

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, 2018**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

LAKE COMO BOARD OF EDUCATION

LAKE COMO, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018, 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 169 students in the 2017-2018 school year and 179 students in the 2016-2017 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 2017/2018 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, 2018

Jacquelyn DeVoti	2018
Doreen Higgins	2018
Barbara Carol Hope	2020
Patricia Gerris	2018
Debby Russo	2020

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

CBIZ Insurance Group
291 South Street
New Providence New Jersey 07974

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.

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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, 2018, 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, 2018, 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 November 16, 2018 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

November 16, 2018

REQUIRED SUPPLEMENTARY INFORMATION
PART I

LAKE COMO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018. 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 2017-2018 fiscal year are as follows:

- General revenues accounted for \$3,347,533 in revenue or 100% percent of all revenues.
- Total assets of governmental activities increased by \$233,740.
- The School District had \$3,113,793 in expenses. General revenues (primarily property taxes) of \$3,307,030 were adequate to provide for these programs.
- The General Fund had \$3,347,533 in revenues and \$3,113,793 in expenditures. The General Fund's balance increased \$233,740 from 2017.

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 2017-2018 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 2018.

Table 1
Net Position

	<u>2017</u>	<u>2018</u>
<u>Assets</u>		
Current and Other Assets	\$ 1,782,181	2,015,921
Total Assets	<u>\$ 1,782,181</u>	<u>2,015,921</u>
<u>Liabilities</u>		
<u>Net Position</u>		
Restricted	\$ 1,559,442	1,793,296
Unrestricted	<u>222,739</u>	<u>222,625</u>
Total Net Position	<u>\$ 1,782,181</u>	<u>2,015,921</u>

Table 2 shows the changes in net position for fiscal years ended 2017 and 2018.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2018</u>
<u>Revenues</u>		
General Revenues		
Property Taxes	\$ 2,686,162	2,674,710
Grants and Entitlements	619,935	611,394
Other	<u>933</u>	<u>61,429</u>
Total Revenues	<u>3,307,030</u>	<u>3,347,533</u>
<u>Program Expenses</u>		
Support Services:		
Tuition	2,697,179	2,889,034
General Administration	35,557	38,984
Pupil Transportation	136,966	166,270
Charter Schools		<u>19,505</u>
Total Expenses	<u>2,869,702</u>	<u>3,113,793</u>
Increase/(Decrease) in Net Position	<u>\$ 437,328</u>	<u>233,740</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 80% percent of revenues for governmental activities for the Lake Como Public School District for fiscal year 2018. The District's total revenues were \$3,347,533 for the fiscal year ended June 30, 2018. 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, 2018, it reported a combined net position balance of \$2,015,921. 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, 2018, the School District had no capital assets.

Debt Administration

At June 30, 2018, 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 \$222,625 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 \$222,625.

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, 2018

	<u>Governmental Activities</u>	<u>Total</u>
<u>Assets</u>		
Cash-Unrestricted	\$ 222,625	222,625
Cash-Restricted	1,705,296	1,705,296
Receivables, Net	88,000	88,000
	<hr/>	<hr/>
Total Assets	\$ 2,015,921	2,015,921
	<hr/> <hr/>	<hr/> <hr/>
<u>Net Position</u>		
Restricted For:		
Other Purposes	\$ 1,319,937	1,319,937
Excess Surplus	473,359	473,359
Unrestricted	222,625	222,625
	<hr/>	<hr/>
Total Net Position	\$ 2,015,921	2,015,921
	<hr/> <hr/>	<hr/> <hr/>

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

STATEMENT OF ACTIVITIES

JUNE 30, 2018

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Functions/Programs</u>						
Governmental Activities:						
Support Services:						
Tuition	\$ 2,889,034			(2,889,034)		(2,889,034)
Support Services	4,275			(4,275)		(4,275)
General and Business Administrative Services	34,709			(34,709)		(34,709)
Charetr School Tuition	19,505			(19,505)		(19,505)
Pupil Transportation	166,270			(166,270)		(166,270)
Total Government Activities	<u>3,113,793</u>	<u>-</u>	<u>-</u>	<u>(3,113,793)</u>	<u>-</u>	<u>(3,113,793)</u>
Total Primary Government	<u>3,113,793</u>	<u>-</u>	<u>-</u>	<u>(3,113,793)</u>	<u>-</u>	<u>(3,113,793)</u>
General Revenues and Transfers						
Taxes:						
Property Taxes, Levied for General Purpose, Net				2,674,710		2,674,710
Miscellaneous				61,429		61,429
Federal and State Aid Not Restricted				611,394		611,394
Total General Revenues and Transfers				<u>3,347,533</u>	<u>-</u>	<u>3,347,533</u>
Change in Net Position				233,740	-	233,740
Net Position - Beginning				<u>1,782,181</u>		<u>1,782,181</u>
Net Position - Ending				<u>\$ 2,015,921</u>	<u>-</u>	<u>2,015,921</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>		
Cash and Cash Equivalents-Unrestricted	\$ 222,625	222,625
Cash and Cash Equivalents-Restricted	1,705,296	1,705,296
Receivables from Other Governments	88,000	88,000
Total Assets	<u>\$ 2,015,921</u>	<u>2,015,921</u>
<u>Fund Balances</u>		
Restricted To:		
Tuition Reserve	\$ 275,000	275,000
Emergency Reserve	250,000	250,000
Assigned Balances:		
Excess Surplus	527,683	527,683
Withdrawal From Tuition Reserve	275,000	275,000
Excess Surplus-Designated For Subsequent Years Expenditures	245,348	245,348
Designated for Subsequent Years Expenditures	177,552	177,552
Year End Encumbrances	42,713	42,713
Unassigned:		
General Fund	222,625	222,625
Total Fund Balances	<u>2,015,921</u>	<u>2,015,921</u>
Total Liabilities and Fund Balances	<u>\$ 2,015,921</u>	<u>2,015,921</u>
Net Position of Governmental Activities		<u>\$ 2,015,921</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues:		
Local Sources:		
Local Tax Levy	\$ 2,674,710	2,674,710
Miscellaneous	61,429	61,429
Total Local Sources	<u>2,736,139</u>	<u>2,736,139</u>
State Sources	611,394	611,394
Total Revenues	<u>3,347,533</u>	<u>3,347,533</u>
Expenditures:		
Support Services and Undistributed Costs:		
Tuition	2,889,034	2,889,034
Support Services	4,275	4,275
Pupil Transportation	166,270	166,270
Charter school Tuition	19,505	
General Administrative Services	34,709	34,709
Total Expenditures	<u>3,113,793</u>	<u>3,094,288</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>233,740</u>	<u>233,740</u>
Net Change in Fund Balances	233,740	233,740
Fund Balance - July 1	<u>1,782,181</u>	<u>1,782,181</u>
Fund Balance - June 30	<u>\$ 2,015,921</u>	<u>2,015,921</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, 2018

Total Net Change in Fund Balances - Governmental Funds (From B-2)	<u>\$ 233,740</u>
Change in Net Position of Governmental Activities	<u><u>\$ 233,740</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, 2018

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 Lake Como School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-12. The Lake Como School District had an approximate enrollment at June 30, 2018 of zero students.

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 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

B. Government-Wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. 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".

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

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.

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.

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance.

E. 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; 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. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2018 were insignificant.

The Public School Education Act of 1975 limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

G. 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.

H. 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

J. Capital Assets and Depreciation

Lake Como is a sending District only and has no fixed assets of June 30, 2018.

K. Unearned Revenue

Unearned revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes.

M. Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted – Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

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

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

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

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. 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.

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)

Investments (Continued)

As of June 30, 2018, the District’s deposits and investments are summarized as follows:

FDIC	\$ 250,000
GUPDA	<u>1,752,613</u>
	<u>\$ 2,002,613</u>

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 does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

As of June 30, 2018, cash and cash equivalents and investments of the District consisted of the following:

Cash and Cash
<u>Equivalents</u>
<u>\$ 1,927,921</u>

During the period ended June 30, 2018 the District did not hold any investments. The carrying amount of the District’s cash and cash equivalents at June 30, 2018 was \$1,927,921 and the bank balance was \$2,002,613. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,752,613 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 3: Pension Plans

The District is involved in a shared services agreement with the Belmar Board of Education. The District has no employees and therefore has no pension obligations.

NOTE 4: 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 5: Equity Balance

At June 30, 2018 the General Fund equity balance was as follows:

Tuition Reserve	\$ 275,000
Emergency Reserve	250,000
Withdrawal From Tuition Reserve	275,000
Excess Surplus	527,683
Designated For Subsequent Years Expenditures	177,552
Designated For Subsequent Years Expenditures-Excess Surplus	245,348
Encumbrances	42,713
Unrestricted	<u>280,594</u>
	<u>\$ 2,073,890</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 \$527,683 at June 30, 2018.

2% Calculation of Excess Surplus

2017-2018 Total General Fund Expenditures Per the CAFR	<u>\$ 3,113,793</u>
Adjusted 2017-2018 General Fund Expenditures	<u>\$ 3,113,793</u>
2% of Adjusted 2017-2018 General Fund Expenditures	<u>\$ 62,276</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>30,594</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 280,594</u>
<u>Section 2</u>	
Total General Fund – Fund Balance @ June 30, 2018	\$ 2,073,890
Decreased By:	
Other Reserves	(525,000)
Withdrawal from Tuition Reserve	(275,000)
Encumbrances	(42,713)
Designated for Subsequent Years Expenditures – Excess Surplus	(245,348)
Designated for Subsequent Years Expenditures	<u>(177,552)</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 808,277</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 527,683</u>

NOTE 5: Equity Balance (Continued)**Section 3**

Designated for Subsequent Years Expenditures – Excess Surplus	\$ 245,348
Excess Surplus	<u>527,683</u>
	<u>\$ 773,031</u>

Detail of Allowable Adjustments

Non-Public Transportation	\$ 712
Extraordinary Aid	<u>29,882</u>
	<u>\$ 30,594</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.

**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, 2018

	<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	\$ 2,674,710		2,674,710	2,674,710	-
Miscellaneous				61,429	61,429
Total Local Sources	<u>2,674,710</u>	<u>-</u>	<u>2,674,710</u>	<u>2,736,139</u>	<u>61,429</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	166,400	(11,829)	154,571	154,571	-
Additional Adjustment Aid	5,829		5,829	5,829	-
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				29,882	29,882
Non Public Transportation Aid				712	712
Total State Sources	<u>591,456</u>	<u>(11,829)</u>	<u>579,627</u>	<u>610,221</u>	<u>30,594</u>
Total Revenues	<u>3,266,166</u>	<u>(11,829)</u>	<u>3,254,337</u>	<u>3,346,360</u>	<u>92,023</u>

LAKE COMO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 2 of 4

GENERAL FUND

JUNE 30, 2018

	<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	2,393,907	(20,000)	2,373,907	2,276,594	97,313
Tuition to Other LEA - Special	394,280	34,131	428,411	224,971	203,440
Tuition - County Vocational School:					
Regular	47,960		47,960	28,040	19,920
Special	51,120		51,120	14,440	36,680
Tuition - Private School For Disabled	684,726		684,726	344,989	339,737
Total Undistributed Expenditures - Instruction	<u>3,571,993</u>	<u>14,131</u>	<u>3,586,124</u>	<u>2,889,034</u>	<u>697,090</u>
Support Services-Speech					
Purchased Technical Services	<u>10,000</u>	<u>1,250</u>	<u>11,250</u>	<u>4,275</u>	<u>6,975</u>
Support Services - General Administration:					
Audit Fees	4,000		4,000	3,700	300
Purchased Technical Services	<u>18,856</u>	<u>440</u>	<u>19,296</u>	<u>11,916</u>	<u>7,380</u>
Total Support Services - General Administration	<u>22,856</u>	<u>440</u>	<u>23,296</u>	<u>15,616</u>	<u>7,680</u>
Support Services - Central Services:					
Purchased Professional Services	16,000	500	16,500	16,500	-
Purchased Technical Services	<u>3,000</u>		<u>3,000</u>	<u>2,593</u>	<u>407</u>
Total Support Services - Central Services	<u>19,000</u>	<u>500</u>	<u>19,500</u>	<u>19,093</u>	<u>407</u>

LAKE COMO SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2018

Exhibit C-1
Sheet 3 of 4

	<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	186,000		186,000	65,169	120,831
Contracted Services - Special Education - ESCs	190,000		190,000	94,522	95,478
Contracted Services - Aid in Lieu	3,536		3,536	1,000	2,536
Contracted Services (Between Home and School) - Joint Agreements	15,000	554	15,554	5,579	9,975
Total Student Transportation Services	<u>394,536</u>	<u>554</u>	<u>395,090</u>	<u>166,270</u>	<u>228,820</u>
Charter School Tuition		20,000	20,000	19,505	495
Total Expenditures	<u>4,018,385</u>	<u>36,875</u>	<u>4,055,260</u>	<u>3,113,793</u>	<u>941,467</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(752,219)</u>	<u>(48,704)</u>	<u>(800,923)</u>	<u>232,567</u>	<u>1,033,490</u>

LAKE COMO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 4 of 4

GENERAL FUND

JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance July 1	1,841,323		1,841,323	1,841,323	
Fund Balance June 30	\$ 1,089,104	(48,704)	1,040,400	2,073,890	1,033,490
Recapitulation:					
Tuition Reserve				\$ 275,000	
Emergency Reserve				250,000	
Assigned Balances:					
Excess Surplus				527,683	
Withdrawal From Tuition Reserve				275,000	
Year End Encumbrances				42,713	
Designated for Subsequent Years Expenditures				177,552	
Excess Surplus - Designated for Subsequent Years Expenditures				245,348	
Unassigned Fund Balance				280,594	
				2,073,890	
Reconciliation To Government Fund Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(57,969)	
Fund Balance Government Funds (GAAP)				\$ 2,015,921	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LAKE COMO SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATION

NOTE TO RSI

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>
<u>Sources/Inflows of Resources</u>	
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 3,346,360
Difference - budget to GAAP:	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	59,142
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(57,969)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,347,533</u>
<u>Uses/Outflows of Resources</u>	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 3,113,793</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 3,113,793</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68) – L**

N/A

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR OPEB (GASB 75) - M**

N/A

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

N/A

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

N/A

LONG-TERM DEBT – I

N/A

STATISTICAL SECTION

(Unaudited)

LAKE COMO BOARD OF EDUCATION

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

J-1

UNAUDITED

	<u>2018</u>	<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>
Governmental Activities:										
Restricted	\$ 1,793,296	1,559,442	1,121,091	549,230	315,581	15,581	63,954	43,462	55,615	10,465
Unrestricted	<u>222,625</u>	<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>
Total Governmental Activities	<u>\$ 2,015,921</u>	<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>

LAKE COMO BOARD OF EDUCATION

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

J-2

UNAUDITED

	<u>2018</u>	<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>
Expenses:										
Governmental Activities	\$ 3,113,793	2,869,702	3,069,088	3,388,828	3,364,949	3,404,625	3,463,716	3,400,278	3,177,381	3,034,513
Net (Expense):										
Governmental Activities	3,113,793	2,869,702	3,069,088	3,388,828	3,364,949	3,404,625	3,441,115	3,400,278	3,177,381	3,034,513
General Revenues and Other										
Changes in Net Position										
Governmental Activities	<u>3,347,533</u>	<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>
Change in Net Position:										
Governmental Activities	<u>\$ 233,740</u>	<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>

LAKE COMO BOARD OF EDUCATION

FUND BALANCES, GOVERNMENT FUNDS

J-3

LAST TEN FISCAL YEARS

UNAUDITED

	<u>2018</u>	<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>
General Fund:										
Reserved	\$ 1,793,296	1,559,442	1,121,091	542,230	315,581	15,581	63,954	43,462	55,615	10,465
Unreserved	<u>222,625</u>	<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>
Total General Fund	<u>\$ 2,015,921</u>	<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>

GOVERNMENTAL FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Tax Levy	\$ 2,674,710	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
Other Local Revenue	61,429	933	507				2,677	264	2,587	6,379
Federal Aid										
State Aid	610,221	619,935	622,534	618,892	629,258	618,072	598,217	530,483	644,640	638,089
Total Revenues	<u>3,346,360</u>	<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>
Expenditures:										
Undistributed:										
Instruction	2,889,034	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
Students Support - Special									10,076	12,544
Support Services - General Adm./Central	38,984	35,557	29,565	26,195	24,529	24,853	25,784	24,481	43,581	37,357
Student Transportation	166,270	136,966	137,877	152,459	161,762	151,807	188,707	156,611	165,998	166,061
Education Jobs							22,601			
Reimbursed TPAF Pension								1,506	1,443	
Reimbursed TPAF Social Security									1,680	1,358
Total Undistributed	<u>3,094,288</u>	<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>
Special Schools:										
Transfer to Charter Schools	19,505		11,248		3,178	87,278	33,119	28,026	36,474	28,547
Total Special Schools	<u>19,505</u>	<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>
Total Governmental Fund Expenditures	<u>3,113,793</u>	<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>
Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,811</u>				
Net Change in Fund Balance	<u>\$ 232,567</u>	<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>

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>
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
2018	-	61,429	61,429

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	352,438,598	105.29%
2016	373,533,800	388,288,773	96.20%
2017	387,875,000	405,684,552	95.61%

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>
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
2017	0.690	0.699	0.308	1.697

Source: Municipal Tax Assessor

LAKE COMO SCHOOL DISTRICTSCHEDULE OF PRINCIPAL TAXPAYERS

J-8

FOR THE YEAR ENDED DECEMBER 31, 2017UNAUDITED

<u>Taxpayer</u>	<u>Assessed Valuation 2017</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>
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%
2017	6,611,330	6,545,311	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, 2017

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, 2018

Information is not available at the time of the audit.

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>
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	1,726	119,801,660	69,410	5.8%
2016	1,721	122,598,877	71,237	5.8%
2017	1,717	N/A	N/A	5.0%

* 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

2018

DATA NOT AVAILABLE

2009

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>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>	<u>2018*</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	0.00	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	-	-	-	-	-	-	-

* - 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 DISTRICT

INSURANCE SCHEDULE

J-20

JUNE 30, 2018

UNAUDITED

	<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	500,000	-0-
Automobile Medical Payments	10,000	-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

51.

CERTIFIED PUBLIC ACCOUNTANTS

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.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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, 2018, 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 November 16, 2018

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

November 16, 2018

LAKE COMO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Schedule B
K-4

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017			Cash Received	Budgetary Expenditures	Adjustment Repayment of Prior Years Balances	Balance at June 30, 2018			MEMO	
			From	To	Deferred Revenue Accts. Receivable	Due To Grantor	Carryover (Walkover) Amount				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures
Transportation Aid	18-495-034-5120-014	\$ 68,019	07/01/2017	06/30/2018	\$ -			68,019	(68,019)				(6,799)	68,019	
Special Education Aid	18-495-034-5120-089	129,283	07/01/2017	06/30/2018				129,283	(129,283)				(12,927)	129,283	
Security Aid	18-495-034-5120-084	47,816	07/01/2017	06/30/2018				47,816	(47,816)				(4,782)	47,816	
Adjustment Aid	18-495-034-5120-085	154,571	07/01/2017	06/30/2018				154,571	(154,571)				(15,460)	154,571	
Equalization Aid	18-495-034-5120-078	168,669	07/01/2017	06/30/2018				168,669	(168,669)				(16,868)	168,669	
Additional Adjustment Aid	18-495-034-5120-085	5,829	07/01/2017	06/30/2018				5,829	(5,829)				(583)	5,829	
Professional Learning Comm. Aid	18-495-034-5120-101	1,660	07/01/2017	06/30/2018				1,660	(1,660)				(168)	1,660	
PARCC Readiness Aid	18-495-034-5120-098	1,890	07/01/2017	06/30/2018				1,890	(1,890)				(191)	1,890	
Per Pupil Growth Aid	18-495-034-5120-097	1,890	07/01/2017	06/30/2018				1,890	(1,890)				(191)	1,890	
Non Public Transportation	18-495-034-5120-014	712	07/01/2017	06/30/2018					(712)		(712)			712	
Non Public Transportation	17-495-034-5120-014	984	07/01/2016	06/30/2017	(984)			984							
Extraordinary Aid	17-495-034-5120-044	30,897	07/01/2016	06/30/2017	(30,897)			30,897							
Extraordinary Aid	18-495-034-5120-044	29,882	07/01/2017	06/30/2018					(29,882)		(29,882)			29,882	
Total State Financial Assistance					\$ (31,881)			611,508	(610,221)	-	(30,594)	-	(57,969)	610,221	

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, 2018****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 \$1,173 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	\$ 610,221
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>1,173</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 611,394</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 DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018*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	_____ x _____ No
2) Reportable conditions(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ x _____ None Reported
Noncompliance material to general purpose financial statements noted?	_____ Yes	_____ x _____ 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, 2018

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, 2018***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, 2018

Prior Audit Findings:

None