

SCHOOL DISTRICT

OF

LAKE COMO

**LAKE COMO BOARD OF EDUCATION
LAKE COMO, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

LAKE COMO BOARD OF EDUCATION

LAKE COMO, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY

**LAKE COMO BOARD OF EDUCATION
FINANCE DEPARTMENT**

LAKE COMO SCHOOL DISTRICT

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INTRODUCTORY SECTION

**Lake Como Board of Education
P.O. Box 569
Belmar, NJ 07719
732-681-8888**

Honorable President and
Members of the Board of Education
Lake Como School District
County of Monmouth

Dear Board Members:

The comprehensive annual financial report of the Lake Como School District for the Fiscal Year ended June 30, 2017, 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 Lake Como Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Lake Como District is a non-operating District. The district sends students to various K through 12 schools for regular and special education. There were 179 students in the 2016-2017 school year and 180 students in the 2015-2016 school year.

The economy of the Borough of the Lake Como is stable. The business district consists of restaurants, professional offices and retail establishments. The population increases in the summer and decreases for the remainder of the year.

During the 2016/2017 school year, the Lake Como Board of Education consisted of a five member Board of Education. The expenses of the district are managed by strict quality control methods, to ensure compliance with applicable laws and regulations according to GAAP. Revenues and expenditures are monitored to review cost analysis on appropriations approved by the voters of the community.

Sincerely,



Loretta Hill
Business Administrator/
Board Secretary

LAKE COMO BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2017

Jacquelyn DeVoti	2018
Doreen Higgins	2018
Barbara Carol Hope	2017
Joseph Oleszkiewicz	2019
Debby Russo	2017

Loretta Hill

School Business Administrator

LAKE COMO BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

Audit Firm

Robert A. Hulsart and Company
2807 Hurley Pond Road
P.O. Box 1409
Wall, NJ 07719

Attorney

Adams Gutierrez & Lattiboudere LLC
1037 Raymond Boulevard
Suite 900
Newark, NJ 07102

Official Depository

TD Bank
Warren Avenue
Spring Lake Heights, NJ 07762

Insurers

N.J. School Boards Association Insurance Group
450 Veterans Drive
Burlington, NJ 08016

Boynton & Boynton
21 Cedar Avenue
Fair Haven, NJ 07704

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

4.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888
e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lake Como School District
County of Monmouth
Lake Como, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lake Como School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lake Como School District, in the County of Monmouth, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2017 on our consideration of the Lake Como's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Lake Como Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey

October 20, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

LAKE COMO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The discussion and analysis of Lake Como School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2016-2017 fiscal year are as follows:

- General revenues accounted for \$3,307,030 in revenue or 100% percent of all revenues.
- Total assets of governmental activities increased by \$437,328.
- The School District had \$2,869,702 in expenses. General revenues (primarily property taxes) of \$3,307,030 were adequate to provide for these programs.
- The General Fund had \$3,307,030 in revenues and \$2,869,702 in expenditures. The General Fund's balance increased \$437,328 from 2016.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Lake Como 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. In the case of Lake Como School District, the General Fund is the only fund.

Using this Comprehensive Annual Financial Report (CAFR) – (Continued)

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

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 asks the question, "How did we do financially during the 2016-2017 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District has the following type of activity:

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, support services, general administration and pupil transportation.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on Exhibit A-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District only has one major governmental fund - General Fund.

Reporting the School District's Most Significant Funds - Continued

Governmental Funds

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

The School District as a Whole

Table 1 provides a summary of the School District's net position for the fiscal years ended 2017 and 2016.

Table 1
Net Position

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current and Other Assets	<u>\$ 1,782,181</u>	<u>1,344,853</u>
Total Assets	<u>\$ 1,782,181</u>	<u>1,344,853</u>
<u>Liabilities</u>		
<u>Net Position</u>		
Restricted	\$ 1,559,442	1,121,091
Unrestricted	<u>222,739</u>	<u>223,762</u>
Total Net Position	<u>\$ 1,782,181</u>	<u>1,344,853</u>

Table 2 shows the changes in net position for fiscal years ended 2017 and 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
General Revenues		
Property Taxes	\$ 2,686,162	3,022,000
Grants and Entitlements	619,935	622,534
Other	<u>993</u>	<u>507</u>
Total Revenues	<u>3,307,030</u>	<u>3,645,041</u>
<u>Program Expenses</u>		
Support Services:		
Tuition	2,697,179	2,890,398
General Administration	35,557	29,565
Pupil Transportation	136,966	137,877
Charter Schools	<u> </u>	<u>11,248</u>
Total Expenses	<u>2,869,702</u>	<u>3,069,088</u>
Increase/(Decrease) in Net Position	<u>\$ 437,328</u>	<u>575,953</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 81% percent of revenues for governmental activities for the Lake Como Public School District for fiscal year 2017. The District's total revenues were \$3,307,030 for the fiscal year ended June 30, 2017. State Grants accounted for another 18%.

The School Board' Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Lake Como's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

The School Board' Funds – (Continued)

As the School Board completed the fiscal year ended June 30, 2017, it reported a combined net position balance of \$1,782,181. The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in activities.

The School Board'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 School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

Capital Assets

At June 30, 2017, the School District had no capital assets.

Debt Administration

At June 30, 2017, the School District had no outstanding debt.

Economic Factors and Next Year's Budget

The Borough of Lake Como is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

The \$222,739 is unrestricted net position for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$222,739.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Lake Como 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.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Ms. Loretta Hill, School Business Administrator/Board Secretary at Lake Como Board of Education, P.O. Box 569, Lake Como, NJ 07719.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

LAKE COMO SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2017

	Governmental Activities	Total
<u>Assets</u>		
Cash-Unrestricted	\$ 190,858	190,858
Cash-Restricted	1,559,442	1,559,442
Receivables, Net	31,881	31,881
	<hr/>	<hr/>
Total Assets	\$ 1,782,181	1,782,181
	<hr/> <hr/>	<hr/> <hr/>
<u>Net Position</u>		
Restricted For:		
Other Purposes	\$ 875,417	875,417
Excess Surplus	684,025	684,025
Unrestricted	222,739	222,739
	<hr/>	<hr/>
Total Net Position	\$ 1,782,181	1,782,181
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

JUNE 30, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental Activities:						
Support Services:						
Tuition	\$ 2,697,179			(2,697,179)		(2,697,179)
Support Services	7,333			(7,333)		(7,333)
General and Business Administrative Services	28,224			(28,224)		(28,224)
Pupil Transportation	136,966			(136,966)		(136,966)
Total Government Activities	<u>2,869,702</u>	<u>-</u>	<u>-</u>	<u>(2,869,702)</u>	<u>-</u>	<u>(2,869,702)</u>
Total Primary Government	<u>2,869,702</u>	<u>-</u>	<u>-</u>	<u>(2,869,702)</u>	<u>-</u>	<u>(2,869,702)</u>
General Revenues and Transfers						
Taxes:						
Property Taxes, Levied for General Purpose, Net				2,686,162		2,686,162
Miscellaneous				933		933
Federal and State Aid Not Restricted				619,935		619,935
Total General Revenues and Transfers				<u>3,307,030</u>	<u>-</u>	<u>3,307,030</u>
Change in Net Position				437,328	-	437,328
Net Position - Beginning				<u>1,344,853</u>		<u>1,344,853</u>
Net Position - Ending				<u>\$ 1,782,181</u>	<u>-</u>	<u>1,782,181</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>		
Cash and Cash Equivalents-Unrestricted	\$ 1,559,442	1,559,442
Cash and Cash Equivalents-Restricted	190,858	190,858
Receivables from Other Governments	31,881	31,881
Total Assets	<u>\$ 1,782,181</u>	<u>1,782,181</u>
<u>Fund Balances</u>		
Restricted To:		
Tuition Reserve	\$ 275,000	275,000
Emergency Reserve	250,000	250,000
Assigned Balances:		
Excess Surplus	245,348	245,348
Withdrawal From Tuition Reserve	275,000	275,000
Excess Surplus-Designated For Subsequent Years Expenditures	438,677	438,677
Designated for Subsequent Years Expenditures	38,542	38,542
Year End Encumbrances	36,875	36,875
Unassigned:		
General Fund	222,739	222,739
Total Fund Balances	<u>1,782,181</u>	<u>1,782,181</u>
Total Liabilities and Fund Balances	<u>\$ 1,782,181</u>	<u>1,782,181</u>
Net Position of Governmental Activities		<u>\$ 1,782,181</u>

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

LAKE COMO SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCESGOVERNMENTAL FUNDSJUNE 30, 2017

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues:		
Local Sources:		
Local Tax Levy	\$ 2,686,162	2,686,162
Miscellaneous	933	933
Total Local Sources	<u>2,687,095</u>	<u>2,687,095</u>
State Sources	619,935	619,935
Total Revenues	<u>3,307,030</u>	<u>3,307,030</u>
Expenditures:		
Support Services and Undistributed Costs:		
Tuition	2,697,179	2,697,179
Support Services	7,333	7,333
Pupil Transportation	136,966	136,966
General Administrative Services	28,224	28,224
Total Expenditures	<u>2,869,702</u>	<u>2,869,702</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>437,328</u>	<u>437,328</u>
Net Change in Fund Balances	437,328	437,328
Fund Balance - July 1	<u>1,344,853</u>	<u>1,344,853</u>
Fund Balance - June 30	<u>\$ 1,782,181</u>	<u>1,782,181</u>

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

LAKE COMO SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESJUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (From B-2)	<u>\$ 437,328</u>
Change in Net Position of Governmental Activities	<u><u>\$ 437,328</u></u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
LAKE COMO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Lake Como 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. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board 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 superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The District is a non-operating District, sending all of its elementary and high school students to other districts on a tuition basis. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

NOTE 1: Summary of Significant Accounting Policies (Continued)

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting:

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

D. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

E. Short-Term Interfund Receivables/Payables:

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year. There were no interfunds as of June 30, 2017.

F. Fixed Assets

Lake Como is a sending district only and has no fixed assets as of June 30, 2017.

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)

As of June 30, 2017, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash <u>Equivalents</u>
Checking Accounts	<u>\$ 1,750,300</u>

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following category described below:

FDIC	\$ 250,000
GUPDA	<u>1,552,528</u>
	<u>\$ 1,802,528</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2017 was \$1,750,300 and the bank balance was \$1,802,528. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,552,528 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 3: 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 Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund 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.

NOTE 3: Pension Plans (Continued)

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.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A, 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 provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision 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 contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required 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 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

NOTE 3: Pension Plans (Continued)

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

The District had no employees for the year 2016-2017

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/17	0	100%	0
6/30/16	0	100%	0
6/30/15	0	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/17	0	100%	0
6/30/16	0	100%	0
6/30/15	0	100%	0

NOTE 4: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

NOTE 5: Contingent Liabilities

It is the opinion of the Board that there is no litigation threatened or pending that would materially affect the financial position of the School District.

Negligence and other types of liability suits of which the Board is aware appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 6: Equity Balance

At June 30, 2017 the General Fund equity balance was as follows:

Tuition Reserve	\$ 275,000
Emergency Reserve	250,000
Withdrawal From Tuition Reserve	275,000
Excess Surplus	245,348
Designated For Subsequent Years Expenditures	38,542
Designated For Subsequent Years Expenditures-Excess Surplus	438,677
Encumbrances	36,875
Unrestricted	<u>281,881</u>
	<u>\$ 1,841,323</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A: 7F-7, which identifies an amount of surplus under the statute, which must be restricted for use in the next succeeding budget. Lake Como Board of Education had \$245,348 at June 30, 2017.

2% Calculation of Excess Surplus

2016-2017 Total General Fund Expenditures Per the CAFR	<u>\$ 2,869,702</u>
Adjusted 2016-2017 General Fund Expenditures	<u>\$ 2,869,702</u>
2% of Adjusted 2016-2017 General Fund Expenditures	<u>\$ 61,382</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>31,881</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 281,881</u>

NOTE 6: Equity Balance (Continued)**Section 2**

Total General Fund – Fund Balance @ June 30, 2017	\$ 1,841,323
Decreased By:	
Other Reserves	(525,000)
Withdrawal from Tuition Reserve	(275,000)
Encumbrances	(36,875)
Designated for Subsequent Years Expenditures – Excess Surplus	(438,677)
Designated for Subsequent Years Expenditures	<u>(38,542)</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 527,229</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 245,348</u>

Section 3

Designated for Subsequent Years Expenditures – Excess Surplus	\$ 438,677
Excess Surplus	<u>245,348</u>
	<u>\$ 684,025</u>

Detail of Allowable Adjustments

Non-Public Transportation	\$ 984
Extraordinary Aid	<u>30,897</u>
	<u>\$ 31,881</u>

Detail of Reserved Fund Balance

Tuition Reserve	\$ 275,000
Emergency Reserve	<u>250,000</u>
	<u>\$ 525,000</u>

Unrestricted is surplus not previously committed or reserved for any other purpose.

NOTE 7: Capital Reserve Account

Capital reserve accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the general fund and or special revenue fund and its activity is included in the annual budget.

The Educational Facilities Construction and Financing Act (EFCFA), P.L. 2000, c. 72, was signed into law on July 18, 2000. This law provided for the establishment of a capital reserve account within 90 days of the effective date of EFCFA (by October 15, 2000).

NOTE 7: Capital Reserve Account (Continued)

“A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district’s long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district’s long-range facilities plan.” (N.J.S.A. 18A:7G-31c)

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district’s LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

“Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations.” (N.J.A.C. 6:23A-5.1(j)).

As of June 30, 2017, the District had \$0 balance in the Capital Reserve Account.

NOTE 8: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2017. The adoption of FASB ASC 105 did not impact the District’s financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District’s financial statements. The District evaluated all events or transactions that occurred after June 30, 2017 through October 20, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

LAKE COMO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 1 of 4

GENERAL FUND

JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,686,162		2,686,162	2,686,162	-
Miscellaneous				933	933
Total Local Sources	<u>2,686,162</u>	<u>-</u>	<u>2,686,162</u>	<u>2,687,095</u>	<u>933</u>
State Sources:					
Transportation Aid	68,019		68,019	68,019	-
Equalization Aid	168,669		168,669	168,669	-
Special Education Aid	129,283		129,283	129,283	-
Security Aid	47,816		47,816	47,816	-
Adjustment Aid	172,229		172,229	172,229	-
Professional Learning Community Aid	1,660		1,660	1,660	-
PARCC Readiness Aid	1,890		1,890	1,890	-
Per Pupil Growth Aid	1,890		1,890	1,890	-
Extraordinary Aid				30,897	30,897
Non Public Transportation Aid				984	984
Total State Sources	<u>591,456</u>	<u>-</u>	<u>591,456</u>	<u>623,337</u>	<u>31,881</u>
Total Revenues	<u>3,277,618</u>	<u>-</u>	<u>3,277,618</u>	<u>3,310,432</u>	<u>32,814</u>

LAKE COMO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 2 of 4

GENERAL FUND

JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA - Regular	2,168,154	(35,000)	2,133,154	2,047,483	85,671
Tuition to Other LEA - Special	376,928	2,000	378,928	340,766	38,162
Tuition - County Vocational School:					
Regular	53,280		53,280	18,720	34,560
Special	44,760		44,760	23,490	21,270
Tuition - Private School For Disabled	452,027	23,000	475,027	266,720	208,307
Total Undistributed Expenditures - Instruction	<u>3,095,149</u>	<u>(10,000)</u>	<u>3,085,149</u>	<u>2,697,179</u>	<u>387,970</u>
Support Services-Speech					
Purchased Technical Services		10,000	10,000	7,333	2,667
Support Services - General Administration:					
Audit Fees	4,000		4,000	3,700	300
Purchased Technical Services	7,750		7,750	6,542	1,208
Total Support Services - General Administration	<u>11,750</u>	<u>-</u>	<u>11,750</u>	<u>10,242</u>	<u>1,508</u>
Support Services - Central Services:					
Purchased Professional Services	15,500		15,500	15,500	-
Purchased Technical Services	2,500		2,500	2,482	18
Total Support Services - Central Services	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>17,982</u>	<u>18</u>

LAKE COMO SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 3 of 4

GENERAL FUND

JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation Services:					
Contracted Services - Regular Students - ESCs	140,000		140,000	56,059	83,941
Contracted Services - Special Education - ESCs	147,986		147,986	66,122	81,864
Contracted Services - Aid in Lieu	3,536		3,536	1,768	1,768
Contracted Services (Between Home and School) - Joint Agreements	15,000		15,000	13,017	1,983
Total Student Transportation Services	<u>306,522</u>	<u>-</u>	<u>306,522</u>	<u>136,966</u>	<u>169,556</u>
Charter School Tuition	<u>13,498</u>	<u>-</u>	<u>13,498</u>	<u>-</u>	<u>13,498</u>
Total Expenditures	<u>3,444,919</u>	<u>-</u>	<u>3,444,919</u>	<u>2,869,702</u>	<u>575,217</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(167,301)</u>	<u>-</u>	<u>(167,301)</u>	<u>440,730</u>	<u>608,031</u>

LAKE COMO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 4 of 4

GENERAL FUND

JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance July 1	1,400,593		1,400,593	1,400,593	
Fund Balance June 30	\$ 1,233,292	-	1,233,292	1,841,323	608,031
Recapitulation:					
Tuition Reserve				\$ 275,000	
Emergency Reserve				250,000	
Assigned Balances:					
Excess Surplus				245,348	
Withdrawal From Tuition Reserve				275,000	
Year End Encumbrances				36,875	
Designated for Subsequent Years Expenditures				38,542	
Excess Surplus - Designated for Subsequent Years Expenditures				438,677	
Unassigned Fund Balance				<u>281,881</u>	
				1,841,323	
Reconciliation To Government Fund Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(59,142)</u>	
Fund Balance Government Funds (GAAP)				<u>\$ 1,782,181</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LAKE COMO SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATIONNOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>
<u>Sources/Inflows of Resources</u>	
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 3,310,432
Difference - budget to GAAP:	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	55,740
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(59,142)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,307,030</u>
<u>Uses/Outflows of Resources</u>	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 2,869,702</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 2,869,702</u>

STATISTICAL SECTION

(Unaudited)

LAKE COMO BOARD OF EDUCATION

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

J-1

UNAUDITED

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities:										
Restricted	\$ 1,559,442	1,121,091	549,230	315,581	15,581	63,954	43,462	55,615	10,465	11,751
Unrestricted	<u>222,739</u>	<u>223,762</u>	<u>219,670</u>	<u>201,633</u>	<u>215,324</u>	<u>(11,086)</u>	<u>(32,457)</u>	<u>(22,809)</u>	<u>130,201</u>	<u>96,666</u>
Total Governmental Activities	<u>\$ 1,782,181</u>	<u>1,344,853</u>	<u>768,900</u>	<u>517,214</u>	<u>230,905</u>	<u>52,868</u>	<u>11,005</u>	<u>32,806</u>	<u>140,666</u>	<u>108,417</u>

LAKE COMO BOARD OF EDUCATION

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

J-2

UNAUDITED

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses:										
Governmental Activities	<u>\$ 2,869,702</u>	<u>3,069,088</u>	<u>3,388,828</u>	<u>3,364,949</u>	<u>3,404,625</u>	<u>3,463,716</u>	<u>3,400,278</u>	<u>3,177,381</u>	<u>3,034,513</u>	<u>3,125,136</u>
Net (Expense):										
Governmental Activities	<u>2,869,702</u>	<u>3,069,088</u>	<u>3,388,828</u>	<u>3,364,949</u>	<u>3,404,625</u>	<u>3,441,115</u>	<u>3,400,278</u>	<u>3,177,381</u>	<u>3,034,513</u>	<u>3,125,136</u>
General Revenues and Other										
Changes in Net Position										
Governmental Activities	<u>3,307,030</u>	<u>3,645,041</u>	<u>3,640,514</u>	<u>3,651,258</u>	<u>3,582,662</u>	<u>3,482,978</u>	<u>3,378,477</u>	<u>3,069,521</u>	<u>3,066,762</u>	<u>3,189,268</u>
Change in Net Position:										
Governmental Activities	<u>\$ 437,328</u>	<u>575,953</u>	<u>251,686</u>	<u>286,309</u>	<u>178,037</u>	<u>41,863</u>	<u>(21,801)</u>	<u>(107,860)</u>	<u>32,249</u>	<u>64,132</u>

LAKE COMO BOARD OF EDUCATION
FUND BALANCES, GOVERNMENT FUNDS

J-3

LAST TEN FISCAL YEARS

UNAUDITED

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:										
Reserved	\$ 1,559,442	1,121,091	542,230	315,581	15,581	63,954	43,462	55,615	10,465	11,751
Unreserved	<u>222,739</u>	<u>223,762</u>	<u>291,670</u>	<u>201,633</u>	<u>215,324</u>	<u>(11,086)</u>	<u>(32,457)</u>	<u>(22,809)</u>	<u>130,201</u>	<u>96,666</u>
Total General Fund	<u>\$ 1,782,181</u>	<u>1,344,853</u>	<u>833,900</u>	<u>517,214</u>	<u>230,905</u>	<u>52,868</u>	<u>11,005</u>	<u>32,806</u>	<u>140,666</u>	<u>108,417</u>

LAKE COMO SCHOOL DISTRICT

GOVERNMENTAL FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues:										
Tax Levy	\$ 2,686,162	3,022,000	3,022,000	3,022,000	2,962,779	2,904,685	2,847,730	2,422,294	2,422,294	2,545,601
Other Local Revenue	933	507				2,677	264	2,587	6,379	2,843
Federal Aid										
State Aid	619,935	622,534	618,892	629,258	618,072	598,217	530,483	644,640	638,089	642,065
Total Revenues	<u>3,307,030</u>	<u>3,645,041</u>	<u>3,640,892</u>	<u>3,651,258</u>	<u>3,580,851</u>	<u>3,505,579</u>	<u>3,378,477</u>	<u>3,069,521</u>	<u>3,066,762</u>	<u>3,190,509</u>
Expenditures:										
Undistributed:										
Instruction	2,697,179	2,890,398	3,210,174	3,175,480	3,140,687	3,193,505	3,189,654	2,918,129	2,788,646	2,757,249
Students Support - Special								10,076	12,544	12,669
Support Services - General Adm./Central	35,557	29,565	26,195	24,529	24,853	25,784	24,481	43,581	37,357	39,402
Student Transportation	136,966	137,877	152,459	161,762	151,807	188,707	156,611	165,998	166,061	304,448
Education Jobs						22,601				
Reimbursed TPAF Pension							1,506	1,443		
Reimbursed TPAF Social Security								1,680	1,358	1,429
Total Undistributed	<u>2,869,702</u>	<u>3,057,840</u>	<u>3,388,828</u>	<u>3,361,771</u>	<u>3,317,347</u>	<u>3,430,597</u>	<u>3,372,252</u>	<u>3,140,907</u>	<u>3,005,966</u>	<u>3,115,197</u>
Special Schools:										
Transfer to Charter Schools		11,248		3,178	87,278	33,119	28,026	36,474	28,547	9,939
Total Special Schools	<u>-</u>	<u>11,248</u>	<u>-</u>	<u>3,178</u>	<u>87,278</u>	<u>33,119</u>	<u>28,026</u>	<u>36,474</u>	<u>28,547</u>	<u>9,939</u>
Total Governmental Fund Expenditures	<u>2,869,702</u>	<u>3,069,088</u>	<u>3,388,828</u>	<u>3,364,949</u>	<u>3,404,625</u>	<u>3,463,716</u>	<u>3,400,278</u>	<u>3,177,381</u>	<u>3,034,513</u>	<u>3,125,136</u>
Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,241)</u>
Net Change in Fund Balance	<u>\$ 437,328</u>	<u>575,953</u>	<u>252,064</u>	<u>286,309</u>	<u>178,037</u>	<u>41,863</u>	<u>(21,801)</u>	<u>(107,860)</u>	<u>32,249</u>	<u>64,132</u>

LAKE COMO BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

J-5

<u>Year Ended</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ -	2,843	2,843
2009		6,379	6,379
2010	406	2,181	2,587
2011	264		264
2012	27	2,650	2,677
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	507	507
2017	-	933	933

LAKE COMO SCHOOL DISTRICTASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

J-6

LAST TEN YEARSUNAUDITED

<u>Year Ended December 31,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2007	\$ 374,523,408	355,784,421	105.45%
2008	380,603,647	382,835,840	99.59%
2009	379,528,348	377,602,575	100.51%
2010	382,057,020	390,132,768	97.93%
2011	388,141,600	381,353,508	101.78%
2012	382,057,020	390,132,768	97.93%
2013	381,940,321	374,671,690	101.94%
2014	387,201,400	365,008,861	106.08%
2015	371,082,600	352,941,457	105.29%
2016	373,533,800	389,610,175	96.20%

Source: Monmouth County.

LAKE COMO BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
UNAUDITED

J-7

<u>Assessment Year</u>	<u>School District</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
2007	\$ 0.680	0.351	0.026	1.291
2008	0.636	0.366	0.026	1.268
2009	0.636	0.475	0.262	1.373
2010	0.745	0.606	0.282	1.633
2011	0.748	0.611	0.290	1.649
2012	0.761	0.571	0.290	1.622
2013	0.773	0.589	0.307	1.669
2014	0.781	0.623	0.296	1.700
2015	0.815	0.715	0.295	1.825
2016	0.719	0.731	0.314	1.764

Source: Municipal Tax Assessor

LAKE COMO SCHOOL DISTRICTSCHEDULE OF PRINCIPAL TAXPAYERS

J-8

FOR THE YEAR ENDED DECEMBER 31, 2016UNAUDITED

<u>Taxpayer</u>	<u>Assessed Valuation 2016</u>	<u>As a % of District's Net Assessed Valuation</u>
B & M Estates LLC	\$ 3,451,000	0.89%
Hyde Associates	2,288,400	0.59%
Sentential Publishing Inc.	2,109,200	0.54%
Zeros Enterprise	1,686,000	0.43%
Dynamic Real Estate	1,509,000	0.39%
Payday Realty	1,200,000	0.31%
MBA Lake Como Holdings	1,167,000	0.30%
Laurett South, LLC	1,040,400	0.27%
2014 Main Street, LLC	1,014,700	0.26%
Taxpayer #1	933,500	0.24%
	<u>\$ 16,399,200</u>	<u>4.21%</u>

Source: Municipal Tax Assessor.

LAKE COMO BOARD OF EDUCATION
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
UNAUDITED

J-9

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Tax Levy Collected</u>
2007	\$ 4,839,721	4,774,816	98%
2008	4,826,054	4,734,857	98%
2009	5,227,576	5,148,335	98%
2010	6,242,010	6,151,995	98%
2011	6,400,456	6,163,821	96%
2012	6,319,205	6,193,408	98%
2013	6,488,906	6,447,811	99%
2014	6,599,693	6,418,210	97%
2015	6,786,858	6,669,852	98%
2016	6,634,308	6,543,368	99%

Source: Municipal Tax Collector.

LAKE COMO BOARD OF EDUCATION
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

J-10

Not Applicable - Lake Como has not issued any debt during the last ten fiscal years.

LAKE COMO BOARD OF EDUCATION
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
UNAUDITED

J-11

Not Applicable - Lake Como has not issued any debt during the last ten fiscal years.

LAKE COMO SCHOOL DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

J-12

FOR THE YEAR ENDED DECEMBER 31, 2016

UNAUDITED

Not Applicable - Lake Como Board of Education has not issued any debt during the last ten fiscal years.

LAKE COMO BOARD OF EDUCATION
COMPUTATION OF LEGAL MARGIN
FOR FISCAL YEAR ENDED JUNE 30, 2017

J-13

<u>Year</u>	<u>Equalized Balance</u>
2014	\$ 365,541,861
2015	388,099,480
2016	<u>373,533,800</u>
	<u>\$ 1,127,175,141</u>
Average Equalized Valuation of Taxable Property	\$ 375,725,047
School Borrowing Margin (4% of \$375,725,047)	\$ 15,029,002
Net Bonded School Debt as of June 30, 2017	<u>-</u>
School Borrowing Margin Available	<u>\$ 15,029,002</u>

LAKE COMO SCHOOL DISTRICTDEMOGRAPHIC STATISTICS

J-14

LAST TEN YEARSUNAUDITED

<u>Year Ended December 31</u>	<u>School District Population **</u>	<u>Personal Income</u>	<u>Per Capita Income*</u>	<u>Unemployment Rate</u>
2007	1,783	\$ 104,073,710	58,370	4.9%
2008	1,776	104,924,304	59,079	5.6%
2009	1,778	101,038,406	56,827	9.1%
2010	1,760	100,761,760	57,251	9.3%
2011	1,760	105,380,000	59,875	9.3%
2012	1,738	107,750,786	61,997	12.0%
2013	1,726	108,567,126	62,901	13.7%
2014	1,714	113,156,566	66,019	6.4%
2015	1,717	119,176,970	69,410	5.8%
2016	1,725	N/A	N/A	5.8%

* County-Wide Statistic

** As of July 1

Source: State of New Jersey.

LAKE COMO BOARD OF EDUCATION

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

J-15

2017

DATA NOT AVAILABLE

2008

DATA NOT AVAILABLE

LAKE COMO BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

J-16

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>
Instruction										
Regular	-	-	-	-	-	-	-	-	-	-
Special Education	-	-	-	-	-	-	-	-	-	-
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services										
Student & instruction related services	-	-	-	-	-	-	-	-	-	-
General administration	-	-	-	-	-	-	-	-	-	-
School administrative services	-	-	-	-	-	-	-	-	-	-
Other administrative services	-	-	-	-	-	-	-	-	-	-
Central Services	0.25	0.25	0.25	0.25	0.00	0.00	0.00	0.00	0.00	0.00
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant operations & maintenance	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Special Schools										
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	0.25	0.25	0.25	0.25	-	-	-	-	-	-

* - Lake Como entered into a shared services agreement with the Belmar School District

Source: District Personnel Records

LAKE COMO BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
PUPIL/TEACHER RATIO
UNAUDITED

J-17

Not Applicable - Lake Como is a non-operating District

LAKE COMO BOARD OF EDUCATION
BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

J-18

Not Applicable - Lake Como does not own a building

LAKE COMO BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

J-19

Not Applicable - Lake Como does not own a building

LAKE COMO SCHOOL DISTRICTINSURANCE SCHEDULE

J-20

JUNE 30, 2017UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Comprehensive General Liability - Hartford Insurance Co. Insurance Group B.I. and P.D.	\$ 500,000	5,000
Comprehensive Automobile Liability - Hartford Insurance Co., Insurance Group Non Owned Auto Automobile Medical Payments	500,000 10,000	-0- -0-
Worker's Compensation - N.J. School Boards Agreement Limit	100,000 500,000	
Board Secretary/Business Administrator - Surety Bond - N.J. N.J. School Boards Assoc.	150,000	-0-
Board of Education Members Liability	1,000,000	

Source: District Records.

SINGLE AUDIT SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

50.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888
e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

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

K-1

Honorable President and Members
of the Board of Education
Lake Como School District
County of Monmouth
Lake Como, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake Como Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Lake Como Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated October 20, 2017

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lake Como Board of Education, County of Monmouth, State of New Jersey's financial statements are free from material misstatement, we performed tests of it 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*.

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.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

**Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey**

October 20, 2017

LAKE COMO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule A
K-3

Not Applicable - No Federal Awards

See Accompanying Notes to Schedules of Financial Assistance.

LAKE COMO SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule B
K-4

State Grantor/Program State Department of Education	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment Repayment of Prior Years Balances	Balance at June 30, 2017			MEMO	
			From	To	Deferred Revenue	Due To Grantor	Accounts Receivable					Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures	
			Accts. Receivable													
Transportation Aid	17-495-034-5120-014	\$ 68,019	7/1/2016	6/30/2017	\$ -			61,218	(68,019)					(6,801)	68,019	
Special Education Aid	17-495-034-5120-089	129,283	7/1/2016	6/30/2017				116,355	(129,283)					(12,928)	129,283	
Security Aid	17-495-034-5120-084	47,816	7/1/2016	6/30/2017				43,038	(47,816)					(4,778)	47,816	
Adjustment Aid	17-495-034-5120-085	166,400	7/1/2016	6/30/2017				149,760	(166,400)					(16,640)	166,400	
Equalization Aid	17-495-034-5120-078	168,669	7/1/2016	6/30/2017				151,802	(168,669)					(16,867)	168,669	
Additional Adjustment Aid	17-495-034-5120-085	5,829	7/1/2016	6/30/2017				5,244	(5,829)					(585)	5,829	
Professional Learning Comm. Aid	17-495-034-5120-101	1,660	7/1/2016	6/30/2017				1,495	(1,660)					(165)	1,660	
PARCC Readiness Aid	17-495-034-5120-098	1,890	7/1/2016	6/30/2017				1,701	(1,890)					(189)	1,890	
Per Pupil Growth Aid	17-495-034-5120-097	1,890	7/1/2016	6/30/2017				1,701	(1,890)					(189)	1,890	
Non Public Transportation	17-495-034-5120-014	984	7/1/2016	6/30/2017					(984)			(984)			984	
Non Public Transportation	16-495-034-5120-014	1,079	7/1/2015	6/30/2016	(1,079)			1,079								
Extraordinary Aid	17-495-034-5120-044	30,897	7/1/2016	6/30/2017					(30,897)			(30,897)			30,897	
Extraordinary Aid	16-495-034-5120-044	28,423	7/1/2015	6/30/2016	(28,423)			28,423								
Total State Financial Assistance					\$ (29,502)		-	561,816	(623,337)	-		(31,881)	-	-	(59,142)	623,337

See accompanying Notes to Financial Statements.

BOARD OF EDUCATION

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LAKE COMO SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2017****NOTE 1: General**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Lake Como School District. The Board of Education is defined in Note 1 to the Board's general-purpose 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 basis of accounting with the exception of program recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in the Note 1 to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,402) for the general fund. See Note 1 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 general-purpose financial statements on a GAAP basis as presented below:

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>
<u>State Assistance</u>	
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 623,337
 The Last State Aid Payment is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	 <u>(3,402)</u>
 Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	 <u>\$ 619,935</u>
 <u>Federal Assistance</u>	
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards	N/A

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.

LAKE COMO SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part 1 - Summary of Auditor's Results

<u>Financial Statement Section</u>	<u>Description</u>
	<u>Unmodified</u>
Type of auditor's report issued:	
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ Yes <u> x </u> No
2) Reportable conditions(s) identified that are not considered to be material weaknesses?	_____ Yes <u> x </u> None Reported
Noncompliance material to general purpose financial statements noted?	_____ Yes <u> x </u> No

Federal Awards

NOT APPLICABLE

State Awards

NOT APPLICABLE

LAKE COMO SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2017***Part II - Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

LAKE COMO SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2017***Part III - Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08, as amended.

Current Year Federal Awards

Not Applicable

Current Year State Awards

Not Applicable

LAKE COMO SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prior Audit Findings:

None