

SCHOOL DISTRICT

OF

LAKE COMO

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

**ANNUAL COMPREHENSIVE FINANCIAL
REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

OF THE

LAKE COMO BOARD OF EDUCATION

LAKE COMO, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PREPARED BY

**LAKE COMO BOARD OF EDUCATION
FINANCE DEPARTMENT**

LAKE COMO SCHOOL DISTRICT

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INTRODUCTORY SECTION



Lake Como Board of Education

Office of the School Business Administrator/Board Secretary
 C/O Belmar Board of Education
 1101 Main Street
 Belmar, New Jersey 07719
 (732) 681-8888 ext 1025 Fax (732) 681-8709

Mrs. Jacqueline Dahrouge
Board President

Michael Bardsley, CPA
School Business Administrator/Board Secretary

Honorable President and
 Members of the Board of Education
 Lake Como School District
 County of Monmouth
 January 15, 2024

Dear Board Members:

The annual comprehensive financial report of the Lake Como School District for the Fiscal Year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 Pre-K through 12 schools for regular and special education. There were 150 students in the 2021-2022 school year and 133 students in the 2022-2023 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 2022/2023 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,

Michael Bardsley

Michael Bardsley
 Business Administrator/

LAKE COMO BOARD OF EDUCATION

LAKE COMO, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2023

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Jacqueline Dahrouge, President	2024
Nicolas Demauro, Vice-President	2023
Michele Cartaya	2025
Debra Russo	2023
BethAnn Witte	2024

Other Officials

Michael Bardsley, CPA, School Business Administrator/Board Secretary

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

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

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake Como Board of Education, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Lake Como Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake Como Board of Education's basic financial statements. The combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance, 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 Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

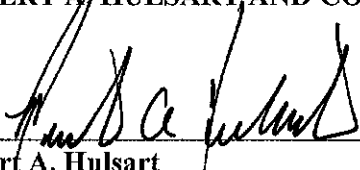
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 15, 2024, on our consideration of the District's 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** the District'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

January 15, 2024

REQUIRED SUPPLEMENTARY INFORMATION
PART I

LAKE COMO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023. 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 Annual Comprehensive Financial Report's (ACFR) 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 2022-2023 fiscal year are as follows:

- General revenues accounted for \$3,664,328 in revenue or 94% percent of all revenues.
- Total assets of governmental activities increased by \$36,967.
- The School District had \$3,848,971 in expenses. General revenues (primarily property taxes) of \$3,664,328 were adequate to provide for these programs, along with \$221,610 of grant funding.
- The General Fund had \$3,664,328 in revenues and \$3,627,361 in expenditures. The General Fund's balance increased \$36,967 from 2022.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand 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 Annual Comprehensive Financial Report (ACFR) – (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 2022-2023 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 2023 and 2022.

Table 1
Net Position

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current and Other Assets	\$ 691,931	687,382
<u>Liabilities</u>		
Deferred Revenue	_____	<u>32,418</u>
<u>Net Position</u>		
Restricted	464,249	431,135
Unrestricted	<u>227,682</u>	<u>223,829</u>
Total Net Position	\$ 691,931	654,964

Table 2 shows the changes in net position for fiscal years ended 2023 and 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
General Revenues:		
Property Taxes	\$ 3,201,666	3,138,888
Grants and Entitlements	630,567	707,888
Other	<u>53,705</u>	<u>5,001</u>
Total Revenues	<u>3,885,938</u>	<u>3,851,777</u>
<u>Program Expenses</u>		
Instruction:		
Preschool - Inclusion	13,857	13,597
Support Services:		
Tuition	3,431,097	3,513,735
General Administration & Support	43,867	41,029
Pupil Transportation	343,186	232,881
Charter Schools	<u>16,964</u>	<u>31,674</u>
Total Expenses	<u>3,848,971</u>	<u>3,832,916</u>
Increase/(Decrease) in Net Position	<u>\$ 36,967</u>	<u>18,861</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 82% percent of revenues for governmental activities for the Lake Como Public School District for fiscal year 2023. The District's total revenues were \$3,885,938 for the fiscal year ended June 30, 2023. State Grants and miscellaneous revenue 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, 2023, it reported a combined net position balance of \$691,931. 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 ACFR, 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, 2023, the School District had no capital assets.

Debt Administration

At June 30, 2023, 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 \$227,682 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 \$227,682.

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 Mr. Michael Bardsley, 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, 2023

	<u>Governmental Activities</u>	<u>Total</u>
<u>Assets</u>		
Cash-Unrestricted	\$ 551,253	551,253
Cash-Restricted		-
Receivables, Net	<u>140,678</u>	<u>140,678</u>
Total Assets	<u>\$ 691,931</u>	<u>691,931</u>
<u>Net Position</u>		
Restricted For:		
Other Purposes	\$ 464,249	464,249
Unrestricted	<u>227,682</u>	<u>227,682</u>
Total Net Position	<u>\$ 691,931</u>	<u>691,931</u>

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

LAKE COMO SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES

JUNE 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<u>Functions/Programs</u>						
Governmental Activities:						
Regular Program-Preschool Inclusion	\$ 13,857		(13,857)		(13,857)	
Support Services:						
Tuition	3,431,097	221,610	(3,209,487)		(3,209,487)	
Support Services	43,867		(43,867)		(43,867)	
Charter School Tuition	16,964		(16,964)		(16,964)	
Pupil Transportation	343,186		(343,186)		(343,186)	
Total Government Activities	3,848,971	-	(3,627,361)	-	(3,627,361)	
Total Primary Government	3,848,971	-	(3,627,361)	-	(3,627,361)	
General Revenues and Transfers						
Taxes:						
Property Taxes, Levied for General Purpose, Net			3,201,666		3,201,666	
Miscellaneous			12,236		12,236	
Federal and State Aid Not Restricted			450,426		450,426	
Total General Revenues and Transfers			3,664,328	-	3,664,328	
Change in Net Position			36,967	-	36,967	
Net Position - Beginning			654,964	-	654,964	
Net Position - Ending			\$ 691,931	-	691,931	

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

FUND FINANCIAL STATEMENTS – B

LAKE COMO SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2023

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>		
Cash and Cash Equivalents-Unrestricted	\$ 551,253	551,253
Cash and Cash Equivalents-Restricted		-
Receivables from Other Governments	<u>140,678</u>	<u>140,678</u>
Total Assets	<u>\$ 691,931</u>	<u>691,931</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Deferred Revenue	<u>\$ -</u>	<u>-</u>
Fund Balances:		
Restricted To:		
Emergency Reserve	250,000	250,000
Tuition Reserve	30,242	30,242
Tuition Reserve - Designated for Subsequent Years Expenditures	75,599	75,599
Assigned Balances:		
Designated for Subsequent Years Expenditures - BOE	68,408	68,408
Other Purposes	40,000	40,000
Unassigned:		
General Fund	<u>227,682</u>	<u>227,682</u>
Total Fund Balances	<u>691,931</u>	<u>691,931</u>
Total Liabilities and Fund Balances	<u>\$ 691,931</u>	
Net Position of Governmental Activities		<u>\$ 691,931</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, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Governmental Funds</u>
Revenues:			
Local Sources:			
Local Tax Levy	\$ 3,201,666		3,201,666
Miscellaneous	12,236	41,469	53,705
Total Local Sources	3,213,902	41,469	3,255,371
State Sources	450,426	180,141	630,567
Total Revenues	3,664,328	221,610	3,885,938
Expenditures:			
Instruction:			
Contribution to Preschool Inclusion	13,857		13,857
Support Services and Undistributed Costs:			
Tuition	3,209,487	221,610	3,431,097
Support Services	43,867		43,867
Pupil Transportation	343,186		343,186
Charter School Tuition	16,964		16,964
Total Expenditures	3,627,361	221,610	3,848,971
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,967	-	36,967
Net Change in Fund Balances	36,967	-	36,967
Fund Balance - July 1	654,964		654,964
Fund Balance - June 30	\$ 691,931	-	691,931

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

LAKE COMO SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (From B-2)	<u>\$ 36,967</u>
Change in Net Position of Governmental Activities	<u><u>\$ 36,967</u></u>

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

NOTES TO FINANCIAL STATEMENTS

LAKE COMO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023 of zero students (sending 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 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, 2023 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, 2023.

J. Capital Assets and Depreciation

Lake Como is a sending District only and has no fixed assets of June 30, 2023.

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, 2023, the District's deposits and investments are summarized as follows:

FDIC	\$ 250,000
GUPDA	<u>321,994</u>
	<u>\$ 571,994</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, 2023, cash and cash equivalents and investments of the District consisted of the following:

**Cash and Cash
Equivalents
\$ 551,253**

During the period ended June 30, 2023 the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2023 was \$551,253 and the bank balance was \$571,994. Of the bank balance, \$250,000 was covered by federal depository insurance and \$321,994 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, 2023 the General Fund equity balance was as follows:

Emergency Reserve	\$ 250,000
Tuition Reserve	30,242
Reserve for Encumbrances	40,000
Unrestricted	275,513
Tuition Reserve – Designated for Subsequent Year’s Expenditures	75,599
Designated for Subsequent Year’s Expenditures – BOE	<u>68,408</u>
	<u>\$ 739,762</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.

2% Calculation of Excess Surplus

2022-2023 Total General Fund Expenditures Per the ACFR	<u>\$ 3,627,361</u>
Adjusted 2022-2023 General Fund Expenditures	<u>\$ 3,627,361</u>
2% of Adjusted 2022-2023 General Fund Expenditures	<u>\$ 72,547</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>25,513</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 275,513</u>
<u>Section 2</u>	
Total General Fund – Fund Balance @ June 30, 2023	\$ 739,762
Decreased By:	
Reserve for Encumbrances	(40,000)
Designated for Subsequent Year’s Expenditures – BOE	(68,408)
Designated for Subsequent Year’s Expenditures – Tuition Reserve	(75,599)
Other Reserves	<u>(280,242)</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 275,513</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 0</u>
<u>Section 3</u>	
Excess Surplus – Current Year	\$ 0
Reserved Fund Balance - Designated for Subsequent Years Expenditures	<u>0</u>
	<u>\$ 0</u>

NOTE 5: Equity Balance (Continued)**Detail of Allowable Adjustments**

Non-Public Transportation	\$ 284
Extraordinary Aid	<u>25,229</u>
	<u>\$ 25,513</u>

Detail of Reserved Fund Balance

Tuition Reserve	\$ 30,242
Emergency Reserve	<u>250,000</u>
	<u>\$ 280,242</u>

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

NOTE 6: Subsequent Events

Subsequent events have been evaluated through January 15, 2024, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

**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, 2023

	<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	\$ 3,201,666		3,201,666	3,201,666	-
Miscellaneous	3,000		3,000	12,236	9,236
	<u>3,204,666</u>		<u>3,204,666</u>	<u>3,213,902</u>	<u>9,236</u>
State Sources:					
Transportation Aid	78,805		78,805	78,805	-
Equalization Aid	39,206		39,206	39,206	-
Special Education Aid	132,338		132,338	132,338	-
Security Aid	47,816		47,816	47,816	-
Supplemental Stabilization Aid	38,632		38,632	38,632	-
Non-Public Transportation Aid	284		284	284	-
Extraordinary Aid	105,229		105,229	105,229	-
Total State Sources	<u>442,310</u>	<u>-</u>	<u>442,310</u>	<u>442,310</u>	<u>-</u>
Total Revenues	<u>3,646,976</u>	<u>-</u>	<u>3,646,976</u>	<u>3,656,212</u>	<u>9,236</u>

LAKE COMO SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 2 of 4

GENERAL FUND

JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Regular Programs-Instructions:					
Local Contribution to Preschool Inclusion	<u>13,857</u>	<u></u>	<u>13,857</u>	<u>13,857</u>	<u>-</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA - Regular	2,311,368	(15,000)	2,296,368	2,296,368	-
Tuition to Other LEA - Special	626,207	63,516	689,723	689,722	1
Tuition - County Vocational School:					
Regular	37,091	(22,057)	15,034	15,034	-
Special	49,936	(49,936)	-	-	-
Tuition - Private School For Disabled	<u>205,745</u>	<u>42,618</u>	<u>248,363</u>	<u>208,363</u>	<u>40,000</u>
Total Undistributed Expenditures - Instruction	<u>3,230,347</u>	<u>19,141</u>	<u>3,249,488</u>	<u>3,209,487</u>	<u>40,001</u>
Support Services-Attendance and Social Work Services					
Purchased Professional and Technical Services	<u>2,000</u>	<u></u>	<u>2,000</u>	<u></u>	<u>2,000</u>
Support Services-Speech					
Purchased Professional Educational Services	<u>10,000</u>	<u></u>	<u>10,000</u>	<u>3,886</u>	<u>6,114</u>
Support Services - General Administration:					
Legal	5,000	1,038	6,038		6,038
Audit Fees	5,000	(1,300)	3,700	3,700	-
Purchased Technical Services	<u>14,162</u>	<u>(1,955)</u>	<u>12,207</u>	<u>12,196</u>	<u>11</u>
Total Support Services - General Administration	<u>24,162</u>	<u>(2,217)</u>	<u>21,945</u>	<u>15,896</u>	<u>6,049</u>

LAKE COMO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 3 of 4

GENERAL FUND

JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - Central Services:					
Purchased Professional Services	21,500	(851)	20,649	20,000	649
Purchased Technical Services	7,000		7,000	4,085	2,915
Total Support Services - Central Services	<u>28,500</u>	<u>(851)</u>	<u>27,649</u>	<u>24,085</u>	<u>3,564</u>
Student Transportation Services:					
Contracted Services - Regular Students - ESCs	121,500	40,447	161,947	161,772	175
Contracted Services - Special Education - ESCs	121,500	51,592	173,092	172,501	591
Contracted Services - Aid in Lieu	5,000	(958)	4,042	3,000	1,042
Contracted Services (Between Home and School) - Joint Agreements	8,000	(1,608)	6,392	5,913	479
Total Student Transportation Services	<u>256,000</u>	<u>89,473</u>	<u>345,473</u>	<u>343,186</u>	<u>2,287</u>
Charter School Tuition	<u>16,964</u>		<u>16,964</u>	<u>16,964</u>	<u>-</u>
Total Expenditures	<u>3,579,830</u>	<u>105,546</u>	<u>3,685,376</u>	<u>3,627,361</u>	<u>58,015</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,146	(105,546)	(38,400)	28,851	67,251
Fund Balance July 1	<u>710,911</u>		<u>710,911</u>	<u>710,911</u>	
Fund Balance June 30	<u>\$ 778,057</u>	<u>(105,546)</u>	<u>672,511</u>	<u>739,762</u>	<u>67,251</u>

LAKE COMO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 4 of 4

GENERAL FUND

JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Emergency Reserve				\$ 250,000	
Tuition Reserve				30,242	
Tuition Reserve - Designated for Subsequent Year's Expenditures				75,599	
Designated for Subsequent Year's Expenditures - BOE				68,408	
Assigned Balances:					
Reserved for Encumbrances				40,000	
Unassigned Fund Balance				<u>275,513</u>	
				739,762	
Reconciliation To Government Fund Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(47,831)</u>	
Fund Balance Government Funds (GAAP)				<u><u>\$ 691,931</u></u>	

LAKE COMO SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources:	\$ 180,141		180,141	180,141	-
Preschool Education Aid	<u>180,141</u>	<u>-</u>	<u>180,141</u>	<u>180,141</u>	<u>-</u>
Local Sources:					
Prior Year Carryover	27,612		27,612	27,612	-
Contribution to Preschool Inclusion	13,857		13,857	13,857	-
Total Local Sources	<u>41,469</u>	<u>-</u>	<u>41,469</u>	<u>41,469</u>	<u>-</u>
Total Revenues	<u>\$ 221,610</u>	<u>-</u>	<u>221,610</u>	<u>221,610</u>	<u>-</u>
Expenditures:					
Instruction:					
Tuition	\$ 221,610		221,610	221,610	-
Total Instruction	<u>221,610</u>	<u>-</u>	<u>221,610</u>	<u>221,610</u>	<u>-</u>
Total Expenditures	<u>\$ 221,610</u>	<u>-</u>	<u>221,610</u>	<u>221,610</u>	<u>-</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, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 3,656,212	221,610
Difference - budget to GAAP:		
Encumbrances		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	55,947	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(47,831)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,664,328</u>	<u>221,610</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,627,361	221,610
Encumbrances		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 3,627,361</u>	<u>221,610</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

LAKE COMO SCHOOL DISTRICTSPECIAL REVENUE FUND

Exhibit E-1

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASISFOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Preschool Education Aid	Total June 30, 2023
Revenues:		
State Sources	\$ 180,141	180,141
Transfer from General Fund	13,857	13,857
Prior Year Carryover	27,612	27,612
Total Revenues	<u>\$ 221,610</u>	<u>221,610</u>
Expenditures:		
Instruction:		
Tuition	\$ 221,610	221,610
Total Instruction	<u>221,610</u>	<u>221,610</u>
Total Expenditures	<u>\$ 221,610</u>	<u>221,610</u>

LAKE COMO SCHOOL DISTRICTSPECIAL REVENUE FUND

Exhibit E-2

PRESCHOOL EDUCATION AIDSCHEDULE OF EXPENDITURES - BUDGETARY BASISFOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Instruction:			
Tuition	\$ 221,610	221,610	-
Total Expenditures	<u>\$ 221,610</u>	<u>221,610</u>	<u>-</u>

Calculation of Budget and Carryover

Total Revised 2022-2023 Preschool Education Aid Allocation	\$ 180,141
Add: Actual ECPA/PEA Carryover (June 30, 2022)	27,612
Add: Budgeted Transfer from General Fund 2022-23	<u>13,857</u>
Total Preschool Education Aid Funds Available for 2022-2023 Budget	221,610
Less: 2022-2023 Budgeted Preschool Education Aid (Including Prior Year Budget Carryover)	<u>(221,610)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	-
Add: June 30, 2023 Unexpended Preschool Education Aid	-
Less: 2022-2023 Commissioner-Approved Transfer to the General Fund	<u>-</u>
2022-2023 Carryover - Preschool Education Aid Program	<u>\$ -</u>
2022-2023 Preschool Education Aid Carryover Budgeted for Preschool Programs 2023-2024	<u>\$ -</u>

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

J-1

LAST TEN FISCAL YEARS

UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities:										
Restricted	\$ 464,249	431,135	542,060	1,040,796	1,425,559	1,793,296	1,559,442	1,121,091	549,230	315,581
Unrestricted	<u>227,682</u>	<u>223,829</u>	<u>94,043</u>	<u>270,631</u>	<u>229,037</u>	<u>222,625</u>	<u>222,739</u>	<u>223,762</u>	<u>219,670</u>	<u>201,633</u>
Total Governmental Activities	<u>\$ 691,931</u>	<u>654,964</u>	<u>636,103</u>	<u>1,311,427</u>	<u>1,654,596</u>	<u>2,015,921</u>	<u>1,782,181</u>	<u>1,344,853</u>	<u>768,900</u>	<u>517,214</u>

LAKE COMO BOARD OF EDUCATION

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

J-2

UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses:										
Governmental Activities	<u>\$ 3,848,971</u>	<u>3,832,916</u>	<u>3,953,573</u>	<u>3,542,157</u>	<u>3,489,100</u>	<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>
Net (Expense):										
Governmental Activities	<u>3,848,971</u>	<u>3,832,916</u>	<u>3,953,573</u>	<u>3,542,157</u>	<u>3,489,100</u>	<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>
General Revenues and Other										
Changes in Net Position:										
Governmental Activities	<u>3,885,938</u>	<u>3,851,777</u>	<u>3,278,249</u>	<u>3,198,988</u>	<u>3,185,180</u>	<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>
Other Financing Sources (Uses):										
Prior Year Audit Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,405)</u>					
Change in Net Position:										
Governmental Activities	<u>\$ 36,967</u>	<u>18,861</u>	<u>(675,324)</u>	<u>(343,169)</u>	<u>(361,325)</u>	<u>233,740</u>	<u>437,328</u>	<u>575,953</u>	<u>251,686</u>	<u>286,309</u>

LAKE COMO BOARD OF EDUCATION

FUND BALANCES, GOVERNMENT FUNDS

J-3

LAST TEN FISCAL YEARS

UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:										
Reserved	\$ 464,249	431,135	542,060	1,043,485	1,425,559	1,793,296	1,559,442	1,121,091	542,230	315,581
Unreserved	<u>227,682</u>	<u>223,829</u>	<u>94,043</u>	<u>282,837</u>	<u>229,037</u>	<u>222,625</u>	<u>222,739</u>	<u>223,762</u>	<u>291,670</u>	<u>201,633</u>
Total General Fund	<u>\$ 691,931</u>	<u>654,964</u>	<u>636,103</u>	<u>1,326,322</u>	<u>1,654,596</u>	<u>2,015,921</u>	<u>1,782,181</u>	<u>1,344,853</u>	<u>833,900</u>	<u>517,214</u>

LAKE COMO BOARD OF EDUCATION

GOVERNMENTAL FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

J-4

UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:										
Tax Levy	\$ 3,201,666	3,138,888	2,651,951	2,574,710	2,574,710	2,674,710	2,686,162	3,022,000	3,022,000	3,022,000
Other Local Revenue	53,705	5,000	10,962	6,739	10,708	61,429	933	507		
Federal Aid			13,232							
State Aid	<u>630,567</u>	<u>510,525</u>	<u>806,424</u>	<u>735,973</u>	<u>639,473</u>	<u>610,221</u>	<u>619,935</u>	<u>622,534</u>	<u>618,892</u>	<u>629,258</u>
Total Revenues	<u>3,885,938</u>	<u>3,654,413</u>	<u>3,482,569</u>	<u>3,317,422</u>	<u>3,224,891</u>	<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>
Expenditures:										
Undistributed:										
Instruction	13,857	13,597	3,899,817	3,422,618	3,246,043	2,889,034	2,697,179	2,890,398	3,210,174	3,175,480
Students Support: - Special	3,431,097	3,302,013								
Support Services - General Adm./Central	43,867	38,043	50,455	35,179	34,256	38,984	35,557	29,565	26,195	24,529
Student Transportation	343,186	232,881	173,777	196,003	241,888	166,270	136,966	137,877	152,459	161,762
Education Jobs										
Reimbursed TPAF Pension										
Reimbursed TPAF Social Security										
Total Undistributed	<u>3,832,007</u>	<u>3,586,534</u>	<u>4,124,049</u>	<u>3,653,800</u>	<u>3,522,187</u>	<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>
Special Schools:										
Transfer to Charter Schools	16,964	31,674	33,844	6,791	6,624	19,505		11,248		3,178
Total Special Schools	<u>16,964</u>	<u>31,674</u>	<u>33,844</u>	<u>6,791</u>	<u>6,624</u>	<u>19,505</u>	-	11,248	-	3,178
Total Governmental Fund Expenditures	<u>3,848,971</u>	<u>3,618,208</u>	<u>4,157,893</u>	<u>3,660,591</u>	<u>3,528,811</u>	<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>
Adjustment					(57,405)	-	-	-	-	-
Net Change in Fund Balance	<u>\$ 36,967</u>	<u>36,205</u>	<u>(675,324)</u>	<u>(343,169)</u>	<u>(361,325)</u>	<u>232,567</u>	<u>437,328</u>	<u>575,953</u>	<u>252,064</u>	<u>286,309</u>

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

J-5

UNAUDITED

<u>Year Ended</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ -	-	-
2015	-	-	-
2016	-	507	507
2017	-	933	933
2018	-	4,024	4,024
2019		10,708	10,708
2020		6,739	6,739
2021		10,962	10,962
2022		5,000	5,000
2023		53,705	53,705

<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>
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%
2018	411,408,600	401,609,332	102.44%
2019	432,261,800	418,574,417	103.27%
2020	450,682,200	432,392,018	104.23%
2021	499,638,100	457,484,755	109.21%
2022	611,123,400	515,723,867	118.50%
2023	669,091,800	569,687,293	117.45%

Source: Monmouth County

LAKE COMO BOARD OF EDUCATION PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS UNAUDITED

J-7

<u>Assessment Year</u>	<u>School District</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
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
2018	0.625	0.640	0.292	1.557
2019	0.596	0.587	0.279	1.462
2020	0.588	0.563	0.275	1.426
2021	0.628	0.563	0.256	1.447
2022	0.524	0.460	0.220	1.204
2023	0.559	0.543	0.304	1.406

Source: Municipal Tax Assessor

<u>Taxpayer</u>	<u>Assessed Valuation 2023</u>	<u>As a % of District's Net Assessed Valuation</u>
B & M Estates LLC	\$ 4,704,000	1.21%
Zeros Enterprise	2,706,300	0.69%
Jing Land LLC C/O Giacona, Gina	1,820,700	0.47%
Dynamic Real Estate	1,728,200	0.44%
Cariola, Ronald L Jr & Marchela	1,657,600	0.43%
Fierro, Beverly & Anthony G	1,604,600	0.41%
Caldera, Paul & Tracy	1,168,800	0.30%
Dachowski, Michael T & Slickis, Sharon	1,488,200	0.38%
Truesdale, June	1,456,300	0.37%
Anderson, Richard F & Irene T	1,435,400	0.37%
	<u>\$ 19,770,100</u>	<u>5.07%</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>
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%
2018	6,445,600	6,314,022	98%
2019	6,349,707	6,249,246	98%
2020	6,480,400	6,354,533	98%
2021	7,252,129	7,166,504	99%
2022	7,406,936	7,288,145	98%
2023	NA	NA	0%

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.

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

<u>Year</u>	<u>Equalized Balance</u>
2021	\$432,261,800
2022	611,123,400
2023	<u>564,339,644</u>
	<u>\$ 1,607,724,844</u>
Average Equalized Valuation of Taxable Property	\$ 535,908,281.33
School Borrowing Margin (4% of \$)	\$ 21,436,331
Net Bonded School Debt as of June 30, 2023	<u>-</u>
School Borrowing Margin Available	<u>\$ 21,436,331</u>

<u>Year Ended December 31</u>	<u>School District Population **</u>	<u>Personal Income</u>	<u>Per Capita Income*</u>	<u>Unemployment Rate</u>
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	1,711	123,616,328	72,248	5.8%
2017	1,706	129,512,696	75,916	5.0%
2018	1,694	134,623,874	79,471	4.1%
2019	1,740	143,638,740	82,551	7.7%
2020	1,742	166,470,746	95,563	6.3%

* 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

2023

DATA NOT AVAILABLE

2014

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>2014*</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022</u>	<u>2023</u>
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	0.00	0.00	0.00	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	-	-	-	-	-	-	-	-	-	-

* - 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

J-20

	<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.

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND REPORTING 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, 2023, 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 January 15, 2024.

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**

January 15, 2024

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
REQUIRED BY UNIFORM ADMINISTRATIVE AWARDS (UNIFORM GUIDANCE), AND
NEW JERSEY OMB'S CIRCULAR 15-08

K-2

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

Report on Compliance for Each Major Federal & State Program

Opinion on Each Major Federal & State Program

We have audited the Lake Como Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Lake Como Board of Education's major federal and state programs for the year ended June 30, 2023. The Lake Como Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

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

Report on Internal Control Over Compliance

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

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

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

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

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**

January 15, 2024

LAKE COMO SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Schedule B
K-4

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022			Cash Received	Budgetary Expenditures	Adjustment Repayment of Prior Years Balances	Balance at June 30, 2023			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	23-495-034-5120-014	\$ 78,805	07/01/2022	06/30/2023	\$ -			66,178	(78,805)				(12,627)	78,805			
Special Education Aid	23-495-034-5120-089	132,338	07/01/2022	06/30/2023				111,101	(132,338)				(21,237)	132,338			
Security Aid	23-495-034-5120-084	47,816	07/01/2022	06/30/2023				40,163	(47,816)				(7,653)	47,816			
Equalization Aid	23-495-034-5120-078	39,206	07/01/2022	06/30/2023				32,892	(39,206)				(6,314)	39,206			
Supplemental Stabilization Aid	23-495-034-5120-078	38,632	07/01/2022	06/30/2023				38,632	(38,632)					38,632			
Non Public Transportation	23-495-034-5120-014	284	07/01/2022	06/30/2023					(284)		(284)			284			
Extraordinary Aid	23-495-034-5120-044	105,229	07/01/2022	06/30/2023					(105,229)		(105,229)			105,229			
Extraordinary Aid	22-495-034-5120-044	104,776	07/01/2021	06/30/2022	(104,776)			104,776									
					(104,776)			393,742	(442,310)	-	(105,513)	-	(47,831)	442,310			
Preschool Education Aid	23-495-034-5120-086	180,141	07/01/2022	06/30/2023				180,141	180,141					180,141			
Total State Financial Assistance					\$ (104,776)	-	-	573,883	(262,169)	-	(105,513)	-	(47,831)	622,451			
Less: State Financial Assistance Not Subject to Major Program Determination:																	
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)									\$ -								
On-Behalf T.P.A.F. Pension Contribu Normal Cost (non-budgeted)																	
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability																	
Total State Financial Assistance Subject to Major Program Determination									\$ (262,169)								

See accompanying Notes to Financial Statements.

BOARD OF EDUCATION

K-5

LAKE COMO SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2023****NOTE 1: General**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, 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 \$8,116 for the general fund and \$-0- for the special revenue 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>Special Revenue</u>
<u>State Assistance</u>		
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 442,310	180,141
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>8,116</u>	<u>0</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 450,426</u>	<u>180,141</u>
<u>Federal Assistance</u>		
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards	N/A	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

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Part I - Summary of Auditor's Results

Financial Statement Section

(A) Type of auditor's report issued on financial statements

Description

Unmodified

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

2) Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes x None Reported

Noncompliance material to basic financial statements noted?

_____ Yes x No

Federal Awards

NOT APPLICABLE

State Awards

NOT APPLICABLE

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

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2023*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**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2023***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**

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

Status of Prior Year Findings

There were none.