary Net Position	N/A
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	N/A
I	Long-Term Debt	
I-1	Schedule of General Serial Bonds	N/A
I-2	Statement of Obligations Under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	N/A

TABLE OF CONTENTS

	Page
J STATISTICAL SECTION (Unaudited)	
Financial Trends	
J-1 Net Position by Component	73
J-2 Changes in Net Position	74-76
J-3 Fund Balances - Governmental Funds	77
J-4 Changes in Fund Balances - Governmental Funds	78
J-5 General Fund Other Local Revenue by Source	79
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	80
J-7 Direct and Overlapping Property Tax Rates	81
J-8 Principal Property Taxpayers	82
J-9 Property Tax Levies and Collections	83
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	84
J-11 Ratios of General Bonded Debt Outstanding	85
J-12 Direct and Overlapping Governmental Activities Debt	86
J-13 Legal Debt Margin	87
Demographic and Economic Data	
J-14 Demographic and Economic Statistics	88
J-15 Principal Employers	89
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	90
J-17 Operating Statistics	91
J-18 School Building Information	92
J-19 Schedule of Required Maintenance Expenditures by School Facility	93
J-20 Insurance Schedule	94
K SINGLE AUDIT SECTION	
K-1 Report on Internal Controls over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Audit Standards	95-96
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and New Jersey OMB Circular Letter 15-08	97-99
K-3 Schedule of Expenditures of Federal Awards, Schedule A	100
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	102
K-5 Notes to Schedules of Awards and Financial Assistance	102-104
K-6 Schedule of Findings and Responses	105-107
K-7 Summary Schedule of Prior Audit Findings	107

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Introductory Section

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Avalon Board of Education

32nd and Ocean Drive Avalon, NJ 08202

(P)609-967-7544 (F)609-967-3109

*Kathleen Fox
Chief School Administrator*

*Linda Fiori
Business Administrator*

November 24, 2025

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

Dear Board Members:

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

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

1) REPORTING ENTITY AND ITS SERVICES:

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

1) REPORTING ENTITY AND ITS SERVICES: (CONTINUED)

The following information is obtained from the annual ASSA report. In the 2024-25 school year, 6 students in grades 9 through 12 attended high school in the Middle Township School District and 19 students attended kindergarten through 4th grade in the Stone Harbor School. In addition, the District has 50 parent paid tuition students and received 19 students from Stone Harbor attending grades 5 through 8. The following details the changes in the student enrollment of the District over the last five years.

Avalon School District Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2024-2025	97	5.43%
2023-2024	92	10.84%
2022-2023	83	12.16%
2021-2022	74	-3.90%
2020-2021	77	-10.47%

2) ECONOMIC CONDITIONS AND OUTLOOK:

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

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

3) MAJOR INITIATIVES:

The District will continue to refine the Technology Plan according to New Jersey Core Curriculum Content Standards. Integrated technology and other content area curricula can be found at all grade levels.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) DEBT ADMINISTRATION:

At June 30, 2025, the District had no outstanding debt.

8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT:

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

10) OTHER INFORMATION:

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

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

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

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,

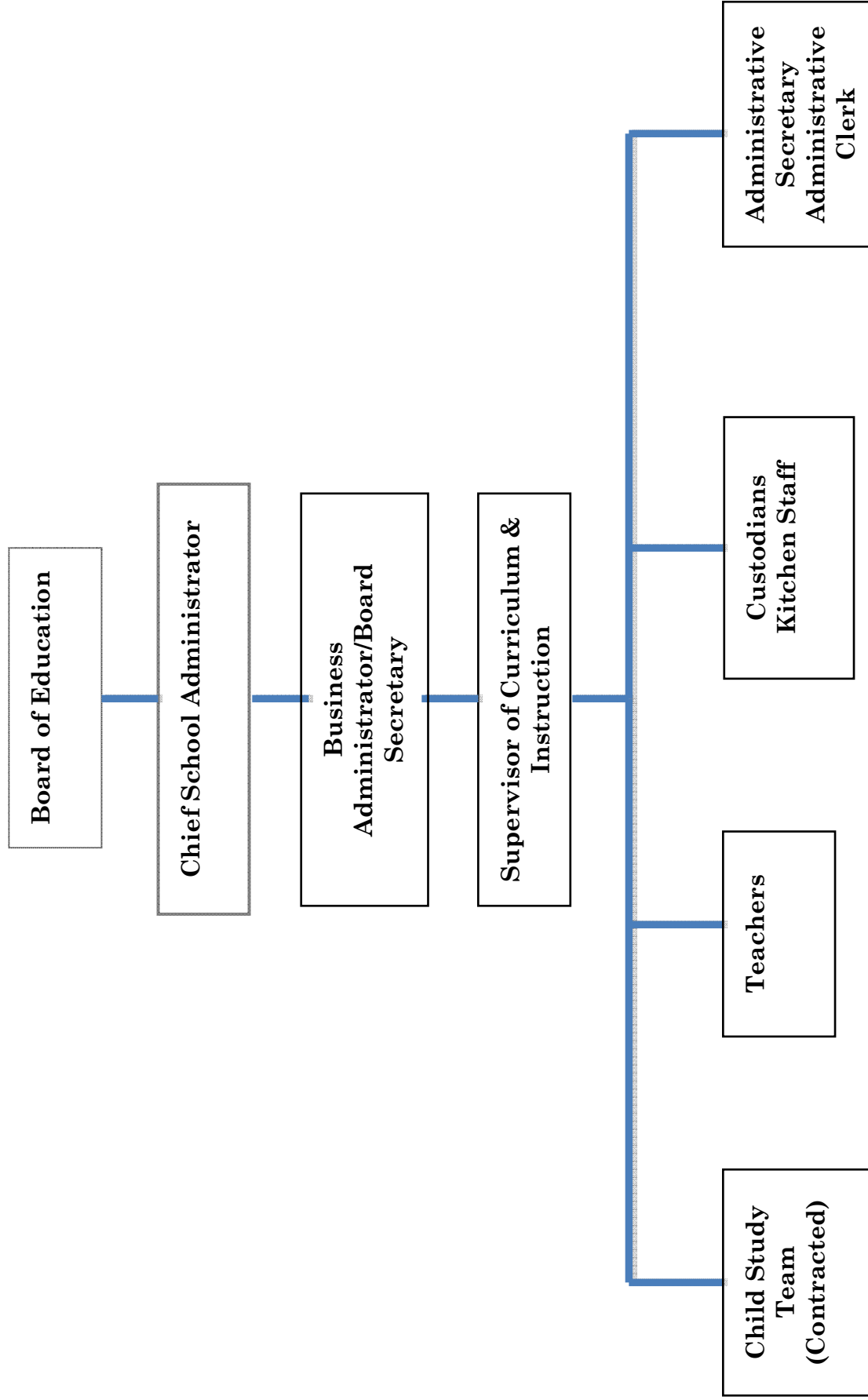
Kathleen Fox

Kathleen Fox
Chief School Administrator

Linda Fiori

Linda Fiori
Board Secretary/Business Administrator

**AVALON SCHOOL DISTRICT
ORGANIZATIONAL CHART**



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

**ROSTER OF OFFICIALS
JUNE 30, 2025**

Members of the Board of Education

Term Expires

Lynn Schwartz, President	2027
John Richardson, Vice President	2025
Matthew Wolf	2025
Lois Scarpa	2026
Alexis Binder	2026
Suzanne Walters (Stone Harbor representative)	2025

Other Officials

Kathleen Fox, Chief School Administrator
Linda Fiori, School Business Administrator/Board Secretary
Ann DeGennaro, Treasurer
Brett Gorman, Esq.

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

AUDIT FIRM

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

ATTORNEY

Gorman, D'Anella & Morlok
P.O. Box 328
Wenonah, NJ 08090

OFFICIAL DEPOSITORY

Sturdy Savings Bank
2628 Dune Drive
Avalon, New Jersey 08202

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Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

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Independent Auditor's Report

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

Report on the Audit of Financial Statements

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 Borough of Avalon School District, in the County of Cape May, New Jersey, as of and for the year ended June 30, 2025, 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 Borough of Avalon School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an 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 judgement made by a reasonable user based on the financial statements.

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

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the 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 entity'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 judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises of the introductory and statistical sections and have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025 on our consideration of the Borough of Avalon School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Avalon School District's internal control over financial reporting and compliance.

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

Michael S. Garcia

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

November 24, 2025

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REQUIRED SUPPLEMENTARY INFORMATION – PART I

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**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED**

The discussion and analysis of Borough of Avalon School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2025 are as follows:

- In total, net position decreased \$312,159.86, which represents a 3.29% increase from 2024.
- General revenues accounted for \$3,318,181.63 in revenue or 64% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,887,665.69 or 36% of total revenues of \$5,164,499.85.
- Total assets of governmental activities decreased by \$454,951.64 as cash and cash equivalents decreased by \$768,567.26, receivables increased by \$679,881.03 and capital assets decreased by \$366,265.41.
- The School District had \$5,518,007.18 in expenses; \$1,887,665.69 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$3,318,181.63 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$4,660,344.75 in revenues and \$4,684,501.14 in expenditures. The General Fund's fund balance decreased \$24,149.27 compared to 2024.

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the school district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the school district's most significant funds with all other non-major funds presented in total in one column. In the case of Borough of Avalon District, the General Fund and the Capital Projects Fund are the most significant funds.

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2025?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

Reporting the School District's Most Significant Funds - Continued

Enterprise Fund

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

Notes to the Financial Statements

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

The School District as a Whole

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

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

Table 1 provides a summary of the School District's net position for 2024 and 2025.

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**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

**Table 1
Net Position**

	2025	2024
Assets		
Current and Other Assets	\$ 2,037,912.51	2,126,437.46
Capital Assets	8,026,467.76	8,392,920.97
Total Assets	10,064,380.27	10,519,358.43
Deferred Outflows of Resources		
Deferred outflows related to pensions	197,050.00	202,326.00
Total Deferred Outflows of Resources	197,050.00	202,326.00
Liabilities		
Long-Term Liabilities	795,689.00	710,772.00
Other Liabilities	14,267.89	151,407.19
Total Liabilities	809,956.89	862,179.19
Deferred Inflows of Resources		
Deferred inflows related to pensions	270,465.00	366,337.00
Total Deferred Inflows of Resources	270,465.00	366,337.00
Net Position		
Net Investment in Capital Assets	8,026,467.76	8,392,920.97
Restricted	360,222.21	474,226.48
Unrestricted	794,318.41	626,020.79
Total Net Position	\$ 9,181,008.38	9,493,168.24

The District's combined net position was \$9,181,008.38 on June 30, 2025. This is a decrease from 2024 of \$312,159.86.

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

Table 2 shows changes in net position for fiscal years 2025 and 2024.

**Table 2
Changes in Net Position**

	2025	2024
Revenues		
Program Revenues:		
Charges for Services	\$ 1,651,132.23	1,503,445.99
Operating Grants and Contributions	236,533.46	674,550.34
General Revenues:		
Property Taxes	3,140,268.00	3,140,268.00
Grants and Entitlements	72,028.00	69,325.00
Library Contribution	106,934.56	131,693.42
Other	(1,048.93)	(9,689.79)
Total Revenues	<u>5,205,847.32</u>	<u>5,509,592.96</u>
Program Expenses		
Instruction	2,111,647.15	2,180,246.59
Support Services:		
Tuition	500,922.90	525,926.30
Student and Instruction Related Services	734,282.83	761,613.25
General Administration, School Administration,	634,151.60	795,395.85
Business Operations and Maintenance of Facilities	1,289,765.10	992,576.11
Pupil Transportation	143,318.54	143,331.23
Special Schools	5,672.47	2,503.80
Food Service	98,246.59	98,387.65
Total Expenses	<u>5,518,007.18</u>	<u>5,499,980.78</u>
Change in Net Position	<u>\$ (312,159.86)</u>	<u>9,612.18</u>

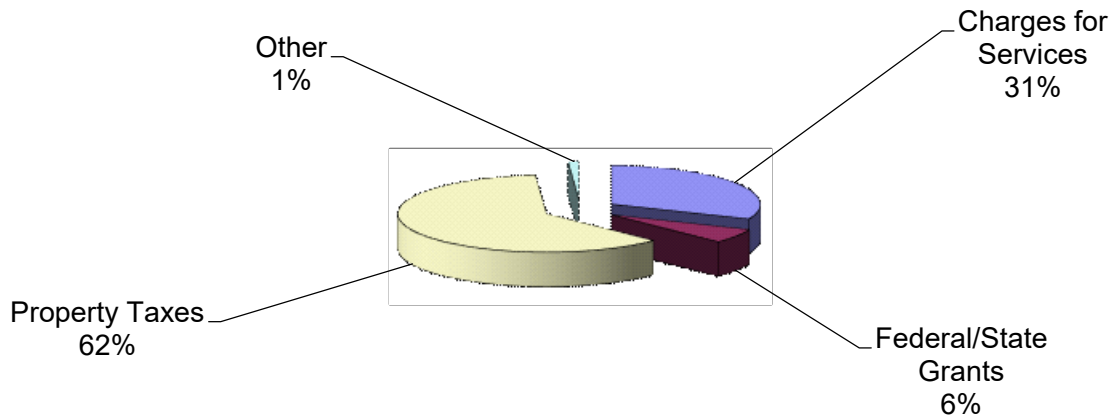
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**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

Governmental Activities

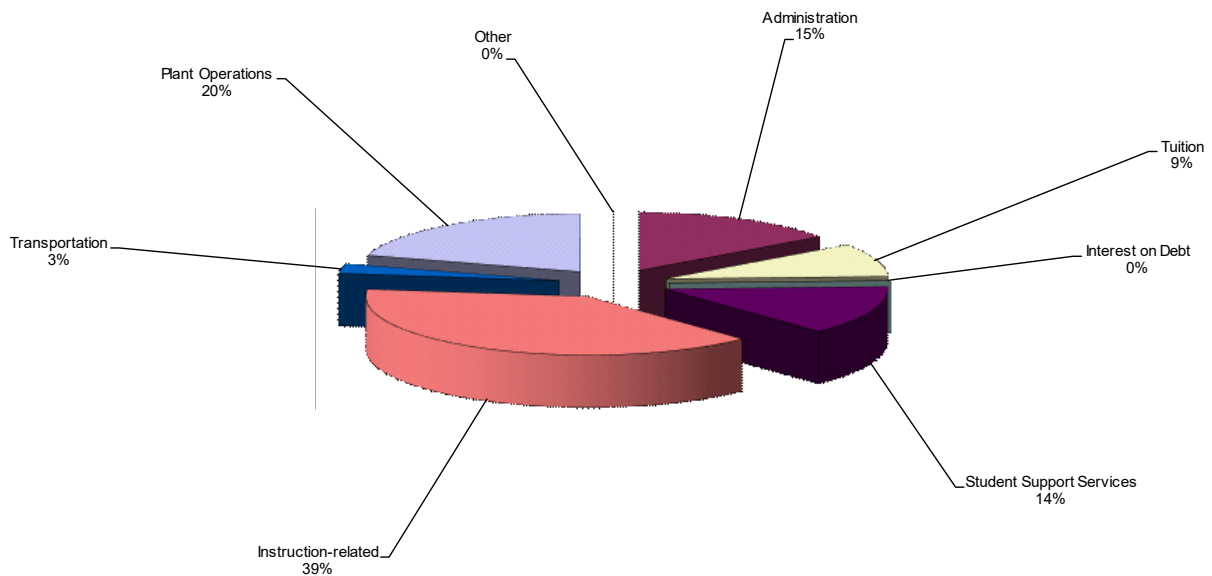
Property taxes made up 62% of revenues for governmental activities for the Borough of Avalon School District for fiscal year 2025. The District's total revenues were \$5,107,652.74, for the year ended June 30, 2025. Federal, state, and local grants accounted for another 14% of revenue.

Sources of Revenue for Fiscal Year 2025



The total cost of all program and services was \$5,419,760.59. Instruction comprises 39% of District expenses.

Cost of Programs and Services for Fiscal Year 2025



**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

Business-Type Activities

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

- Food service expenses exceeded revenues by \$52.01.
- Charges for services represent \$53,419.37 of revenue. This represents amounts paid by students for daily food service. The Board contributed \$44,775.21 for food service operations during 2025.

Governmental Activities

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

**Table 3
Costs of Services**

	<u>Total Cost of Services 2025</u>	<u>Net Cost of Services 2025</u>	<u>Total Cost of Services 2024</u>	<u>Net Cost of Services 2024</u>
Instruction	\$ 2,111,647.15	\$ 1,353,600.70	\$ 2,180,246.59	\$ 1,267,265.38
Support Services:				
Tuition	500,922.90	500,922.90	525,926.30	525,926.30
Pupils and Instructional Staff	734,282.83	686,181.72	761,613.25	547,327.89
General Administration, School Administration, and Business Operations	818,921.57	171,595.33	795,395.85	222,292.70
Operation & Maintenance of Facilities	1,104,995.13	730,875.69	992,576.11	601,998.22
Pupil Transportation	143,318.54	136,918.75	143,331.23	124,425.32
Other	5,672.47	5,419.18	2,503.80	2,173.52
Total Expenses	<u>\$ 5,419,760.59</u>	<u>\$ 3,585,514.27</u>	<u>\$ 5,401,593.13</u>	<u>\$ 3,291,409.33</u>

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

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

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

Governmental Activities - Continued

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

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

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

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$4,694,516.43 and expenditures were \$4,752,972.43. The net decrease in fund balance for the year was most significant in the General Fund, a decrease of \$58,456.00.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2025, and the amount and percentage of total revenues compared to prior year revenues.

Revenue	2024-2025 Amount	Percentage of Total	2023-2024 Amount	Percentage of Total
Local Sources	\$ 3,772,147.59	80.35%	\$ 3,757,725.82	75.25%
State Sources	857,977.84	18.28%	1,078,791.32	21.60%
Federal Sources	64,391.00	1.37%	157,258.41	3.15%
Total	\$ 4,694,516.43	100.00%	\$ 4,993,775.55	100.00%

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

The School District's Funds - Continued

The following schedule represents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2025, and the percentage of total expenditures compared to prior year amounts.

Expenditures	2024-2025 Amount	Percentage of Total	2023-2024 Amount	Percentage of Total
Current Expense:				
Instruction	\$ 1,273,522.54	26.79%	\$ 1,252,557.56	23.25%
Undistributed				
Expenditures	3,108,359.60	65.40%	3,134,537.85	58.19%
Capital Outlay	254,118.24	5.35%	810,625.50	15.05%
Special Schools	3,725.55	0.08%	1,572.79	0.03%
Special Revenue	68,471.29	1.44%	159,008.59	2.95%
Transfers Out	44,775.21	0.94%	28,241.63	0.52%
Total	\$ 4,752,972.43	100.00%	\$ 5,386,543.92	100.00%

General Fund Budgeting Highlights

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

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

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

**BOROUGH OF AVALON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2025, the School District had \$8,026,467.76 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2025 balances compared to 2024.

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

	<u>2025</u>	<u>2024</u>
Land	\$ 643,964.00	\$ 643,964.00
Land Improvements	203,276.10	221,999.40
Buildings and Improvements	6,518,875.19	6,848,957.25
Machinery and Equipment	660,352.47	678,000.32
Total	<u>\$ 8,026,467.76</u>	<u>\$ 8,392,920.97</u>

Overall capital assets increased \$366,453.21 from fiscal year 2024 to fiscal year 2025. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2025, the School District had \$167,025.00 of outstanding debt. Of this amount, \$167,025.00 is for compensated absences.

For the Future

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

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

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

The district was able to resume close to normal activity relatively quickly starting in the Fall of 2020. Due to the already in place one to one Chromebook initiative additional funds to increase connectivity was minimal. Increased cleaning was implemented by current staff and grant funds were used to update our water fountains as bottle filling stations for students. Overall, the effects on the district's financial position were minimal.

Contacting the School District's Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Linda Fiori, School Business Administration/Board Secretary at Borough of Avalon Board of Education, 235 32nd Street, Avalon, NJ 08202.

BASIC FINANCIAL STATEMENTS

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DISTRICT-WIDE FINANCIAL STATEMENTS

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

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BOROUGH OF AVALON SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	880,580.40	3,513.47	884,093.87
Receivables, Net	840,429.14	1,100.45	841,529.59
Due from Internal Funds	5,511.18	(5,511.18)	-
Inventory		1,111.34	1,111.34
Restricted Assets:			
Capital Reserve Account	311,177.71		311,177.71
Capital Assets:			
Land	643,964.00		643,964.00
Capital Assets being Depreciated, net	7,360,765.38	21,738.38	7,382,503.76
Total Assets	<u>10,042,427.81</u>	<u>21,952.46</u>	<u>10,064,380.27</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	197,050.00		197,050.00
Total Deferred outflows of Resources	<u>197,050.00</u>	<u>-</u>	<u>197,050.00</u>
LIABILITIES			
Accounts Payable	9,106.36	25.49	9,131.85
Unearned Revenue	5,136.04	-	5,136.04
Due to Other Governments	-		-
Noncurrent Liabilities			
Due Within One Year	-		-
Due Beyond One Year	167,025.00	-	167,025.00
Net Pension Liability	628,664.00		628,664.00
Total Liabilities	<u>809,931.40</u>	<u>25.49</u>	<u>809,956.89</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	270,465.00		270,465.00
Total Deferred inflows of Resources	<u>270,465.00</u>	<u>-</u>	<u>270,465.00</u>
NET POSITION			
Net Investment in Capital Assets	8,004,729.38	21,738.38	8,026,467.76
Restricted for:			
Other Purposes	360,222.21		360,222.21
Unrestricted	794,129.82	188.59	794,318.41
Total Net Position	<u>\$ 9,159,081.41</u>	<u>21,926.97</u>	<u>9,181,008.38</u>

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

BOROUGH OF AVALON SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

Function/Programs	Expenses	Indirect Cost Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 1,210,889.56	643,828.62	618,450.00	128,123.47		(1,108,144.71)		(1,108,144.71)
Special Education	70,880.74	42,553.09		5,065.31		(108,368.52)		(108,368.52)
Other Special Instruction	89,664.98	53,830.16		6,407.67		(137,087.47)		(137,087.47)
Support Services:								
Tuition	500,922.90	-		-		(500,922.90)		(500,922.90)
Student & Instruction Related Services	458,827.07	275,455.76		48,101.11		(686,181.72)		(686,181.72)
School Administrative Services	604,893.79	29,257.81	635,592.77	3,482.70		4,923.87		4,923.87
Other Administrative Services	115,456.14	69,313.83		8,250.77		(176,519.20)		(176,519.20)
Plant Operation and Maintenance	849,193.32	255,801.81	343,670.09	30,449.35		(730,875.69)		(730,875.69)
Pupil Transportation	89,554.63	53,763.91		6,399.79		(136,918.75)		(136,918.75)
Special Schools	3,544.53	2,127.94		253.29		(5,419.18)		(5,419.18)
Unallocated Benefits	1,425,932.93	(1,425,932.93)				(0.00)		(0.00)
Total Governmental Activities	5,419,760.59	-	1,597,712.86	236,533.46	-	(3,585,514.27)	-	(3,585,514.27)
Business-Type Activities:								
Food Service	98,246.59		53,419.37			(44,827.22)		(44,827.22)
Total Business-Type Activities	98,246.59	-	53,419.37	-	-	(44,827.22)		(44,827.22)
Total Primary Government	\$ 5,518,007.18	-	1,651,132.23	236,533.46	-	(3,585,514.27)		(3,630,341.49)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net						3,140,268.00		3,140,268.00
Federal and State Aid not Restricted						72,028.00		72,028.00
Library Contribution						106,934.56		106,934.56
Miscellaneous Income						10,722.97		10,722.97
Interest Earnings						300.00		300.00
Special Items:								
Loss on disposal of fixed assets						(12,071.90)		(12,071.90)
Transfers						(44,775.21)	44,775.21	-
Total General Revenues, Special Items, Extraordinary Items and Transfers						3,273,408.42	44,775.21	3,318,181.63
Change in Net Position						(312,107.85)	(52.01)	(312,159.86)
Net Position - Beginning						9,471,189.26	21,978.98	9,493,168.24
Net Position - Ending						9,159,081.41	21,926.97	9,181,008.38

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

FUND FINANCIAL STATEMENTS

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

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BOROUGH OF AVALON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 136,669.13	25,820.44	32,625.94	195,115.51
Due from Other Funds	38,137.58			38,137.58
Receivables from Other Governments	794,172.01	-	-	794,172.01
Restricted Cash & Cash Equivalents	311,177.71			311,177.71
Total Assets	<u>1,280,156.43</u>	<u>25,820.44</u>	<u>32,625.94</u>	<u>1,338,602.81</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	2,836.01	-		2,836.01
Payroll Deductions and Withholdings	6,270.35			6,270.35
Due to Other Funds		0.46	32,625.94	32,626.40
Unearned Revenue	-	5,136.04		5,136.04
Total Liabilities	<u>9,106.36</u>	<u>5,136.50</u>	<u>32,625.94</u>	<u>46,868.80</u>
Fund Balances:				
Restricted for:				
Excess Surplus	128,222.98			128,222.98
Excess Surplus - Designated				
Subsequent Year	132,810.24			132,810.24
Unemployment Compensation	78,505.05			78,505.05
Scholarships		390.53		390.53
Student Activities		20,293.41		20,293.41
Committed to:				
Capital Reserve	311,177.71			311,177.71
Maintenance Reserve	265,323.00			265,323.00
Assigned to:				
Designated by BOE for				
Subsequent Expenditures	3,184.76			3,184.76
Other Purposes	102,146.33		-	102,146.33
Unassigned, Reported in:				
General Fund	249,680.00	-		249,680.00
Total Fund Balances	<u>1,271,050.07</u>	<u>20,683.94</u>	<u>-</u>	<u>1,291,734.01</u>
Total Liabilities and Fund Balances	<u>\$ 1,280,156.43</u>	<u>25,820.44</u>	<u>32,625.94</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.
The cost of the assets is \$14,872,487.80 and the accumulated depreciation is \$6,501,493.01

8,004,729.38

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

731,722.02

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

(702,079.00)

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

(167,025.00)

9,159,081.41

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

BOROUGH OF AVALON SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 3,140,268.00		-	3,140,268.00
Tuition Charges	618,450.00			618,450.00
Interest Earned on Investment	300.00			300.00
Miscellaneous	10,722.97	2,406.62		13,129.59
Total Local Sources	3,769,740.97	2,406.62	-	3,772,147.59
State Sources	857,977.84	-		857,977.84
Federal Sources		64,391.00		64,391.00
Total Revenues	4,627,718.81	66,797.62	-	4,694,516.43
EXPENDITURES				
Current:				
Regular Instruction	1,104,777.40	22,420.04		1,127,197.44
Special Education Instruction	74,500.78			74,500.78
Other Special Instruction	94,244.36			94,244.36
Support Services:				
Tuition	500,922.90			500,922.90
Student & Instruction Related Serv.	466,948.11	15,312.25		482,260.36
School Administrative Services	51,223.77			51,223.77
Other Administrative Services	109,045.74			109,045.74
Plant Operation and Maintenance	447,850.78			447,850.78
Pupil Transportation	94,128.37			94,128.37
Business and Other Support Serv.	12,307.00			12,307.00
Employee Benefits	1,425,932.93			1,425,932.93
Capital Outlay	254,118.24	30,739.00	-	284,857.24
Special Schools	3,725.55			3,725.55
Total Expenditures	4,639,725.93	68,471.29	-	4,708,197.22
Excess (Deficiency) of Revenues Over Expenditures	(12,007.12)	(1,673.67)	-	(13,680.79)
OTHER FINANCING SOURCES (USES)				
Transfer in	32,625.94		-	32,625.94
Transfer out	(44,775.21)		(32,625.94)	(77,401.15)
Total Other Financing Sources and Uses	(12,149.27)	-	(32,625.94)	(44,775.21)
Net Changes in Fund Balance	(24,156.39)	(1,673.67)	(32,625.94)	(58,456.00)
Fund Balance - July 1	1,295,206.46	22,357.61	32,625.94	1,350,190.01
Fund Balance - June 30	\$ 1,271,050.07	20,683.94	-	1,291,734.01

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

BOROUGH OF AVALON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ (58,456.00)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlays in the current fiscal year.

Depreciation expense	(500,587.51)	
Loss on Disposal of Fixed Assets	(12,071.90)	
Capital Outlays	<u>146,394.00</u>	
		(366,265.41)

In the statement of activities, certain operating expenses, e.g. pension expense are measured under full accrual accounting. In the governmental funds, however, expenditures are reported on the amounts actually billed by the State.

District pension contributions	62,955.00	
Cost of benefits earned, net of employee contributions	<u>(24,651.00)</u>	
		38,304.00

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

Compensated Absences	<u>(32,625.00)</u>	
		(32,625.00)

Internal service funds are used by management to charge the costs of certain activities, such as building use charges, to individual funds or other governmental entities. The net revenue (expense) of the internal service funds is reported with governmental activities. (See B-5)

106,934.56

Change in Net Position of Governmental Activities

\$ (312,107.85)

BOROUGH OF AVALON SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2025

	Business-Type Activities - Enterprise Fund Non-Major Fund		Governmental Activities Internal Service Funds (See G-4)
	Food Service	Totals	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,513.47	3,513.47	685,464.89
Accounts Receivable	1,100.45	1,100.45	46,257.13
Inventories	1,111.34	1,111.34	
Total Current Assets	<u>5,725.26</u>	<u>5,725.26</u>	<u>731,722.02</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	102,952.12	102,952.12	
Less: Accumulated Depreciation	<u>(81,213.74)</u>	<u>(81,213.74)</u>	
Total Noncurrent Assets	<u>21,738.38</u>	<u>21,738.38</u>	<u>-</u>
Total Assets	<u>27,463.64</u>	<u>27,463.64</u>	<u>731,722.02</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	25.49	25.49	-
Interfunds Payable	<u>5,511.18</u>	<u>5,511.18</u>	<u>-</u>
Total Current Liabilities	<u>5,536.67</u>	<u>5,536.67</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	21,738.38	21,738.38	
Assigned to:			
Unrestricted	188.59	188.59	731,722.02
Total Net Position	<u>\$ 21,926.97</u>	<u>21,926.97</u>	<u>731,722.02</u>

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

BOROUGH OF AVALON SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Fund Non-Major Fund		Governmental Activities Internal Service Funds (See G-5)
	Food Service	Totals Enterprise Fund	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 53,419.37	53,419.37	
Interlocal Revenue - Borough Library		-	451,006.60
Interlocal Revenue - Services Provided to Other LEA's		-	635,190.82
Total Operating Revenue	<u>53,419.37</u>	<u>53,419.37</u>	<u>1,086,197.42</u>
Operating Expenses:			
Cost of Sales	53,573.53	53,573.53	
Salaries	35,248.08	35,248.08	556,159.01
Employee Benefits		-	92,100.00
Cleaning, Repair and Maintenance Services	1,211.49	1,211.49	24,750.84
Other Purchased Services	-	-	9,647.70
Purchased Professional Technical Services	4,696.91	4,696.91	-
Supplies & Materials	1,199.78	1,199.78	74,922.71
Depreciation	2,316.80	2,316.80	
Total Operating Expenses	<u>98,246.59</u>	<u>98,246.59</u>	<u>979,262.86</u>
Operating Income (Loss)	<u>(44,827.22)</u>	<u>(44,827.22)</u>	<u>106,934.56</u>
Income (Loss) before Contributions & Transfers	(44,827.22)	(44,827.22)	106,934.56
Transfers In (Out)	<u>44,775.21</u>	<u>44,775.21</u>	<u>-</u>
Changes in Net Position	(52.01)	(52.01)	106,934.56
Total Net Position - Beginning	<u>21,978.98</u>	<u>21,978.98</u>	<u>624,787.46</u>
Total Net Position - Ending	<u>\$ 21,926.97</u>	<u>21,926.97</u>	<u>731,722.02</u>

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

BOROUGH OF AVALON SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Fund Non-Major Fund		Governmental Activities Internal Service Funds (See G-6)
	Food Service	Totals Enterprise Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 56,976.46	56,976.46	941,806.53
Payments to Vendors - Cost of Sales	(58,450.68)	(58,450.68)	-
Payments to Employees	(35,248.08)	(35,248.08)	(556,159.01)
Payments for Employee Benefits	-	-	(92,100.00)
Payments for Other Purchased Services	-	-	(9,647.70)
Payments for Supplies	(2,411.27)	(2,411.27)	(99,673.55)
Payments for Other Objects	-	-	(221,682.60)
Net Cash Provided by (Used for) Operating Activities	<u>(39,133.57)</u>	<u>(39,133.57)</u>	<u>(37,456.33)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers to Other Funds	44,775.21	44,775.21	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>44,775.21</u>	<u>44,775.21</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Capital Assets	(2,129.00)	(2,129.00)	
Net Cash Provided by (Used for) Investing Activities	<u>(2,129.00)</u>	<u>(2,129.00)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,512.64	3,512.64	(37,456.33)
Balance - Beginning of Year	0.83	0.83	722,921.22
Balance - End of Year	<u>\$ 3,513.47</u>	<u>3,513.47</u>	<u>685,464.89</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (44,827.22)	(44,827.22)	106,934.56
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	2,316.80	2,316.80	
(Increase) Decrease in Accounts Receivable	3,557.09	3,557.09	(6,890.89)
(Increase) Decrease in Inventories	(205.73)	(205.73)	
Increase/(Decrease) in Accounts Payable	25.49	25.49	-
Increase (Decrease) in Deferred Revenue	-	-	(137,500.00)
Total Adjustments	<u>5,693.65</u>	<u>5,693.65</u>	<u>(144,390.89)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (39,133.57)</u>	<u>(39,133.57)</u>	<u>(37,456.33)</u>

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Board of Education (Board) of the Borough of Avalon School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity

The Borough of Avalon School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. Effective with the 2012 fiscal year, the election of Board Members was moved to the general election in November resulting in the members whose term would have expired in April of 2012 being carried over to December 31, 2012. The purpose of the district is to educate students in grades K-8. The Borough of Avalon School District had an enrollment on June 30, 2025, of 97 students.

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

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

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT WIDE FINANCIAL STATEMENTS

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

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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

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

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

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

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

The following fund types are used by the District:

1. Governmental Funds:

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

- a. **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Debt Service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

2. Proprietary Funds:

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

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

3. Fiduciary Funds:

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

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

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

D. BASIS OF ACCOUNTING

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

1. Accrual:

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

2. Modified Accrual:

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

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

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

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2025, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food and Supplies	\$ <u>1,111.34</u>
	\$ <u><u>1,111.34</u></u>

4. Capital Assets:

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

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

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

5. Revenues:

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

7. Compensated Absences:

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

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

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

8. Interfund Activity:

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

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Regular Programs - Instruction	
Preschool Salaries of Teachers	\$ 14,306.00
Grades 1-5 Salaries of Teachers	(18,133.00)
Grades 6-8 Salaries of Teachers	(32,890.00)
General Supplies	(50,305.00)
School Spon. Athletics - Instruction	
Other Purchased Services	8,009.00
Undist. Expend. - Tuition	
Tuition to Other LEAs Within the State-Regular	23,120.00
Tuition to Priv. School for Disabled w/in State	(21,327.00)
Undist. Expend. - Custodial Services	
Electricity	17,952.00
Purchased Prof. and Tech. Services	
Unallocated Benefits	
Health Benefits	(36,026.00)
Other Employee Benefits	
Facilities Acquisition and Construction Services	
Purchased Prof. and Tech. Services	11,838.00
Construction Services	53,743.00
Transfer to Food Service	22,778.00

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

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

10. Tuition Receivable

Tuition charges were established by the Boards of Education based on estimated costs. The nonresident tuition charge for fiscal years 2024/25 was \$5,500 for PreK, \$3,000 for the 1st student Grade 1-8, \$2,750 for the second student Grade 1-8 and \$2,500 for each subsequent.

11. Tuition Payable

Tuition charges for the fiscal years 2024/25 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates

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

13. Allocation of Costs

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

14. Pensions

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

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements". This statement is effective for fiscal years beginning after June 15, 2025 and will not have any effect on the District's financial reporting.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, "Disclosure of Certain Capital Assets". This statement is effective for fiscal years beginning after June 15, 2025 and will not have any effect on the District's financial reporting.

NOTE 2 – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2024, \$0 of the government's bank balance of \$1,380,344.65 was exposed to custodial credit risk.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 – RECEIVABLES

Receivables at June 30, 2025, consisted of accounts (tuition), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State Aid	\$ 9,105.01	\$ 9,105.01
Interfunds	38,137.58	5,511.18
Other	<u>785,067.00</u>	<u>831,324.13</u>
Gross Receivables	832,309.59	845,940.32
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 832,309.59</u></u>	<u><u>\$ 845,940.32</u></u>

NOTE 4 – INTERFUND TRANSFERS AND BALANCES

The following interfund balances remained on the fund financial statements on June 30, 2025:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 38,137.58	\$
Special Revenue Fund		0.46
Capital Projects Fund		32,625.94
Food Service Fund		<u>5,511.18</u>
Total	<u><u>\$ 38,137.58</u></u>	<u><u>\$ 38,137.58</u></u>

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. A permanent transfer in the amount of \$44,775.21 was made from the General Fund to the Food Service Fund to fund the deficit in the fund. The fund financial interfunds were eliminated in the governmental-wide statements.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 643,964.00	\$ -	\$ -	\$ 643,964.00
Total capital assets not being depreciated	<u>643,964.00</u>	<u>-</u>	<u>-</u>	<u>643,964.00</u>
Capital assets being depreciated:				
Land Improvements	479,098.00			479,098.00
Buildings and building improvements	12,487,691.00	54,731.00		12,542,422.00
Machinery and Equipment	1,261,734.80	91,663.00	(67,624.00)	1,285,773.80
Total capital assets being depreciated at historical cost	<u>14,228,523.80</u>	<u>146,394.00</u>	<u>(67,624.00)</u>	<u>14,307,293.80</u>
Less accumulated depreciation for:				
Land Improvements	(257,098.60)	(18,723.30)		(275,821.90)
Buildings and improvements	(5,638,733.75)	(387,230.57)	2,417.51	(6,023,546.81)
Equipment	<u>(605,660.66)</u>	<u>(94,633.64)</u>	<u>53,134.59</u>	<u>(647,159.71)</u>
Subtotal accumulated depreciation	<u>(6,501,493.01)</u>	<u>(500,587.51)</u>	<u>55,552.10</u>	<u>(6,946,528.42)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>7,727,030.79</u>	<u>(354,193.51)</u>	<u>(12,071.90)</u>	<u>7,360,765.38</u>
Governmental activity capital assets, net	<u>\$ 8,370,994.79</u>	<u>\$ (354,193.51)</u>	<u>\$ (12,071.90)</u>	<u>\$ 8,004,729.38</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 100,823.12	\$ 2,129.00	\$ -	\$ 102,952.12
Less accumulated depreciation	<u>(78,896.94)</u>	<u>(2,316.80)</u>		<u>(81,213.74)</u>
Enterprise Fund capital assets, net	<u>\$ 21,926.18</u>	<u>\$ (187.80)</u>	<u>\$ -</u>	<u>\$ 21,738.38</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 226,022.25
Special Instruction	14,938.67
Other Special Instruction	18,897.60
Student & Instruction Related Services	96,701.40
School Administration Services	10,271.24
Plant Operation & Maintenance	89,801.69
Pupil Transportation	18,874.34
Central and Technical Administrative Services	24,333.29
Special Schools	<u>747.03</u>
	<u>\$ 500,587.51</u>

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 6 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2025, are as follows:

Governmental Activities

	Balance June 30, 2024	Issues or Additions	Payments or Expenditures	Balance June 30, 2025	Amounts Due Within One Year
Compensated Absences	\$ 134,400.00	\$ 32,625.00	\$	\$ 167,025.00	\$ -
Net Pension Liability	576,372.00	52,292.00		628,664.00	
	<u>\$ 710,772.00</u>	<u>\$ 84,917.00</u>	<u>\$ -</u>	<u>\$ 795,689.00</u>	<u>\$ -</u>

NOTE 7 – PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

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

Public Employees' Retirement System (PERS)

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Defined Contribution Retirement Program (DCRP)

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

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District had one employee enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2025.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 46.70% and the PERS rate is 17.61% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2025, 2024 and 2023 were \$515,911.00, \$703,555.00, and \$690,837.00 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2025, 2024 and 2023 were \$62,955, \$53,184.00, and \$79,410.60, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2025, 2024 and 2023, the State of New Jersey contributed \$150,749.00, \$191,482.00, and \$181,481.00 respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$119,074.84, \$114,178.32, and \$121,232.15, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

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

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

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}^{\text{th}}$ from $\frac{1}{55}^{\text{th}}$, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}^{\text{th}}$ of the required amount, beginning in fiscal years 2012.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

NOTE 8: PENSION LIABILITIES – PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the District's pension liabilities. The following information describes the District's proportionate share of the statewide pension system's liabilities and expenses.

The following represents the District's pension liabilities as June 30, 2024:

Public Employees' Retirement System

The District has a liability of \$628,664 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 that was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion is 0.00462659310%, which is an increase of 16.27% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of (\$38,304). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 12,593	\$ (1,674)
Changes of assumptions	781	(7,153)
Net difference between projected and actual earnings on pension plan investments	-	(29,149)
Changes in proportion	183,676	(232,489)
Total	<u>\$ 197,050</u>	<u>\$ (270,465)</u>

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2026	\$	(6,261)
2027		(56,342)
2028		(9,849)
2029		(308)
2030		(655)
Total	\$	<u><u>(73,415)</u></u>

Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00%	8.63%
Non-U.S. developed markets equity	12.75%	8.85%
International small cap equity	1.25%	8.85%
Emerging markets equity	5.50%	10.66%
Private equity	13.00%	12.40%
Real estate	8.00%	10.95%
Real assets	3.00%	8.20%
High yield	4.50%	6.74%
Private credit	8.00%	8.90%
Investment grade credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk mitigation strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, 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 or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 764,830	628,664	512,893

Pension plan fiduciary net position.

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 9 – PENSION LIABILITIES - TEACHERS’ PENSION AND ANNUITY FUND (TPAF)

At June 30, 2025, the District liability for its proportionate share of the net pension liability which is considered a Special Funding Situation with the State of New Jersey is reported below.

The employer contributions for local participating employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 18:66-33. Therefore, local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan, there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>8,068,167</u>
Total	<u><u>\$ 8,068,167</u></u>

The net pension liability was measured as of June 30, 2024 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2024, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$(735,009) and revenue of \$(735,009) for support provided by the State.

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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, 2024 are summarized in the following table:

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

Discount rate.

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% 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 (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ -	-	-
State's proportionate share of the net position liability associated with the District	\$ 9,590,159	8,068,167	6,786,362

Pension plan fiduciary net position.

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

Additional Information

Collective balances of the local group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 1,108,112,477
Deferred inflows of resources	(10,545,101,790)
Net pension liability	49,492,072,325

Collective pension expense for the plan for the measurement period ended June 30, 2024 is \$(180,539,491).

NOTE 10 – 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 2024 the State funded the various defined benefit pension systems at 104 percent of the 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,

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2023, which is required to be reported on the financial statements, is \$79.4 billion.

The Fiscal Year 2025 projected aggregate State contribution to the pension plans of \$7.2 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 2024, 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 2024, the State contributed \$2.3 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$2.1 billion in Fiscal Year 2023. The State has appropriated \$2.4 billion in Fiscal Year 2025 as the State's contribution to fund increases in prescription drugs and medical claims costs.

In accordance with the provisions of GASBE 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 2024 State OPEB liability to provide these benefits is \$76.9 billion, an increase of \$2.0 billion, or 2.6 percent, from the \$74.9 billion liability recorded in Fiscal Year 2023. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: nj.gov/treasury/pensions/financial-reports.shtml.

Total OPEB Liability

The State, a non-employer 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 LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA 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/board of trustees. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget's Financial Publications webpage: nj.gov/treasury/omb/fr.shtml.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2024, actuarial valuation reported by the State in the State's most recently issued ACFR was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024. 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 and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Salary Increases

<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
2.75% to 5.65% based on service years	2.75% to 6.55% based on service years	3.25% to 16.25% based on service years

Mortality Rates

Preretirement 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. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2020 "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, 2023 valuation were based on the results of the TPAF, PERS, and PFRS experience studies for the period July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.5% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027, and decreases to 4.5% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027, and decreases to 4.5% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.5% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at 6/30/24 (Based on 6/30/2023 measurement date)	\$ 52,361,668,239.00
Changes for the year:	
Service cost	2,152,062,729.00
Interest	1,963,557,443.00
Changes in Benefit Terms	-
Differences between Expected & Actual Experiences	158,934,425.00
Changes in assumptions or other inputs	4,462,660,491.00
Contributions: Member	51,347,810.00
Benefit payments	<u>(1,499,600,607.00)</u>
Net changes	<u>7,288,962,291.00</u>
Balance at 6/30/25 (Based on 6/30/2024 measurement date)	<u>\$ 59,650,630,530.00</u>

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

The following presents the total OPEB liability as of June 20, 2024, respectively, calculated using a discount rate as disclosed above as well as what the total nonemployer OPEB would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability \$	69,863,663,542.00	59,650,630,530.00	51,437,232,141.00

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

The following presents the total OPEB liability as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the 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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees) \$	49,689,409,509.00	59,650,630,530.00	72,625,778,279.00

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

For the year ended June 30, 2024, the board of education recognized OPEB expense of \$269,544 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

deferred inflows of resources. At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,378,932,312.00	(11,139,706,892.00)
Changes in assumptions	<u>10,004,978,073.00</u>	<u>(11,662,607,882.00)</u>
	<u>\$ 16,383,910,385.00</u>	<u>(22,802,314,774.00)</u>

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

Year Ended June 30,	
2025	\$ (2,115,877,507.00)
2026	(1,774,175,666.00)
2027	(842,677,045.00)
2028	221,470,185.00
2029	(1,537,725,697.00)
Thereafter	<u>(369,418,659.00)</u>
	<u>\$ (6,418,404,389.00)</u>

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

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

NOTE 11 – COMPENSATED ABSENCES

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

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

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 – DEFERRED COMPENSATION

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

Siracusa
Prudential
AXE Equitable

NOTE 13 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Avalon Board of Education by the inclusion of \$15,000.00 in the 1991/92 school year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-2.13(g) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2024, to June 30, 2025 fiscal year is as follows:

Beginning Balance, July 1, 2024	\$ 239,651.71
Interest credited	150.00
Transfer	71,376.00
Ending Balance, June 30, 2025	<u><u>\$ 311,177.71</u></u>

NOTE 14 – MAINTENANCE RESERVE ACCOUNT

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may be increased through an appropriation in the annual general fund budget certified for taxes or a resolution of the Board at the June meeting. This reserve may be used at any time during the year, by resolution, to transfer to the required maintenance budget lines for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted for use on required maintenance appropriations and may not be transferred to any other line-item account. As of June 30, 2025, the District has reserved \$265,323.00 for maintenance.

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 and the ending balance of the District's fund for the current and prior year:

<u>Year</u>	<u>Contributions</u>	<u>Investments</u>	<u>Reimbursed</u>	<u>Balance</u>
2024-2025	\$ 4,326.27	\$ 45.29	\$ 330.68	\$ 78,505.05
2023-2024	5,781.76	50.42	2,314.16	74,464.17
2022-2023	3,619.45	22.11	2,261.71	70,946.15

NOTE 16 – CONTINGENT LIABILITIES

Federal and State Grants

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

NOTE 17 – ECONOMIC DEPENDENCY

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

NOTE 18 – LITIGATION

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

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 19 – COMMITMENTS

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

Fund	Amount
General Fund Encumbered Orders	\$ 102,146.33
	<u>\$ 102,146.33</u>

NOTE 20 – FUND BALANCE APPROPRIATED

General Fund – Of the \$1,271,050.07 General Fund balance, at June 30, 2025, \$102,146.33 is reserved for encumbrances, \$261,033.22 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$132,810.24 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2026), \$311,177.71 has been reserved in the Capital Reserve Account; \$265,323.00 has been reserved in a Maintenance Reserve Account; \$78,505.05 is reserved for Unemployment Compensation payments; \$3,184.76 has been reserved and designated for the 2025-26 budget; and \$249,680.00 is classified as unassigned.

NOTE 21 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount of budgeted fund balance in their subsequent years' budget. The excess fund balance generated in the fiscal year ended June 30, 2025, is \$261,033.22.

NOTE 22 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2025, through November 24, 2025, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

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BUDGETARY COMPARISON SCHEDULES

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BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,140,268.00		3,140,268.00	3,140,268.00	-
Tuition from Individuals	169,750.00		169,750.00	203,450.00	33,700.00
Tuition from Other LEAs	415,000.00		415,000.00	415,000.00	-
Interest on Capital Reserve	150.00		150.00	150.00	-
Interest on Maintenance Reserve	150.00		150.00	150.00	-
Other Restricted Miscellaneous Revenues			-	4,040.88	4,040.88
Unrestricted Miscellaneous Revenues	1,200.00		1,200.00	6,682.09	5,482.09
Total Local Sources	<u>3,726,518.00</u>		<u>3,726,518.00</u>	<u>3,769,740.97</u>	<u>43,222.97</u>
State Sources:					
Categorical Transportation Aid	28,649.00		28,649.00	28,649.00	-
Categorical Special Education Aid	35,361.00		35,361.00	35,361.00	-
Categorical Security Aid	4,841.00		4,841.00	4,841.00	-
Nonpublic Transportation Aid			-	3,269.00	3,269.00
On-behalf TPAF Pension Contributions (non-budgeted)			-	515,911.00	515,911.00
On-behalf TPAF Postretirement Medical Contributions (non-budgeted)			-	150,749.00	150,749.00
On-behalf TPAF Long-Term Disability Ins. Contrib. (non-budgeted)			-	215.00	215.00
TPAF Social Security (Reimbursed- (non-budgeted)			-	119,074.84	119,074.84
Other State Aids			-		-
Total State Sources	<u>68,851.00</u>	<u>-</u>	<u>68,851.00</u>	<u>858,069.84</u>	<u>789,218.84</u>
Total Revenues	<u>3,795,369.00</u>	<u>-</u>	<u>3,795,369.00</u>	<u>4,627,810.81</u>	<u>832,441.81</u>
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Salaries of Teachers	149,492.00	14,306.00	163,798.00	163,620.10	177.90
Grades 1 - 5 Salaries of Teachers	191,361.00	(18,133.00)	173,228.00	173,008.85	219.15
Grades 6 - 8 Salaries of Teachers	600,188.00	(32,890.00)	567,298.00	567,297.77	0.23
Regular Programs - Home Instruction					
Salaries of Teachers	500.00	(500.00)	-	-	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	85,406.00	1,546.00	86,952.00	86,951.82	0.18
Purchased Professional Educational Services	28,561.00	(2,672.00)	25,889.00	25,888.20	0.80
Other Purchased Services (400-500 series)	36,389.00	1,272.00	37,661.00	37,523.48	137.52
General Supplies	91,488.37	(50,305.00)	41,183.37	33,066.34	8,117.03
Technology Supplies		4,296.00	4,296.00	4,294.86	1.14
Textbooks	5,000.00	(3,390.00)	1,610.00	390.60	1,219.40
Other Objects	9,000.00	4,236.00	13,236.00	12,735.38	500.62
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>1,197,385.37</u>	<u>(82,234.00)</u>	<u>1,115,151.37</u>	<u>1,104,777.40</u>	<u>10,373.97</u>
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center					
Salaries of Teachers	71,427.00	2,477.00	73,904.00	73,904.00	-
General Supplies	2,500.00	(1,897.00)	603.00	596.78	6.22
Textbooks	200.00	(200.00)	-	-	-
Total Resource Room/Resource Center	<u>74,127.00</u>	<u>380.00</u>	<u>74,507.00</u>	<u>74,500.78</u>	<u>6.22</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>74,127.00</u>	<u>380.00</u>	<u>74,507.00</u>	<u>74,500.78</u>	<u>6.22</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	5,597.00	(140.00)	5,457.00	5,456.20	0.80
General Supplies	1,000.00	(1,000.00)	-	-	-
Textbooks	200.00	(200.00)	-	-	-
Total Basic Skills/Remedial - Instruction	<u>6,797.00</u>	<u>(1,340.00)</u>	<u>5,457.00</u>	<u>5,456.20</u>	<u>0.80</u>
School-Spon. Cocurricular Activities - Instruction					
Salaries	20,365.00	3,165.00	23,530.00	23,530.00	-
Other Purchased Services (300-500)	3,965.00	1,057.00	5,022.00	3,855.00	1,167.00
Supplies & Materials	4,000.00	(777.00)	3,223.00	3,166.74	56.26
Total School-Spon. Cocurricular Activities - Inst.	<u>28,330.00</u>	<u>3,445.00</u>	<u>31,775.00</u>	<u>30,551.74</u>	<u>1,223.26</u>

BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Athletics - Instruction					
Salaries	37,800.00	(6,550.00)	31,250.00	31,250.00	-
Other Purchased Services (300-500)	9,000.00	8,009.00	17,009.00	17,007.25	1.75
Supplies & Materials	13,218.45	(3,239.00)	9,979.45	9,979.17	0.28
Total School-Spon. Athletics - Inst.	60,018.45	(1,780.00)	58,238.45	58,236.42	2.03
TOTAL INSTRUCTION	1,366,657.82	(81,529.00)	1,285,128.82	1,273,522.54	11,606.28
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Regular	468,773.00	23,120.00	491,893.00	491,892.62	0.38
Tuition to Other LEAs Within the State-Special	3,664.00	(732.00)	2,932.00	2,931.28	0.72
Tuition to County Vocational School	3,832.00		3,832.00	3,832.00	-
Tuition to CSSD & Reg Day Schools	23,825.00	(21,327.00)	2,498.00	1,800.00	698.00
Tuition to Priv. School for Disabled w/in State	-	4,797.00	4,797.00	467.00	4,330.00
Total Undistributed Expenditures - Instruction	500,094.00	5,858.00	505,952.00	500,922.90	5,029.10
Undistributed Expend. - Attendance & Social Work					
Salaries	20,565.00	703.00	21,268.00	21,267.88	0.12
Purchased Professional and Technical Services	10,000.00	(133.00)	9,867.00	9,687.50	179.50
Other Purchased Services (400-500)	2,500.00		2,500.00	2,500.00	-
Total Undistributed Expend. - Attendance Services	33,065.00	570.00	33,635.00	33,455.38	179.62
Undistributed Expend. - Health Services					
Salaries	96,898.00	1,376.00	98,274.00	97,474.00	800.00
Purchased Professional and Technical Services	5,500.00		5,500.00	5,321.00	179.00
Supplies & Materials	5,000.00	(1,376.00)	3,624.00	1,278.56	2,345.44
Other Objects	-		-		-
Total Undistributed Expend. - Health Services	107,398.00	-	107,398.00	104,073.56	3,324.44
Undist. Expend. - Other Support Serv. Students - Speech, OT, PT & Related Services					
Purchased Professional - Educational Services	2,000.00	-	2,000.00	975.00	1,025.00
Supplies & Materials	1,000.00	-	1,000.00	562.50	437.50
Total Undist. Expend. - Other Support Serv. Students - Speech, OT, PT & Related Services	3,000.00	-	3,000.00	1,537.50	1,462.50
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Purchased Professional - Educational Services	14,750.00	2,602.00	17,352.00	17,352.00	-
Total Undist. Expend. - Other Support Serv. Students - Extraordinary Services	14,750.00	2,602.00	17,352.00	17,352.00	-
Undist. Expend. - Other Support Serv.-Guidance Services					
Salaries of Other Professional Staff			-		-
Other Purch. Professional and Technical Services	29,760.00	(570.00)	29,190.00	23,942.68	5,247.32
Supplies & Materials	1,500.00	-	1,500.00	1,042.06	457.94
Total Undist. Expend. - Other Support Serv.- Guid. Serv.	31,260.00	(570.00)	30,690.00	24,984.74	5,705.26
Undist. Expend. - Other Support Serv.- Child Study Team					
Salaries of Other Professional Staff	89,314.00	2,249.00	91,563.00	91,562.83	0.17
Salaries of Secretarial and Clerical Assistants	11,410.00	-	11,410.00	11,337.80	72.20
Purchased Professional and Technical Services	8,500.00	(4,129.00)	4,371.00	1,310.43	3,060.57
Supplies & Materials	500.00	1,976.00	2,476.00	2,373.86	102.14
Other Objects	1,350.00	(96.00)	1,254.00	350.00	904.00
Total Undist. Expend. - Other Support Serv.-Child Study Team	111,074.00	-	111,074.00	106,934.92	4,139.08
Undist. Expend. - Improvement of Inst. Services					
Salaries of Other Professional Staff	350.00	50.00	400.00	400.00	-
Purchased Professional - Educational Services	6,000.00	(50.00)	5,950.00	562.50	5,387.50
Other Purch. Professional and Technical Services	88,887.00	4,292.00	93,179.00	93,179.00	-
Supplies and Materials	1,000.00	-	1,000.00	372.82	627.18
Other Objects	1,000.00	-	1,000.00	-	1,000.00
Total Undist. Expend. - Improvement of Inst. Serv.	97,237.00	4,292.00	101,529.00	94,514.32	7,014.68
Undist. Expend. - Educational Media / School Library					
Salaries	76,043.00	-	76,043.00	74,794.22	1,248.78
Other Purch. Professional and Technical Services	1,500.00	-	1,500.00	-	1,500.00
Supplies & Materials	2,250.00	-	2,250.00	1,411.02	838.98
Total Undistributed Expenditures - Educational Media Services / School Library	79,793.00	-	79,793.00	76,205.24	3,587.76

BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	5,000.00	-	5,000.00	-	5,000.00
Other Purchased Professional and Technical Services	7,000.00	-	7,000.00	2,983.00	4,017.00
Other Purchased Services (400-500 series)	6,897.44	-	6,897.44	4,673.36	2,224.08
Supplies and Materials	1,000.00	-	1,000.00	234.09	765.91
Total Undistributed Expenditures - Instructional Staff Training Services	19,897.44	-	19,897.44	7,890.45	12,006.99
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	81,450.00	(4,869.00)	76,581.00	64,888.20	11,692.80
Legal Services	11,305.50	5,715.00	17,020.50	10,729.00	6,291.50
Audit Fees	10,000.00	1,000.00	11,000.00	11,000.00	-
Other Purchased Professional Services	750.00	4,050.00	4,800.00	4,800.00	-
Purchased Technical Services	1,000.00	-	1,000.00	511.05	488.95
Communications/Telephone	2,610.00	-	2,610.00	1,939.21	670.79
BOE Other Purchased Services	2,000.00	(853.00)	1,147.00	1,089.00	58.00
Misc. Purchased Services (400-500 except 530 & 585)	8,423.00	1,756.00	10,179.00	10,178.13	0.87
General Supplies	1,500.00	(3.00)	1,497.00	722.86	774.14
BOE In-House Training/Meeting Supplies	250.00	-	250.00	-	250.00
Miscellaneous Expenditures	250.00	-	250.00	-	250.00
BOE Membership Dues and Fees	3,701.00	-	3,701.00	3,188.29	512.71
Total Undistributed Expenditures - Support Services - General Administration	123,239.50	6,796.00	130,035.50	109,045.74	20,989.76
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Other Professional Staff	28,410.00	(5,926.00)	22,484.00	22,483.26	0.74
Salaries of Secretarial and Clerical Assistants	24,941.00	-	24,941.00	24,910.44	30.56
Supplies & Materials	1,000.00	-	1,000.00	-	1,000.00
Other Objects	3,360.00	713.00	4,073.00	3,830.07	242.93
Total Undistributed Expenditures - Support Services - School Administration	57,711.00	(5,213.00)	52,498.00	51,223.77	1,274.23
Undistributed Expenditures - Central Services					
Purchased Professional Services	100.00	-	100.00	-	100.00
Purchased Technical Services	12,000.00	404.00	12,404.00	12,307.00	97.00
Supplies and Materials	1,000.00	(578.00)	422.00	-	422.00
Miscellaneous Expenditures	300.00	-	300.00	-	300.00
Total Undistributed Expenditures - Central Services	13,400.00	(174.00)	13,226.00	12,307.00	919.00
Undist. Expend. - Required Maint. School Fac.					
Salaries	53,366.00	(1,806.00)	51,560.00	51,559.15	0.85
Cleaning, Repair and Maintenance Service	64,700.00	-	64,700.00	63,622.22	1,077.78
Total Undistributed Expenditures - Required Maintenance for School Facilities	118,066.00	(1,806.00)	116,260.00	115,181.37	1,078.63
Undist. Expend. - Custodial Services					
Salaries	75,975.00	2,826.00	78,801.00	78,800.69	0.31
Purchased Professional and Technical Services	10,927.00	(3,146.00)	7,781.00	5,021.80	2,759.20
Cleaning, Repair and Maintenance Service	59,065.00	6,570.00	65,635.00	56,682.95	8,952.05
Rent of Land & Buildings - Oth. than Lease Purch.	5,750.00	(2,000.00)	3,750.00	3,630.00	120.00
Insurance	30,277.00	(665.00)	29,612.00	29,308.00	304.00
Miscel. Purch. Serv.	11,000.00	-	11,000.00	10,889.87	110.13
General Supplies	27,135.00	(3,200.00)	23,935.00	23,934.44	0.56
Natural Gas	50,000.00	(655.00)	49,345.00	39,805.55	9,539.45
Electricity	90,000.00	17,952.00	107,952.00	83,796.11	24,155.89
Other Objects	2,000.00	(1,169.00)	831.00	650.00	181.00
Total Undistributed Expenditures - Custodial Services	362,129.00	16,513.00	378,642.00	332,519.41	46,122.59
Total Undistributed Expenditures					
Operations and Maintenance of Plant	480,195.00	14,707.00	494,902.00	447,700.78	47,201.22

BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Bet. Home & School)-Reg	34,189.00	2,311.00	36,500.00	36,499.33	0.67
Sal. Pupil Trans. (Bet. Home & School) Nonpublic	4,279.00	(244.00)	4,035.00	4,022.00	13.00
Other Purchased Prof. and Technical Serv.	7,500.00	1,488.00	8,988.00	8,187.97	800.03
Aid in Lieu - Nonpublic	8,400.00	1,016.00	9,416.00	9,416.00	-
Contr. Serv. (Bet. Home & School) - Joint Agrmnts	3,708.00	(108.00)	3,600.00	3,600.00	-
Contr. Serv.(Other than Home & School) - Vendors	24,000.00	2,866.00	26,866.00	26,861.93	4.07
Contr. Trn Spec ESC/CTSA	1,714.00	3,828.00	5,542.00	5,541.14	0.86
Transportation Services	83,790.00	11,157.00	94,947.00	94,128.37	818.63
Unallocated Benefits					
Social Security Contribution	60,000.00	(4,170.00)	55,830.00	55,829.02	0.98
Other Retirement Contributions - PERS	94,507.64	(8,958.00)	85,549.64	85,548.67	0.97
Unemployment Compensation	2,500.00	(1,057.00)	1,443.00	1,442.11	0.89
Workmen's Compensation	22,740.00	(2,147.00)	20,593.00	20,592.03	0.97
Health Benefits	449,335.00	(36,026.00)	413,309.00	413,308.20	0.80
Tuition Reimbursement	9,000.00	7,407.00	16,407.00	13,687.51	2,719.49
Other Employee Benefits	63,750.00	1,076.00	64,826.00	49,575.55	15,250.45
Unused Sick Payment to Terminated/Retired Staff			-		-
Total Unallocated Benefits	701,832.64	(43,875.00)	657,957.64	639,983.09	17,974.55
On-Behalf Contributions					
On-behalf TPAF Pension Contributions (non-bud)				515,911.00	(515,911.00)
On-Behalf TPAF Postretirement Contribution (non-bud)				150,749.00	(150,749.00)
On-Behalf TPAF Long-Term Disability Ins. Contrib. (non-bud)				215.00	(215.00)
Reimbursed TPAF Social Security Cont.(non-bud)				119,074.84	(119,074.84)
Total On-Behalf Contributions	-			785,949.84	(785,949.84)
Total Personal Services - Employee Benefits	701,832.64	(43,875.00)	657,957.64	1,425,932.93	(767,975.29)
TOTAL UNDISTRIBUTED EXPENDITURES	2,457,736.58	(3,850.00)	2,453,886.58	3,108,209.60	(654,323.02)
Interest Earned on Emergency Reserve			-		-
Interest Earned on Maintenance Reserve	150.00		150.00	150.00	-
TOTAL GENERAL CURRENT EXPENSE	3,824,544.40	(85,379.00)	3,739,165.40	4,381,882.14	(642,716.74)
CAPITAL OUTLAY					
Support Services:					
Interest Deposit to Capital Reserve	150.00		150.00	150.00	-
Total Instruction	150.00	-	150.00	150.00	-
Equipment					
Undist. Expend. - Security		-	-		-
Undist. Expend. - School Admin	40,000.00	927.00	40,927.00	40,422.21	504.79
School Buses - Regular	50,000.00	1,241.00	51,241.00	51,240.70	0.30
Total Equipment	90,000.00	2,168.00	92,168.00	91,662.91	505.09
Student Transportation					
Non-Instruct. Equipment	6,184.00	-	6,184.00	6,184.00	-
Total Student Transportation	6,184.00	-	6,184.00	6,184.00	-
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Technical Serv.	-	11,838.00	11,838.00	10,273.60	1,564.40
Purchased Prof. and Tech. Services	5,648.00	(5,648.00)	-		-
Construction Services	139,919.94	53,743.00	193,662.94	131,560.73	62,102.21
Assess SDA Funding	15,716.00	-	15,716.00	14,287.00	1,429.00
Total Facilities Acquisition and Construction Services	161,283.94	59,933.00	221,216.94	156,121.33	65,095.61
TOTAL CAPITAL OUTLAY	257,617.94	62,101.00	319,718.94	254,118.24	65,600.70
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	3,000.00	750.00	3,750.00	3,725.55	24.45
General Supplies	250.00	(250.00)	-		-
TOTAL SPECIAL SCHOOLS	3,250.00	500.00	3,750.00	3,725.55	24.45
TOTAL EXPENDITURES	4,085,412.34	(22,778.00)	4,062,634.34	4,639,725.93	(577,091.59)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(290,043.34)	22,778.00	(267,265.34)	(11,915.12)	255,350.22

BOROUGH OF AVALON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Transfer from Capital Projects			-	32,625.94	(32,625.94)
Increase in Capital Reserve			(21,376.00)	21,376.00	(21,376.00)
Increase in Capital Reserve	(21,376.00)		(21,376.00)	(21,376.00)	-
Transfer to Cover Deficit (Enterprise Fund)	(22,000.00)	(22,778.00)	(44,778.00)	(44,775.21)	(2.79)
Total Other Financing Sources/(Uses)	(43,376.00)	(22,778.00)	(66,154.00)	(12,149.27)	(54,004.73)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(333,419.34)	-	(333,419.34)	(24,064.39)	201,345.49
Fund Balance July 1	1,298,703.46		1,298,703.46	1,298,703.46	
Fund Balance June 30	<u>\$ 965,284.12</u>	<u>-</u>	<u>965,284.12</u>	<u>1,274,639.07</u>	<u>201,345.49</u>
Recapitulation:					
Nonspendable Fund Balance					
None					
Restricted Fund Balance:					
Excess Surplus - Current Year				128,222.98	
Excess Surplus - Designated for Subsequent Year's Expenditures				132,810.24	
Unemployment Compensation				78,505.05	
Committed Fund Balance:					
Capital Reserve				311,177.71	
Maintenance Reserve				265,323.00	
Assigned Fund Balance:					
Year-end Encumbrances				102,146.33	
Designated for Subsequent Year's Expenditures				3,184.76	
Unassigned Fund Balance				<u>253,269.00</u>	
				1,274,639.07	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				3,589.00	
				<u>1,271,050.07</u>	

BOROUGH OF AVALON SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources		426.00	426.00	2,406.62	1,980.62
Federal Sources	20,591.00	46,333.00	66,924.00	66,255.00	(669.00)
Total Revenues	20,591.00	46,759.00	67,350.00	68,661.62	1,311.62
EXPENDITURES:					
Instruction:					
General Supplies		1,926.00	1,926.00	1,875.04	50.96
Other Purchased Professional Services		22,409.00	22,409.00	22,409.00	-
Total Instruction	-	24,335.00	24,335.00	24,284.04	50.96
Support Services:					
Salaries		3,307.00	3,307.00	3,307.00	-
Other Purchased Professional Services	20,591.00	(19,922.00)	669.00	-	669.00
General Supplies		8,300.00	8,300.00	8,300.00	-
Student Activities			-	3,705.25	(3,705.25)
Total Support Services	20,591.00	(8,315.00)	12,276.00	15,312.25	(3,036.25)
Capital Outlay:					
Instructional Equipment		30,739.00	30,739.00	30,739.00	-
Total Capital Outlay	-	30,739.00	30,739.00	30,739.00	-
Total Outflows	\$ 20,591.00	46,759.00	67,350.00	70,335.29	(2,985.29)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	(1,673.67)	(1,673.67)
Fund Balance, July 1				22,357.61	
Fund Balance, June 30				20,683.94	
Recapitulation:					-
Restricted:					
Scholarships				390.53	
Student Activities				20,293.41	
Total Fund Balance				20,683.94	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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BOROUGH OF AVALON SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to RSI
For the Year Ended June 30, 2025

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 4,627,810.81	[C-2] 68,661.62
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		(1,864.00)
State aid payment recognized for GAAP purposes, previously recognized for budgetary purposes in the prior year	3,497.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(3,589.00)	
	[B-2] <u>4,627,718.81</u>	[B-2] <u>66,797.62</u>
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 4,639,725.93	[C-2] 70,335.29
Difference - budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(1,864.00)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	[B-2] <u>\$ 4,639,725.93</u>	[B-2] <u>68,471.29</u>

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REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0046265931%	0.0039792679%	0.0059077052%	0.0046279779%	0.0054110356%	0.0045215127%	0.0044058527%	0.0041877466%	0.0042992587%	0.0039017982%
District's proportionate of the net pension liability (asset)	\$ 628,664.00	\$ 576,372.00	\$ 891,554.00	\$ 548,253.00	\$ 882,398.00	\$ 814,708.00	\$ 867,490.00	\$ 974,840.00	\$ 1,273,317.00	\$ 875,876.00
District's covered payroll	\$ 330,806.00	\$ 323,402.00	\$ 343,910.00	\$ 313,968.00	\$ 345,774.00	\$ 386,607.00	\$ 335,874.00	\$ 304,410.00	\$ 300,768.00	\$ 300,354.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	190.04%	178.22%	259.24%	174.62%	255.20%	210.73%	258.28%	320.24%	423.36%	291.61%
Plan fiduciary net position as a percentage of the total pension liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	#	2015
Contractually required contribution	\$ 62,955.00	\$ 53,184.00	\$ 74,499.00	\$ 54,199.00	\$ 43,981.00	\$ 43,981.00	\$ 43,824.00	\$ 38,317.00	\$ 33,545.00	\$	\$ 33,303.00
Contributions in relation to the contractually required contribution	\$ 62,955.00	\$ 53,184.00	\$ 74,499.00	\$ 54,199.00	\$ 43,981.00	\$ 43,981.00	\$ 43,824.00	\$ 38,317.00	\$ 33,545.00	\$	\$ 33,303.00
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	\$ -
District's covered-employee payroll	\$ 330,806.00	\$ 323,402.00	\$ 343,910.00	\$ 313,968.00	\$ 345,774.00	\$ 386,607.00	\$ 335,874.00	\$ 304,410.00	\$ 300,768.00	\$	\$ 300,354.00
Contributions as a percentage of covered-employee payroll	19.03%	16.45%	21.66%	17.26%	12.72%	11.38%	13.05%	12.59%	11.15%		11.09%

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	8,068,167.00	8,505,948.00	7,656,428.00	6,996,220.00	9,752,013.00	7,101,663.00	7,698,969.00	9,361,223.00	11,103,189.00	87,314,432.00
Total	<u>\$ 8,068,167.00</u>	<u>\$ 8,505,948.00</u>	<u>\$ 7,656,428.00</u>	<u>\$ 6,996,220.00</u>	<u>\$ 9,752,013.00</u>	<u>\$ 7,101,663.00</u>	<u>\$ 7,698,969.00</u>	<u>\$ 9,361,223.00</u>	<u>\$ 11,103,189.00</u>	<u>\$ 87,314,432.00</u>
District's covered payroll	\$ 1,628,582.00	\$ 1,546,272.00	\$ 1,660,220.00	\$ 1,780,162.00	\$ 1,797,498.00	\$ 1,663,139.00	\$ 1,507,182.00	\$ 1,274,795.00	\$ 1,257,426.00	\$ 1,429,532.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 9,340,741.00	\$ 8,243,038.00	\$ 7,930,829.00	\$ 8,505,701.00	\$ 9,924,128.00	\$ 6,159,346.00	\$ 7,276,641.00	\$ 8,377,719.00	\$ 9,129,250.00
Total	\$ 9,340,741.00	\$ 8,243,038.00	\$ 7,930,829.00	\$ 8,505,701.00	\$ 9,924,128.00	\$ 6,159,346.00	\$ 7,276,641.00	\$ 8,377,719.00	\$ 9,129,250.00
District's covered payroll	\$ 1,959,388.00	\$ 1,869,674.00	\$ 2,004,130.00	\$ 2,094,130.00	\$ 2,143,272.00	\$ 2,049,746.00	\$ 1,843,056.00	\$ 1,579,205.00	\$ 1,555,194.00
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District									
Service Cost	292,479.00	295,870.00	330,048.00	401,769.00	211,679.00	185,838.00	192,369.00	230,367.00	
Interest Cost	307,475.00	290,310.00	210,176.00	220,647.00	220,079.00	285,282.00	303,476.00	264,104.00	
Change in Benefit Terms	-	-	-	(9,053.00)	-	-	-	-	
Differences between Expected & Actual Changes in Assumptions	25,720.00	(71,725.00)	1,213,926.00	(1,872,015.00)	1,687,761.00	(1,496,782.00)	(574,042.00)	-	
Member Contributions	698,812.00	16,615.00	(2,127,516.00)	8,392.00	1,812,797.00	91,836.00	(835,031.00)	(1,059,101.00)	
Benefit Payments	8,041.00	7,440.00	6,679.00	5,641.00	5,237.00	5,605.00	6,725.00	7,145.00	
	(234,824.00)	(226,301.00)	(208,185.00)	(173,808.00)	(172,771.00)	(189,074.00)	(194,575.00)	(194,046.00)	
Change in Total Opeb Liability	1,097,703.00	312,209.00	(574,872.00)	(1,418,427.00)	3,764,782.00	(1,117,295.00)	(1,101,078.00)	\$ (751,531.00)	
State's proportionate share of the net OPEB liability (asset) associated with the District- Beginning Balance	8,243,038.00	7,930,829.00	8,505,701.00	9,924,128.00	6,159,346.00	7,276,641.00	8,377,719.00	9,129,250.00	
Ending Balance	\$ 9,340,741.00	\$ 8,243,038.00	\$ 7,930,829.00	\$ 8,505,701.00	\$ 9,924,128.00	\$ 6,159,346.00	\$ 7,276,641.00	\$ 8,377,719.00	
State's proportionate share of the net OPEB liability associated with the District- as a percentage of its covered-employee payroll	476.72%	440.88%	395.72%	406.17%	463.04%	300.49%	394.81%	530.50%	

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

Note: This schedule is required by GASB 75 to be shown information for a 10 year period. However, information is only currently available for nine years. Additional years will be presented as they become available.

OTHER SUPPLEMENTARY INFORMATION

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**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

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BOROUGH OF AVALON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2024

	Small Rural School Achievement (REAP)	ARP Mental Health Grant	I.D.E.A. Part B Basic	AtlantiCare Safety Grant	Scholarship Fund	Student Activity Fund	Total
REVENUES:							
Local Sources							
Federal Sources	\$ 30,739.00	4,807.00	30,709.00	375.04		2,031.58	2,406.62
Total Revenues	30,739.00	4,807.00	30,709.00	375.04	-	2,031.58	66,255.00
EXPENDITURES:							
Instruction:							
General Supplies		1,500.00	22,409.00	375.04			1,875.04
Other Purchased Professional Services							22,409.00
Total Instruction	-	1,500.00	22,409.00	375.04	-	-	24,284.04
Support Services:							
Salaries		3,307.00					3,307.00
General Supplies			8,300.00			3,705.25	8,300.00
Student Activities							3,705.25
Total Support Services	-	3,307.00	8,300.00	-	-	3,705.25	15,312.25
Capital Outlay:							
Instructional Equipment	30,739.00						30,739.00
Total Capital Outlay	30,739.00	-	-	-	-	-	30,739.00
Total Expenditures	30,739.00	4,807.00	30,709.00	375.04	-	3,705.25	70,335.29
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	(1,673.67)	(1,673.67)
Fund Balance, July 1 Restatement	-	-	-	-	390.53	21,967.08	22,357.61
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-
Fund Balance, June 30	-	-	-	-	390.53	21,967.08	22,357.61
	\$ -	-	-	-	390.53	20,293.41	20,683.94

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**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

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BOROUGH OF AVALON SCHOOL DISTRICT
Capital Projects Funds
Summary Schedule of Project Expenditures
For the Year Ended June 30, 2025

Project Title/Issue	Date	Original Appropriations	Expenditures to Date		Cancelled	Unexpended Balance June 30, 2025
			Prior Years	Current Years		
Avalon Elementary School Boiler and Chiller Replacement Project		\$ 1,187,340.00	1,154,714.06	-	(32,625.94)	(0.00)
		\$ 1,187,340.00	1,154,714.06	-	(32,625.94)	(0.00)

BOROUGH OF AVALON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2025

REVENUES AND OTHER FINANCING SOURCES:

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

BOROUGH OF AVALON SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Avalon Elementary School Boiler and Chiller Replacement
From Inception and for the Year Ended June 30, 2025

	Prior Periods	Current Year	Totals	Revised Authorized Costs
REVENUES AND OTHER FINANCING SOURCES:				
Local Sources				
Library Contribution	\$ 279,363.50		279,363.50	279,363.50
Borough Contribution	368,759.82		368,759.82	368,759.82
Total Revenues	<u>648,123.32</u>	<u>-</u>	<u>648,123.32</u>	<u>648,123.32</u>
EXPENDITURES AND OTHER FINANCING USES:				
Facilities Acquisition and Construction Services:				
Construction Services	1,154,714.06		1,154,714.06	1,187,340.00
Total Expenditures	<u>1,154,714.06</u>	<u>-</u>	<u>1,154,714.06</u>	<u>1,187,340.00</u>
Other Financing Sources(Uses):				
Operating Transfers In:				
Transfer from General Fund	539,216.68		539,216.68	539,216.68
Transfer to General Fund		(32,625.94)	(32,625.94)	-
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 32,625.94</u>	<u>(32,625.94)</u>	<u>0.00</u>	<u>-</u>
ADDITIONAL PROJECT INFORMATION:				
State Project Number	0170-010-18-1000			
Original Cost Authorized	1,112,448.00			
Additional Authorized Cost	74,892.00			
Revised Authorized Cost	1,187,340.00			
Percentage Increase over Original Authorized Cost	7%			
Percentage Completion	97%			
Target Completion Date				

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PROPRIETARY FUNDS – DETAILED STATEMENTS

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

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BOROUGH OF AVALON SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Net Position
June 30, 2025

	Internal Service Funds		
	Major Funds		
	Building Use	Shared Services	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 674,013.63	11,451.26	685,464.89
Accounts Receivable	41,810.34	4,446.79	46,257.13
Interfund Receivable			-
Total Current Assets	<u>715,823.97</u>	<u>15,898.05</u>	<u>731,722.02</u>
Total Assets	<u><u>715,823.97</u></u>	<u><u>15,898.05</u></u>	<u><u>731,722.02</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	-	-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Unassigned	715,823.97	15,898.05	731,722.02
Total Net Position	<u><u>\$ 715,823.97</u></u>	<u><u>15,898.05</u></u>	<u><u>731,722.02</u></u>

BOROUGH OF AVALON SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2025

	Internal Service Funds Major Funds		
	Building Use	Shared Services	Totals Internal Service
Operating Revenues:			
Charges for Building Use:			
Interlocal Revenue - Borough Library	\$ 451,006.60		451,006.60
Interlocal Revenue - Services Provided to Other LEA's		635,190.82	635,190.82
Total Operating Revenue	<u>451,006.60</u>	<u>635,190.82</u>	<u>1,086,197.42</u>
Operating Expenses:			
Salaries	82,146.62	474,012.39	556,159.01
Employee Benefits		92,100.00	92,100.00
Cleaning, Repair and Maintenance Services	24,750.84		24,750.84
Other Purchased Services		9,647.70	9,647.70
Supplies & Materials	72,968.71	1,954.00	74,922.71
Other Objects	<u>163,803.92</u>	<u>57,878.68</u>	<u>221,682.60</u>
Total Operating Expenses	<u>343,670.09</u>	<u>635,592.77</u>	<u>979,262.86</u>
Operating Income (Loss)	107,336.51	(401.95)	106,934.56
Nonoperating Revenues (Expenses):			
None			-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before Contributions & Transfers	107,336.51	(401.95)	106,934.56
Transfers In (Out)			-
Changes in Net Position	107,336.51	(401.95)	106,934.56
Total Net Position - Beginning	<u>608,487.46</u>	<u>16,300.00</u>	<u>624,787.46</u>
Total Net Position - Ending	<u>\$ 715,823.97</u>	<u>15,898.05</u>	<u>731,722.02</u>

BOROUGH OF AVALON SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2025

	Internal Service Funds		
	Major Funds		
	Building Use	Shared Services	Totals Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Borough Library - Building Use	\$ 310,712.50		310,712.50
Receipts from Services Provided to Other LEA's		631,094.03	631,094.03
Payments to Employees	(82,146.62)	(474,012.39)	(556,159.01)
Payments for Employee Benefits		(92,100.00)	(92,100.00)
Payments for Other Purchased Services		(9,647.70)	(9,647.70)
Payments for Professional Technical Services	-	-	-
Payments for Supplies & Materials	(97,719.55)	(1,954.00)	(99,673.55)
Payments for Other Objects	(163,803.92)	(57,878.68)	(221,682.60)
Net Cash Provided by (Used for) Operating Activities	<u>(32,957.59)</u>	<u>(4,498.74)</u>	<u>(37,456.33)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers to Other Funds	-		-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES			
None			-
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(32,957.59)	(4,498.74)	(37,456.33)
Balance - Beginning of Year	706,971.22	15,950.00	722,921.22
Balance - End of Year	<u>\$ 674,013.63</u>	<u>11,451.26</u>	<u>685,464.89</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 107,336.51	(401.95)	106,934.56
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating			
(Increase) in Accounts Receivable	(2,794.10)	(4,096.79)	(6,890.89)
Increase in Deferred Revenue	(137,500.00)		(137,500.00)
Increase in Interfund Payable		-	-
Total Adjustments	<u>(140,294.10)</u>	<u>(4,096.79)</u>	<u>(144,390.89)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (32,957.59)</u>	<u>(4,498.74)</u>	<u>(37,456.33)</u>

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Statistical Section

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Invested in capital assets, net of related debt	6,906,141.66	7,148,737.66	7,375,487.00	9,362,915.88	9,339,041.88	8,016,124.77	8,218,279.12	8,204,137.17	8,370,964.79	8,004,729.38
Restricted*	195,846.29	330,245.90	292,631.23	246,881.59	256,625.33	289,008.55	299,225.09	440,824.22	474,226.48	360,222.21
Unrestricted*	777,793.54	908,657.44	1,600,685.69	1,030,008.08	166,780.34	417,227.18	626,550.05	814,493.62	626,020.79	794,318.41
Total governmental activities net position	<u>7,874,661.39</u>	<u>8,387,641.00</u>	<u>9,268,803.92</u>	<u>9,738,065.55</u>	<u>9,762,441.55</u>	<u>8,722,360.50</u>	<u>9,144,054.26</u>	<u>9,459,245.59</u>	<u>9,471,189.26</u>	<u>9,159,081.41</u>
Business-type activities										
Invested in capital assets, net of related debt	37,783.12	29,354.12	23,615.12	19,046.65	12,710.38	9,431.18	26,275.92	24,101.05	21,926.18	21,738.38
Restricted	5,013.50	6,027.88	5,054.69	(786.43)	(86.22)	(387.92)	153.40	211.42	52.80	188.59
Total business-type activities net position	<u>42,796.62</u>	<u>35,382.00</u>	<u>28,669.81</u>	<u>18,260.22</u>	<u>12,624.16</u>	<u>9,043.26</u>	<u>26,429.32</u>	<u>24,312.47</u>	<u>21,978.98</u>	<u>21,926.97</u>
District-wide										
Invested in capital assets, net of related debt	6,943,924.78	7,178,091.78	7,399,102.12	9,381,962.53	9,351,752.26	8,025,555.95	8,244,555.04	8,228,238.22	8,392,920.97	8,026,467.76
Restricted	195,846.29	330,245.90	292,631.23	246,881.59	256,625.33	289,008.55	299,225.09	440,824.22	474,226.48	360,222.21
Unrestricted	777,793.54	914,985.32	1,605,739.78	1,092,221.63	166,694.12	416,839.26	626,703.45	814,493.62	626,020.79	794,318.41
Total district net position	<u>7,917,564.61</u>	<u>8,423,323.00</u>	<u>9,297,473.13</u>	<u>9,738,065.75</u>	<u>9,775,071.71</u>	<u>8,731,403.76</u>	<u>9,170,483.58</u>	<u>9,483,556.06</u>	<u>9,493,168.24</u>	<u>9,181,006.38</u>

* - Restated Unrestricted in 2015 for the effects of GASB 68

Source: ACFR Schedule A-1

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
Instruction:										
Regular	1,563,961.66	1,785,185.07	2,487,759.91	1,722,568.89	1,887,431.48	2,350,149.16	2,228,868.98	1,644,052.71	1,977,306.36	1,854,718.18
Special education	152,305.70	156,617.40	243,934.13	211,411.30	222,410.55	207,480.69	196,883.80	123,969.15	111,290.98	113,433.83
Other instruction	179,237.35	119,924.54	132,615.17	122,137.25	188,627.55	168,080.32	156,656.68	108,267.80	91,649.25	143,495.14
Support Services:										
Tuition	980,038.39	752,557.69	392,990.00	372,394.89	412,978.11	417,606.50	493,303.50	553,242.12	525,926.30	500,922.90
Student & instruction related services	530,519.32	607,731.90	822,847.91	680,936.31	695,468.73	853,556.08	854,341.67	757,964.70	761,613.25	734,282.83
Other administrative services	114,464.54	127,299.78	195,008.90	184,903.33	234,959.02	226,093.81	183,783.59	183,411.40	194,140.58	184,769.97
School administrative services	396,553.15	487,722.97	683,165.60	681,911.73	746,082.01	672,110.15	635,388.16	749,886.61	601,255.27	634,151.60
Plant operations and maintenance	733,118.08	940,394.93	983,110.38	1,037,288.79	1,098,533.71	1,103,946.68	1,208,761.97	1,025,225.82	992,576.11	1,104,995.13
Pupil transportation	118,093.59	92,209.80	114,612.70	111,653.56	89,231.95	77,588.78	110,499.93	134,825.56	143,331.23	143,331.23
Special schools	2,686.76	4,422.93	-	-	902.54	-	147.18	-	2,503.80	5,672.47
Interest on long-term debt	56,297.01	41,054.05	25,889.78	10,875.52	898.08	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	4,827,275.55	5,127,121.06	6,081,934.38	5,136,081.57	5,576,524.73	6,076,622.17	6,068,735.46	5,281,176.19	5,407,593.13	5,419,760.59
Business-type activities:										
Food service	55,566.90	61,122.41	58,912.66	71,951.04	68,925.69	73,515.08	85,088.37	89,361.39	98,387.65	98,246.59
Total business-type activities expenses	55,566.90	61,122.41	58,912.66	71,951.04	68,925.69	73,515.08	85,088.37	89,361.39	98,387.65	98,246.59
Total district expenses	4,882,842.45	5,188,243.47	6,150,847.04	5,208,032.61	5,645,450.42	6,150,137.25	6,153,823.83	5,370,537.58	5,499,980.78	5,518,007.18

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	456,560.00	372,220.00	416,305.28	434,130.00	423,274.00	395,499.00	543,190.00	577,430.00	597,200.00	618,450.00
Other Support Services	498,593.38	648,907.17	795,291.77	988,735.82	1,060,646.55	965,945.00	910,719.73	1,055,051.50	838,433.46	979,262.88
Operating grants and contributions	605,285.00	918,115.00	1,194,237.98	611,282.10	662,257.51	1,271,775.92	1,598,915.07	694,326.25	674,550.34	236,553.46
Total governmental activities program revenues	1,560,438.38	1,939,242.17	2,405,834.03	2,014,147.92	2,186,178.06	2,653,219.92	3,052,824.80	2,326,807.75	2,110,183.80	1,834,246.32
Business-type activities:										
Charges for services:										
Food service	21,209.05	15,659.49	20,307.75	55,125.58	38,783.81	48,440.34	55,449.22	65,005.36	67,812.53	53,419.37
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	21,209.05	15,659.49	20,307.75	55,125.58	38,783.81	48,440.34	55,449.22	65,005.36	67,812.53	53,419.37
Total district program revenue	1,581,647.43	1,954,901.66	2,426,142.38	2,069,273.50	2,224,961.87	2,701,660.26	3,108,274.02	2,391,813.11	2,177,996.33	1,887,665.69
Net (Expense)/Revenue										
Governmental activities	(3,266,837.17)	(3,187,878.89)	(3,686,099.75)	(3,121,933.65)	(3,390,346.67)	(3,423,402.25)	(3,015,910.66)	(2,954,368.44)	(3,291,409.33)	(3,585,514.27)
Business-type activities	(34,357.85)	(45,462.92)	(38,604.91)	(16,825.46)	(30,141.88)	(25,074.74)	(29,639.15)	(24,356.03)	(30,575.12)	(44,827.22)
Total district-wide net expense	(3,301,195.02)	(3,233,341.81)	(3,724,704.66)	(3,138,759.11)	(3,420,488.55)	(3,448,476.99)	(3,045,548.81)	(2,978,724.47)	(3,321,984.45)	(3,630,341.49)

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	3,078,694.00	3,078,694.00	3,078,694.00	3,078,694.00	3,078,694.00	3,140,268.00	3,140,268.00	3,140,268.00	3,140,268.00	3,140,268.00
Taxes levied for debt service	675,440.44	371,214.34	609,070.33	427,069.29	362,346.16	65,593.74	261,629.74	63,144.32	131,693.42	106,934.56
Literary Contribution	-	-	279,363.50	-	-	-	-	-	-	-
Borough Contribution - Capital Projects	297,909.13	291,083.64	326,962.00	73,970.00	70,102.00	64,641.00	78,664.00	78,169.00	69,325.00	72,028.00
Unrestricted grants and contributions	-	-	550.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00
Investment earnings	3,761.29	4,682.22	4,767.00	4,548.19	2,142.47	2,703.83	3,767.89	9,915.63	17,020.21	10,722.97
Miscellaneous income	(31,800.47)	(40,661.30)	(31,892.72)	(5,038.07)	(24,505.82)	(21,493.84)	(47,025.21)	(22,239.18)	(28,241.63)	(44,775.21)
Transfers	-	-	-	-	-	150.00	-	-	-	-
Extraordinary items:	-	-	(31,388.20)	-	-	(954,853.94)	-	-	(27,010.00)	(12,071.90)
Cancellation of Prior Year Payable	-	-	(37,923.66)	(6,607.55)	(56,090.12)	2,297,308.79	3,437,604.42	3,269,557.77	3,303,355.00	3,273,406.42
Loss on Disposal of Capital Assets	4,024,004.39	3,705,012.90	4,566,962.07	3,572,935.86	3,432,988.69	-	-	-	-	-
Total governmental activities	-	-	-	-	-	-	-	-	-	-
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	(7,183.00)	(6,574.00)	-	-	-	-	-	-	-	-
Loss on disposal of fixed assets	31,800.47	40,661.30	31,892.72	1,377.80	24,505.85	21,493.84	47,025.21	22,239.18	28,241.63	44,775.21
Adjustment to Fixed Assets	24,617.47	34,067.30	31,892.72	5,038.07	24,505.85	21,493.84	47,025.21	22,239.18	28,241.63	44,775.21
Transfers	4,048,621.66	3,739,100.20	4,588,854.79	3,579,351.73	3,457,494.54	2,318,802.63	3,484,625.63	3,291,796.95	3,337,596.63	3,318,181.63
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	-	-	-	-	-	-	-	-	-	-
Changes in Net Position	757,167.22	517,134.01	880,862.32	451,002.21	42,642.02	(1,126,093.46)	421,693.76	315,189.33	11,945.67	(312,107.65)
Governmental activities	(9,740.36)	(11,373.52)	(6,712.19)	(10,409.69)	(3,636.03)	(3,360.90)	17,386.06	(2,116.55)	(2,333.49)	(52.01)
Business-type activities	747,426.84	505,758.39	874,150.13	440,592.62	37,005.99	(1,129,674.56)	439,079.82	313,072.48	9,612.16	(312,159.66)
Total district	-	-	-	-	-	-	-	-	-	-

Source: ACFR Schedule A-2

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	195,846.29	330,245.90	292,631.23	246,881.59	256,625.33	266,853.80	277,779.19	419,654.04	451,868.87	339,538.27
Committed	1,010,039.79	1,460,289.79	887,969.71	638,269.71	828,569.71	898,924.71	959,224.71	959,524.71	504,824.71	576,500.71
Assigned	48,851.17	27,533.13	200,471.31	137,271.25	3,830.45	161,213.55	32,820.68	42,904.51	88,824.88	105,331.09
Unassigned	247,046.00	244,588.00	244,503.00	244,995.00	244,451.00	245,989.00	245,887.00	267,079.00	249,688.00	249,680.00
Total general fund	1,501,783.25	2,062,656.82	1,625,575.25	1,267,417.55	1,333,476.49	1,572,981.06	1,515,711.58	1,689,162.26	1,295,206.46	1,271,050.07
All Other Governmental Funds										
Restricted										
Reported in Special Revenue fund							22,154.75	21,445.90	21,170.18	20,683.94
Debt service fund										
Committed										
Assigned										
Unassigned				1,080,181.68	32,625.94	32,625.94	32,625.94	32,625.94	32,625.94	-
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Debt service fund										
Total all other governmental funds	-	-	-	1,080,181.68	32,625.94	32,625.94	54,780.69	54,071.84	53,796.12	20,683.94

Source: ACFR Schedule B-1

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax Levy	3,078,694.00	3,078,694.00	3,078,694.00	3,078,694.00	3,078,694.00	3,140,268.00	3,140,268.00	3,140,268.00	3,140,268.00	3,140,268.00
Tuition	456,560.00	372,220.00	416,305.28	434,130.00	423,274.00	395,499.00	543,190.00	577,430.00	597,200.00	618,450.00
Miscellaneous	3,761.29	7,745.22	7,626.00	10,099.27	4,442.47	6,006.25	6,770.21	11,849.48	20,257.82	13,429.59
Library Contribution	-	-	279,363.50	-	-	-	-	-	-	-
Borough Contribution - Capital Projects	410,913.13	447,253.64	738,130.58	522,439.53	642,740.51	759,882.50	975,977.86	1,071,934.15	1,078,791.32	857,977.84
State sources	33,392.00	37,038.00	35,253.00	32,345.49	29,969.00	73,556.00	257,097.89	148,466.25	157,258.41	64,391.00
Federal sources	3,983,320.42	3,942,950.86	4,924,132.18	4,077,708.29	4,179,119.98	4,375,211.75	4,923,303.96	4,949,947.88	4,993,775.55	4,694,516.43
Total revenue										
Expenditures										
Instruction:										
Regular instruction	992,340.14	997,152.28	1,185,004.06	1,087,957.93	1,060,535.98	1,121,512.03	1,245,607.52	1,081,089.07	1,155,532.02	1,127,197.44
Special education instruction	92,269.30	89,997.92	125,180.25	126,465.00	129,628.75	106,460.73	105,750.82	78,147.73	69,908.83	74,500.78
Other instruction	108,584.94	68,043.98	68,054.43	73,061.78	109,938.81	86,239.80	84,101.19	68,249.91	57,570.63	94,244.36
Support Services:										
Tuition	593,723.37	426,993.68	392,990.00	372,394.89	412,978.11	417,606.50	493,303.50	553,242.12	525,926.30	500,922.90
Student & instruction related services	321,397.32	344,820.98	422,262.79	407,332.11	405,344.38	437,948.36	458,653.59	477,806.17	478,416.92	482,260.36
General administrative services	61,636.12	64,463.17	95,955.43	97,409.44	111,153.71	106,132.55	86,318.83	103,613.26	110,040.39	51,223.77
School administrative services	27,104.61	25,227.11	32,920.18	36,257.98	38,646.93	38,320.01	48,386.44	48,803.57	52,105.10	109,045.74
Business administrative services	7,708.38	7,765.45	4,117.70	13,198.65	25,788.73	9,873.20	12,345.45	12,005.72	11,911.45	447,850.78
Plant operations and maintenance	355,212.72	422,563.14	419,176.55	412,665.61	406,621.35	367,075.95	452,725.95	405,108.80	422,407.59	94,128.37
Pupil transportation	71,543.04	52,318.92	58,816.09	66,790.51	51,424.71	39,809.77	59,321.92	84,981.40	90,035.32	12,307.00
Unallocated employee benefits	876,620.55	769,202.03	1,163,214.39	993,605.26	1,161,661.09	1,263,423.39	1,456,949.74	1,502,193.63	1,557,520.58	1,425,932.93
Special schools	1,627.70	2,509.53	-	-	526.01	-	79.00	208.23	1,572.79	284,857.24
Capital outlay	269,676.53	70,357.80	250,059.28	1,791,244.50	174,306.76	183,812.71	537,063.13	339,074.13	825,354.37	3,725.55
Debt service:										
Principal	490,000.00	510,000.00	505,000.00	500,000.00	315,000.00	-	-	-	-	-
Interest and other charges	69,600.00	54,900.00	39,600.00	24,450.00	9,450.00	-	-	-	-	-
Total Expenditures	4,339,044.72	3,906,315.99	4,762,351.15	6,002,833.66	4,413,005.22	4,178,215.00	5,040,607.08	4,754,533.74	5,358,302.29	4,708,197.22
Excess (Deficiency) of revenues over (under) expenditures	(355,724.30)	36,634.87	161,781.03	(1,925,125.37)	(233,885.24)	196,996.75	(117,303.12)	195,414.14	(364,526.74)	(13,680.79)
Other Financing Sources (Uses)										
Transfers in	559,600.00	564,900.00	1,083,816.68	524,450.00	324,450.00	-	106,350.00	-	-	32,625.94
Transfers out	(31,800.47)	(40,661.30)	(571,109.40)	(5,038.07)	(24,505.82)	(21,493.84)	(47,025.21)	(22,239.18)	(28,241.63)	(77,401.15)
Cancellation of prior year receivables	-	-	(31,388.20)	-	-	-	-	-	-	-
Cancellation of prior year payable	-	-	-	-	-	150.00	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	527,799.53	524,238.70	481,319.08	519,411.93	299,944.18	(21,343.84)	59,324.79	(22,239.18)	(28,241.63)	(44,775.21)
Net change in fund balances	172,075.23	560,873.57	643,100.11	(1,405,713.44)	66,058.94	175,652.91	(57,978.33)	173,174.96	(392,768.37)	(58,456.00)
Debt service as a percentage of noncapital expenditures	13.75%	14.73%	12.07%	12.45%	7.65%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: ACRF Schedule B-2

Exhibit J-5

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

Fiscal Year Ended June 30,	Interest on Investments	Transportation	Miscellaneous	Totals
2016	-	-	3,761.29	3,761.29
2017	-	-	4,682.22	4,682.22
2018	550.00	-	4,767.00	5,317.00
2019	300.00	-	4,548.19	4,848.19
2020	300.00	-	2,142.47	2,442.47
2021	300.00	-	2,703.83	3,003.83
2022	300.00	-	3,767.89	4,067.89
2023	300.00	-	9,915.63	10,215.63
2024	300.00	-	17,020.21	17,320.21
2025	300.00	-	10,722.97	11,022.97

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Q Farm	Commercial	Industrial	Apartments	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
2016	177,766,900	7,080,456,300			358,350,600			7,616,573,800	191,721,100	862,511	7,425,715,211	0.042	7,949,645,938
2017	108,227,700	7,221,927,700			360,694,400			7,690,849,800	191,192,900	827,659	7,500,484,559	0.042	8,216,668,527
2018	218,096,200	8,522,519,600			403,810,300			9,144,426,100	210,887,100	940,138	8,934,479,138	0.035	8,436,507,499
2019	214,514,100	8,650,936,700			397,463,800			9,262,914,600	211,198,000	950,328	9,052,666,928	0.035	9,143,638,451
2020	185,698,600	8,830,343,000			393,816,600			9,409,858,200	211,198,000	922,679	9,199,582,879	0.034	9,852,574,850
2021	192,920,600	8,968,872,500			393,670,400			9,555,463,500	211,198,000	978,874	9,345,244,374	0.034	10,533,871,202
2022	243,361,500	9,126,377,900			382,760,400			9,752,499,800	211,198,100	976,433	9,542,278,133	0.033	11,453,266,729
2023	218,943,000	9,391,210,500			384,499,100			9,994,652,600	211,198,100	903,553	9,784,358,053	0.033	14,367,437,830
2024	131,947,000	9,741,125,700			283,210,432			10,156,283,132	214,489,900	850,386	9,942,643,618	0.032	16,210,744,519
2025	202,376,700	9,677,948,700			388,558,600			10,268,884,000	214,489,900	795,366	10,055,189,466	0.032	17,528,450,477

Source: County Abstract of Rates & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	BOROUGH OF AVALON SCHOOL DISTRICT				Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	County General	County Open Space	County Library	Municipal Library Tax	Municipal Local Purpose	
2016	0.042	-	0.042	0.234	0.011	-	0.036	0.227	0.550
2017	0.042	-	0.042	0.240	0.011	-	0.037	0.226	0.556
2018	0.035	-	0.035	0.212	0.010	-	0.032	0.199	0.488
2019	0.035	-	0.035	0.231	0.011	-	0.034	0.199	0.510
2020	0.034	-	0.034	0.245	0.011	-	0.036	0.200	0.526
2021	0.034	-	0.034	0.265	0.012	-	0.037	0.199	0.547
2022	0.033	-	0.033	0.282	0.013	-	0.040	0.200	0.568
2023	0.033	-	0.033	0.306	0.015	-	0.048	0.207	0.609
2024	0.032	-	0.032	0.307	0.016	-	0.053	0.206	0.614
2025	0.032	-	0.032	0.295	0.018	-	0.057	0.206	0.608

Source: District Records and Municipal Tax Collector

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

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Jordon Realty, Inc.	\$ 41,182,400	1	0.41%	17,358,900	2	0.23%
Individual Taxpayer #1	31,204,400	2	0.31%			
Icona Golden Inn, LLC	20,450,000	3	0.20%	15,956,500	3	0.21%
Windrift Avalon, LLC	18,570,000	4	0.18%			
Individual Taxpayer #2	15,709,500	5	0.16%			
Long Reach View, LLC	14,527,600	6	0.14%			
Equity Trust Co.	13,623,200	7	0.14%			
HOBOS63, LLC	13,024,500	8	0.13%			
Individual Taxpayer #3	12,661,000	9	0.13%			0.00%
Individual Taxpayer #4	12,626,500	10	0.13%			0.00%
Individual Taxpayer #5				27,257,200	1	0.37%
MBM Estate, LLC				12,224,200	4	0.16%
Individual Taxpayer #6				10,045,100	5	0.14%
Beach Doggies, LLC				9,521,600	6	0.13%
Dilbert, Inc.				9,500,000	7	0.13%
75th Street Beach, LLC				9,226,700	8	0.12%
Individual Taxpayer #7				9,223,800	9	0.12%
Individual Taxpayer #8				9,141,900	10	0.12%
Totals	<u>\$ 193,579,100</u>		<u>1.93%</u>	<u>\$ 129,455,900</u>		<u>1.74%</u>
District Assessed Value			<u>\$ 10,055,189,466</u>	\$ 7,425,715,211		

Source: District ACFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	3,078,694.00	3,078,694.00	100%	-
2017	3,078,694.00	3,078,694.00	100%	-
2018	3,078,694.00	3,078,694.00	100%	-
2019	3,078,694.00	3,078,694.00	100%	-
2020	3,078,694.00	3,078,694.00	100%	-
2021	3,140,268.00	3,140,268.00	100%	-
2022	3,140,268.00	3,140,268.00	100%	-
2023	3,140,268.00	3,140,268.00	100%	-
2024	3,140,268.00	3,140,268.00	100%	-
2025	3,140,268.00	3,140,268.00	100%	-

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2016	1,830,000					1,830,000	2.75%	51,812
2017	1,320,000					1,320,000	1.94%	53,309
2018	815,000					815,000	1.17%	54,865
2019	315,000					315,000	0.43%	58,324
2020	-					-	0.00%	60,877
2021	-					-	0.00%	62,734
2022	-					-	0.00%	67,836
2023	-					-	0.00%	72,010
2024	-					-	0.00%	71,590
2025	-					-	0.00%	78,963

Source: District ACFR Schedules I-1

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

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	1,830,000	-	1,830,000	0.02%	51,812
2017	1,320,000	-	1,320,000	0.02%	53,309
2018	815,000	-	815,000	0.01%	54,865
2019	315,000	-	315,000	0.00%	58,324
2020	-	-	-	0.00%	60,877
2021	-	-	-	0.00%	62,734
2022	-	-	-	0.00%	67,836
2023	-	-	-	0.00%	72,010
2024	-	-	-	0.00%	71,590
2025	-	-	-	0.00%	78,963

BOROUGH OF AVALON SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Bonded Debt,
As of December 31, 2025

<u>Governmental Unit</u>	<u>Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Borough of Avalon	\$ 28,341,917.17	100.00%	\$ 28,341,917.17
Other Debt			
County of Cape May	344,761,536.00	18.04%	62,190,690.78
Subtotal, Overlapping Debt			90,532,607.95
Borough of Avalon School District Direct Debt			-
Total Direct and Overlapping Debt			<u>\$ 90,532,607.95</u>

Sources:
Borough of Avalon - 2024 Audit Report
County of Cape May - 2024 Audit Report
District Records

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

Equalized valuation basis	2024	17,323,253,528
	2023	15,944,352,184
	2022	14,004,552,620
		<u>\$ 47,272,158,332</u>
		<u><u>\$ 15,757,386,111</u></u>
Average equalized valuation of taxable property		
Debt limit (3% of average)		472,721,583
Net bonded school debt		-
Legal debt margin		<u>\$ 472,721,583</u>
		<u><u>\$ 472,721,583</u></u>

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

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

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	** Per Capita Personal Income	Unemployment Rate
2016	1,283	66,475	51,812	7.1%
2017	1,279	68,182	53,309	7.8%
2018	1,267	69,514	54,865	6.0%
2019	1,247	72,730	58,324	5.5%
2020	1,236	75,244	60,877	4.9%
2021	1,219	76,473	62,734	10.3%
2022	1,216	82,489	67,836	7.1%
2023	1,218	87,708	72,010	7.1%
2024	1,218	87,197	71,590	5.8%
2025	1,216	96,019	78,963	5.2%

** County wide information

Source:

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

BOROUGH OF AVALON SCHOOL DISTRICT
Principal Employers,

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

This is the most current information available.

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

<u>Function/Program</u>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction:										
Regular instruction	12.0	13.0	14.5	14.6	14.6	12.8	12.4	13.4	12.4	12.4
Special education instruction	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other special education instruction										
Vocational education										
Other instruction	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	-	-
Support Services:										
Tuition										
Student & instruction related services	3.0	3.0	5.0	5.0	5.0	6.0	6.0	6.4	5.9	5.9
General administrative services	0.5	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.0
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Plant operations and maintenance	3.0	3.0	2.5	3.0	3.0	3.0	3.0	3	3.0	3.0
Pupil transportation	1.5	1.5	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Food Service	0.5	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total	23.5	24.5	27.4	28.0	28.0	27.7	27.3	27.7	26.2	26.2

Source: District Records, ASSA, Certified Staff Report

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

Fiscal Year Ended June 30,	ASSA Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	School				
2016	49	3,041,046.49	62,062.17	-24.16%	14	3.57:1		48.3	44.7	-3.7%	92.7%
2017	43	3,967,691.87	92,271.90	48.68%	14	3.50:1		42.6	40.5	-11.8%	95.2%
2018	73	3,967,691.87	54,351.94	-41.10%	15	2.87:1		72.9	67.1	71.3%	92.0%
2019	85	3,687,139.16	43,378.11	-20.19%	17	2.87:1		84.2	78.5	15.5%	93.2%
2020	86	3,914,248.46	45,514.52	4.93%	17	2.87:1		86.8	82.2	3.1%	94.7%
2021	77	3,994,402.29	51,875.35	13.98%	17	2.87:1		74.4	71.1	-14.3%	95.6%
2022	74	4,503,543.95	60,858.70	17.32%	17	2.87:1		73.1	65.2	-1.7%	89.2%
2023	83	4,415,459.61	53,198.31	-12.59%	17	2.87:1		82.9	75.3	13.4%	90.8%
2024	92	4,532,947.92	49,271.17	-7.38%	14	2.87:1		93.6	86.4	12.9%	92.4%
2025	97	4,704,471.67	48,499.71	-1.57%	13	2.87:1		95.3	89.2	1.8%	93.6%

Source: District records, ASSA and Certificated Staff Report

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	#	2025
District Buildings											
Elementary											
Avalon School (1965)											
Square Feet	49,962	49,962	49,962	49,962	49,962	49,962	49,962	49,962	49,962	49,962	49,962
Capacity (students)	159	159	159	159	159	159	159	159	159	159	159
Enrollment	49	43	73	85	86	77	74	83	92	97	97

Number of Schools at June 30, 2025
Elementary - 1

Source: District Records, ASSA

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

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Avalon School - only building		63,612.16	62,044.72	62,044.72	70,673.44	94,608.83	66,001.19	120,172.61	88,049.84	122,519.67	115,181.37
Total School Facilities		63,612.16	62,044.72	62,044.72	70,673.44	94,608.83	66,001.19	120,172.61	88,049.84	122,519.67	115,181.37
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		63,612.16	62,044.72	62,044.72	70,673.44	94,608.83	66,001.19	120,172.61	88,049.84	122,519.67	115,181.37

Source: District Records

BOROUGH OF AVALON SCHOOL DISTRICT
Insurance Schedule
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Company	Type of Coverage	Amount of Coverage	Deductible
New Jersey School Boards Association Insurance Group			
Package Policy			
I Property			
	Blanket Real & Personal Property - per occurrence	\$ 12,311,000	\$ 5,000
	Blanket Extra Expense	50,000,000	5,000
	Blanket Valuable Papers and Records	10,000,000	5,000
	Demolition and Increased Cost of Construction - per occurrence	10,000,000	
	Flood - per occurrence/NJSBAIG annual aggregate - Zone A & V	10,000,000	500,000
	Flood - per occurrence/NJSBAIG annual aggregate - All Other Zones	50,000,000	10,000
	Earthquake - per occurrence/NJSBAIG annual aggregate	50,000,000	
	Terrorism - per occurrence/NJSBAIG annual aggregate	1,000,000	
II Electronic Data Processing			
	EDP Hardware/Software	250,000	1,000
III Equipment Breakdown			
	Combined Single Limit per Accident for Property Damage & Expense	100,000,000	5,000
IV Crime			
	Public Employee Dishonesty with Faithful Performance	250,000	1,000
	Moneys & Securities	25,000	500
	Forgery or Alteration	50,000	500
	Computer Fraud	25,000	500
	Public Officials Bond - Board Secretary	10,000	500
	Public Officials Bond - Board Treasurer	155,000	1,000
V Comprehensive General Liability			
	Bodily Injury and Property Damage	11,000,000	
	Bodily Injury from Products & Operations - Annual Aggregate	11,000,000	
	Sexual Abuse	11,000,000	
	Personal Injury & Advertising Injury - Per Occurrence/Annual Aggregate	11,000,000	
	Employee Benefit Liability - Per Claim/Annual Aggregate	11,000,000	
	Premises Medical Payments - Per Accident	10,000	
VI Automobile			
	Liability		
	Combined Single Limit	11,000,000	1,000
Workers Compensation			
	Bodily Injury by Accident - Per Accident	statutory	
	Bodily Injury by Disease - Per Employee	statutory	
	Bodily Injury by Disease - Agreement Limit	statutory	
Errors & Omissions			
	Coverage A		
	Limit of Liability - Each Policy Period	11,000,000	5,000
	Coverage B		
	Limit of Liability - Each Claim	100,000	5,000
	Each Policy Period	300,000	5,000

Source: District records.

Single Audit Section

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K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Avalon School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Borough of Avalon School District's basic financial statements, and have issued our report thereon dated November 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Avalon School District's 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 Borough of Avalon School 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

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

Michael S. Garcia

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

November 24, 2025



K-2

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major Federal & State Program

Opinion on Each Major Federal & State Program

We have audited the Borough of Avalon School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Avalon School District's major federal and state programs for the year ended June 30, 2025. The Borough of Avalon School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

It should be noted that as of the date of this report the OMB has not yet issued the final 2025 *OMB Compliance Supplement*, however a draft has been provided, and we have conducted our testing of compliance and internal controls based on that draft. The final 2025 *OMB Compliance Supplement* is in the process of being cleared by OMB Leadership. OMB Staff has informed the American Institute of Certified Public Accountants that no significant changes are expected in that clearance process. When the Final *OMB Compliance Supplement* is issued, we will evaluate any significant changes to the draft and if there is determined to be a material effect related to this audit, we will re-issue this report as deemed appropriate.

In our opinion, the Borough of Avalon School 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 federal and state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal & State Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and 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 NJ OMB 15-08. Our responsibilities under those standards and the Uniform Guidance 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 Borough of Avalon School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Avalon School District's compliance with the 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 its Federal and 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 Borough of Avalon School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and NJ OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional 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 Borough of Avalon School District's compliance with the requirements of each major federal or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Borough of Avalon School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Borough of Avalon School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of Borough of Avalons School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

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 federal or 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 federal or 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 federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 have not been 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 NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

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

Michael S. Garcia

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

November 24, 2025

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BOROUGH OF AVALON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2024	Adjustments	Carryover (Waiver) Amount	Cash Received	Budgetary Expenditures			Repayment of Prior Years' Balances	(Accounts Receivable) 06/30/2025	Deferred Revenue/ 06/30/2025	Due to Grantor June 30, 2025
										Pass Through	Source	Total				
U.S. Department of Education																
Passed-Through State																
Department of Education																
Special Revenue Fund:																
Special Education Cluster (IDEA):																
IDEA: Part B - Basic Regular	84.027A	H027A250100	FT 25	7/1/2024	30,709.00				30,709.00	(30,709.00)		(30,709.00)		-	-	-
IDEA: Part B - Basic Regular	84.027A	H027A240100	FT 24	7/1/2023	251,739.00	(18,597.00)		-	18,597.00	(30,709.00)		(30,709.00)		-	-	-
Total Special Education Cluster (IDEA)						(18,597.00)		-	18,597.00							
Small Rural School Achievement Program	84.358A	S358B242672	N/A	7/1/2024	30,739.00				30,739.00	(30,739.00)		(30,739.00)		-	-	-
American Rescue Plan - Elem & Sec School																
Emergency Relief Fund (ARP-ESSER) - Summer	84.425U	S425U2 10027	N/A	3/13/20	29,400.00	(1,302.74)	(0.26)		1,303.00	-		-		-	-	-
American Rescue Plan - Elem & Sec School																
Emergency Relief Fund (ARP-ESSER) - Learning	84.425U	S425U2 10027	N/A	3/13/20	50,000.00	(50,000.00)			50,000.00	-		-		-	-	-
American Rescue Plan - Elem & Sec School																
Emergency Relief Fund (ARP-ESSER) - Beyond	84.425U	S425U2 10027	N/A	3/13/20	45,000.00	(22,385.00)			22,385.00	-		-		-	-	-
American Rescue Plan - Elem & Sec School																
Emergency Relief Fund (ARP-ESSER) - Mental	84.425U	S425U2 10027	N/A	3/13/20	45,000.00	(20,493.80)	(0.20)		25,301.00	(4,807.00)		(4,807.00)		-	-	-
Total Special Revenue Fund						(112,778.54)	(0.46)	-	179,034.00	(35,516.00)		(30,739.00)				
						\$ (112,778.54)	\$ (0.46)	\$ -	\$ 179,034.00	\$ (35,516.00)		\$ (30,739.00)		\$ -	\$ -	\$ -
Total Federal Financial Awards:																

Less: On-Behalf Teachers' Pension and Annuity Fund	(515,911.00)
Less: On-Behalf Teachers' Pension and Annuity Fund - Medical	(150,749.00)
Less: On-Behalf Teachers' Pension and Annuity Fund - Insur	(215.00)
	<u>(917,194.84)</u>

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2025**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Education, Borough of Avalon. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis was (\$92.00) for the general fund and (\$1,864.00) for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2025**

(CONTINUED)

	<u>General fund</u>	<u>Total</u>
State Assistance:		
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 858,069.84	858,069.84
Difference – budget to "GAAP"		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	3,497.00	3,497.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(3,589.00)	(3,589.00)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 857,977.84</u>	<u>857,977.84</u>

**BOROUGH OF AVALON SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2025**

(CONTINUED)

	Special Revenue Fund	Total
Federal Assistance:		
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 66,255.00	66,255.00
Difference - budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<u>(1,864.00)</u>	<u>(1,864.00)</u>
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	<u>\$ 64,391.00</u>	<u>64,391.00</u>

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

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF pension contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2025. TPAF social security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2025.

Financial Statement Section

Federal Awards Section

Identification of major programs:

Name of Federal Program or Cluster

105

**BOROUGH OF AVALON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2025**

Part 2 – Schedule of Financial Statement Findings

NONE

Part 3 – Schedule of State Award Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

NONE