



GREAT OAKS LEGACY CHARTER SCHOOL



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED

JUNE 30, 2017

PREPARED BY
GREAT OAKS LEGACY CHARTER SCHOOL

GREAT OAKS LEGACY CHARTER SCHOOL

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GREAT OAKS LEGACY CHARTER SCHOOL

November 24, 2017

The Commissioner
New Jersey Department of Education
Riverview Executive Plaza – Bldg. 100
P. O. Box 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the Great Oaks Legacy Charter School (the “Charter School” or “GOLCS”) for the year ended June 30, 2017.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and are reported in a manner designed to fairly present the financial position and result of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Great Oaks Legacy Charter School’s MD&A can be found immediately following the Independent Auditor’s Report.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School’s organizational chart and a list of principal officials. The financial section includes the independent auditor’s report, management’s discussion and analysis (MD&S) and the basic financial statements including the Charter School-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Great Oaks Legacy Charter School is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the Charter School are included in this report.

Great Oaks Legacy Charter School is an open-admission, tuition-free public-school option for 6th through 12th graders. Our mission is to prepare our students to **succeed in college**. The school pursues that mission by building a strong community, supporting all students, and holding ourselves to high expectations.

Prior to the beginning of the 2016-17 school year, the Charter School's application to merge with another charter school (Newark Legacy Charter School) was approved during the prior year ended June 30, 2016. The merger became effective in July 2016. The merged entity, doing business as Great Oaks Legacy Charter School, is PK to 12 with approximate 1,300 students in three locations. A fourth campus was occupied in July 2017, subsequent to year end.

2) ENROLLMENT OUTLOOK

In its 1st year of operation as a consolidated school, Great Oaks Legacy Charter School served 1331 students in grades PK-12. The charter school completed its first initial charter period of four years during the prior school year ended June 30, 2015. Upon consolidation, Charter School was granted a new five-year charter term beginning July 1, 2016.

Great Oaks Legacy Charter School's approach is distinctive in several key ways:

- Tight-knit *small school*: Grade cohorts of fewer than 100 allowed us to develop an intimate community, where every student feels known and cared about.
- *Effective teachers*: We will budget the funds to attract the best staff with competitive salaries.
- *More time on task*. Our school day will run from 7:50 am to 5:30 pm and our Summer Academy for students who failed a course the year prior will run for 5 weeks during summer vacation.
- *High expectations* for each of our students. Students must earn a 70% to pass a course and every student will be required to take Advanced Placement courses and to enroll in a college course during their senior year.

3) ECONOMIC CONDITION AND OUTLOOK

The Charter School is located in the City of Newark, which is the largest city in the state. The City serves as the county seat for Essex County, with County, State, Federal Courts and governmental offices attracting a large number of law firms to the central business district.

Newark is a transportation center serviced by Interstate Highway system, NJ Transit, Amtrak Rail Links, and Newark International Airport, as well as container and cargo facilities at Port Newark-Elizabeth.

It is the insurance, finance and banking capital of the State. Headquartered in Newark are a number of large financial institutions including the Prudential Insurance Company, and Blue Cross Blue Shield of New Jersey, as well as the State's largest public utility, Public Service Electric and Gas Company. Newark is the site of the Rutgers University School of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology, the Newark campus of Rutgers University, Seton Hall Law School and Essex County College. Covering over 320 acres, these colleges serve a population of 45,000 students and faculty.

The City of Newark has been obliged to perform a revaluation of property holdings. Among the concerns voiced in conjunction with this change is the potential effect of the redistribution of property tax burden on economic activity and on the ability of local government to maintain and improve services including its tax contribution for public school purposes.

The City has experienced a surge of large-scale economic development projects initiated by the private sector over the last decade. The increasing number of businesses relocating to the area is expected to result in an increase in employment level, which could result in an increased tax base, both residential and industrial, and an increase in annual daily enrollment. The period of economic development and expansion is expected to continue which suggests that the Charter School will continue to prosper. As our enrollment increases we plan to lease additional facilities at our current location and possibly in surrounding areas in the City.

4) MAJOR INITIATIVES

Great Oaks Legacy has made a commitment to serving all students, especially the highest needs students, and is committed to continuous self-evaluation and improvement in our outreach to the Newark students most in need of a rigorous college-preparatory middle and high school program. Our commitment is evident in all aspects of outreach and our educational program, including:

- All recruitment materials printed in English and Spanish
- Multiple methods of applying to the school – by mail, online, in person
- Blanket mailings to families in the ZIP codes surrounding the school location
- Certified Special Education Coordinator from first day of operation
- High-dosage daily tutoring that meets each student's individual needs

4) MAJOR INITIATIVES - *continued*

- Proactive parent phone calls that engage families and reduce mobility
- Application process aligned with tenets of equity and openness described in the Newark Charter School Compact
- Participation in Newark's Universal Enrollment System.

School-wide, 87% of Great Oaks Legacy students qualify for free and reduced-price lunch, 4% of students are categorized as having Limited English Proficiency and 10% of Great Oaks Legacy students enrolled with an IEP. All three of those data points are comparable to neighboring schools and, while lower than the Newark Public Schools average, not outside the range of student populations observed in Newark.

We attribute this slight under-enrollment of the neediest populations to several factors. The first is the challenge of outreach to a population that is unaccustomed to the very presence of school choice. According to a survey of more than 16,000 Newark residents conducted by Rutgers, NYU and PENewark, 65% of Newark residents described themselves as knowing “little or nothing” about charter schools. When conducting student recruitment, Great Oaks Legacy is not just publicizing our program, but must also educate families about school choice and battle misconceptions of charter schools.

For the current year, our outreach has been broader, more targeted to the neighborhoods surrounding our school and intended to generate a high-level of interest among the most underserved populations in the city. We have engaged current students' families to leverage their personal networks to boost word-of-mouth applicants, as well as conducting an extensive mailing effort, posting billboards around Newark, attending school choice fairs sponsored by the city to meet with families and conducting hand-to-hand outreach. Our participation in the Universal Enrollment System ensures that the fewest barriers are placed for applicant families and that students who apply are matched by an impartial algorithm.

5) INTERNAL ACCOUNTING CONTROLS

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

5) INTERNAL ACCOUNTING CONTROLS - *continued*

As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate system of internal controls is in place to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is also subject to periodic evaluation by the Charter School's management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the system of internal controls, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

6) BUDGETARY CONTROLS

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at period end are either canceled or are included as re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2017.

The year 2016-2017 is our sixth audit period. The Charter School made efforts during the period to thoroughly review its operational processes and procedures in order to prepare for the audit and on maintaining general compliance with sound fiscal practices.

7) ACCOUNTING SYSTEM AND REPORT

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and charter school.

The accounting system is organized on the basis of funds in accordance with the Uniform Charter of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in "Notes to the Financial Statements", Note 1.

8) FINANCIAL STATEMENT INFORMATION

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special Revenue Fund for the year ended June 30, 2017:

**Summary of the General Fund
and Special Revenue Fund Revenues**

	2017	2016	Variance Increase/ (Decrease)	Percentage Variance
Local sources	\$ 3,076,079	\$ 1,256,068	\$ 1,820,011	144.9%
State sources	19,312,471	6,937,893	12,374,578	178.4%
Federal sources	1,190,213	913,915	276,298	30.2%
	<u>\$ 23,578,763</u>	<u>\$ 9,107,876</u>	<u>\$ 14,470,887</u>	<u>158.9%</u>

The fiscal year ended June 30, 2017 was the Charter School's sixth year of operations. In the prior year ended June 30, 2016, the Charter School's application to merge with another charter school was approved thereby increasing its enrollment to approximately 1,200 students in grades K to 12. The overall increase of 159% in revenue was largely due to the merger and its accompanying increase in enrollment.

The following schedule presents a summary of general fund and special revenue expenditures for the year ended June 30, 2017:

**Summary of the General Fund
and Special Revenue Fund Expenditures**

	2017	2016	Variance Increase/ (Decrease)	Percentage Variance
Instruction	\$ 8,964,781	\$ 3,096,315	\$ 5,868,466	189.5%
Administrative	3,697,090	2,922,624	774,466	26.5%
Support services	6,870,591	2,667,831	4,202,760	157.5%
Capital outlay	938,283	516,344	421,939	81.7%
	<u>\$ 20,470,745</u>	<u>\$ 9,203,114</u>	<u>\$ 11,267,631</u>	<u>122.4%</u>

2017 was the Charter School's sixth year of operations. As mentioned above, in the prior year ended June 30, 2016, the Charter School's application to merge with another charter school was approved thereby increasing its enrollment to approximately 1,200 students in grades K to 12. The overall increase of 122% in expenditures was largely due to the merger and its accompanying increase in enrollment.

9) CASH MANAGEMENT

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

10) RISK MANAGEMENT

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

11) OTHER INFORMATION

Independent Audit

State statute requires an annual audit by independent Certified Public Accountants or registered Municipal Accountants. The Charter School appointed the accounting firm of Ilori CPA LLC, Certified Public Accountant.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”.

The auditor’s report on the basic financial statements is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

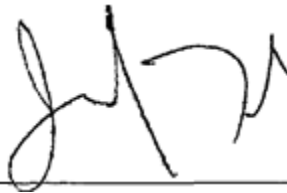
The 2016-2017 school year (our sixth year) was one of great strides in terms of academic achievement at the Great Oaks Legacy Charter School. It was also the first complete year of our merger with Newark Legacy Charter School – the merger that made us a K-12 school with 1,200 students in three campuses. In addition, the period was marked by expected levels of parental involvement. Lastly, GOLCS continues to enjoy a strong financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the School’s operations, and particularly in the area of student achievement.

12) ACKNOWLEDGMENTS

A note of appreciation is extended to the Finance Committee of the Charter School for their support and commitment to fiscal integrity and to the Great Oaks Legacy Charter School Board of Trustees for their selfless dedication to improving student achievement.

A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the Great Oaks Legacy Charter School are truly noteworthy. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

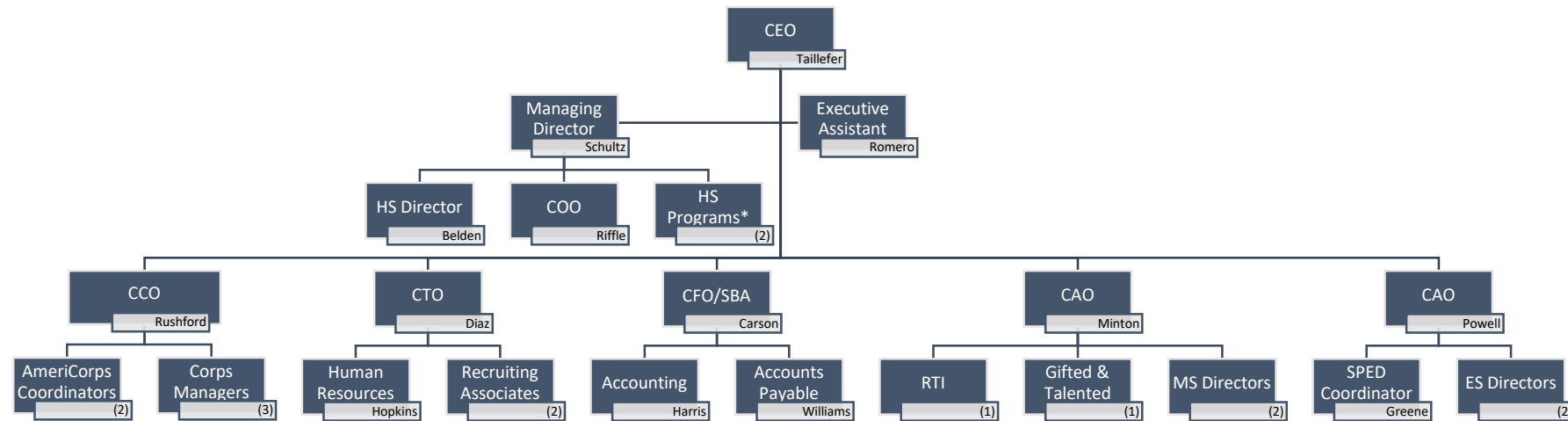
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. Taillefer', is written above a horizontal line.

Jared Taillefer
Chief Executive Officer



Network Org Chart



GREAT OAKS LEGACY CHARTER SCHOOL

ROSTER OF TRUSTEES AND OFFICERS

JUNE 30, 2017

Members of Board of Trustees

Richard Hernandez, Esq., Board President

Mirtha Sabio, Board Vice President

Brian Nevel, Board Treasurer

Dr. Karma Warren, Board Member

Allison Bowman, Board Member

Aileen Philbrick, Board Member

Daniel McNeal, Board Member

Peter Hantes, Board Member

Everett Johnson, Board Member

Michael Duffy, Board Member

Tenia Peterson, Board Member

Administration

Jared Taillefer, Executive Director

Ken Schultz, President of Finance and Operations

Olugbenga Olabintan, CPA – School Business Administrator

Annette Riffle, Chief Operating Officer

Benjamin Carson, Acting Chief Financial Officer

Prudence Minton, Chief Academic Officer

Lisa Powell, Chief Academic Officer

Michelle Diaz, Chief People Officer

GREAT OAKS LEGACY CHARTER SCHOOL

CONSULTANTS AND ADVISORS

Independent Auditors

Ilori CPA LLC
Certified Public Accountant
24 Commerce Street, Suite # 1427
Newark, NJ 07102

Attorney

Paul O'Neill, Esq.
Barton Gilman, LLP
10 Dorrance Street, Suite 800
Providence, RI 02903

Tom Johnston
Johnston Law Firm
75 Midland Avenue
Montclair, NJ 07042

Official Depository

TD Bank
1701 Marlton Pike
Cherry Hill, NJ 08034

Chase Bank
744 Broad Street
Newark, NJ 07102

Financial Section



**ILORI CPA LLC
CERTIFIED PUBLIC ACCOUNTANT
& MANAGEMENT CONSULTANT
Member of AICPA, NJCPA & MACPA**

**24 COMMERCE STREET SUITE 1427
NEWARK, NEW JERSEY 07102
Telephone (973)-621-5780
Fax (973) 404- 8858**

Independent Auditors' Report

The Honorable President and
Members of the Board of Trustees
Great Oaks Legacy Charter School
Newark, New Jersey
County of Essex

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees Great Oaks Legacy Charter School, (the "Charter School") in the County of Essex, State of New Jersey as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

We draw attention to the recent merger of the Charter School with another charter school effective July 1, 2016 resulting in a merged entity with over 1,200 students in grades K to 12 with three campuses. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis and Budgetary Comparison Information, and Pension Information* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statement, schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2017 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the Charter School's internal control over financial reporting and compliance.

Ilori CPA LLC

November 24, 2017
Newark, New Jersey

Ilori CPA LLC
Certified Public Accountant

KunleIlori

Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100

Required Supplementary Information

Part I

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) provides an analysis of the Charter School's overall financial position and results of operations.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Introduction

This section of the Great Oaks Legacy Charter School's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments*. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- Net position of governmental activities ended the fiscal year with \$9,991,787. Net position of business-type activities, which represent food service operations/after care programs, ended the fiscal year with \$30,671.
- General revenues accounted for \$21,601,294 in revenue or 88 percent of total revenues of \$24,547,017. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$2,945,723 or 12 percent of total revenues.
- The Charter School had \$19,139,637 in expenses related to governmental activities; \$1,977,469 of these expenses is offset by operating grants and contributions. General revenues (primarily federal and state aid) of \$21,601,294 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2017, of \$9,190,123.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Using the Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the Great Oaks Legacy Charter School as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Position and the Statement of Activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances. The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the Great Oaks Legacy Charter School, the General Fund is the most significant fund.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities the government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Charter School acts solely as a trustee or agent for the benefits of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2017?" The statements of Net Position and the Statement of Activities answer this question. These Statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system 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 was received or paid.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Statement of Net Position and Statement of Activities-continued

These two statements report the Charter School's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. The cause of this change may be the result of many factors some financial, some not. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

Governmental Activities – Most of the Charter School's programs and services are reported here including instructions, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The food service operations/after care and summer instructional programs enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's major funds-not the Charter School as a whole. Funds are accounting devices that the Charter School uses to keep track of a multitude of financial transactions. The Charter School's only major governmental fund is the General Fund.

Governmental Funds

Most of the Charter School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. 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 statement provides a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less 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 the governmental funds are reconciled in the financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, assets exceeded liabilities by \$10,022,458 at the close of 2017. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

	Governmental Activities		Business Type Acvtivities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current Assets	\$ 9,886,492	\$ 1,356,921	\$ 190,563	\$ 45,514	\$ 10,077,055	\$ 1,402,435
Capital Assets, net	2,515,705	457,712	19,740	-	2,535,445	457,712
Deferred outflows of resources	1,849,107	1,029,311	-	-	1,849,107	1,029,311
Total Assets	14,251,304	2,843,944	210,303	45,514	14,461,607	2,889,458
Liabilities						
Current Liabilities	696,369	317,928	179,632	45,514	876,001	363,442
Long term Liabilities	3,563,148	2,242,680	-	-	3,563,148	2,242,680
Deferred inflows of resources	-	36,058	-	-	-	36,058
Total Liabilities	4,259,517	2,596,666	179,632	45,514	4,439,149	2,642,180
Net Position						
Invested in						
Capital Assets						
(net of related debt)	2,515,705	457,712	-	-	2,515,705	457,712
Unrestricted	7,476,082	(210,434)	30,671	-	7,506,753	(210,434)
Total Net Position	\$ 9,991,787	\$ 247,278	\$ 30,671	\$ -	\$ 10,022,458	\$ 247,278

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

The largest portion of the Charter School's net position is its current assets. The Charter School uses these current assets to provide services.

The total net position of the Charter School increased by \$4,385,337 during the current fiscal year ended June 30, 2017. The majority of the increase is attributable to the increase in net position in the Governmental Activities. Operating grants and contributions increased by 123 percent. This is largely attributed to the merger with another charter school and the significant increase in enrollment.

The table that follows reflects the change in net position for fiscal year 2017.

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charge for Services	\$ -	\$ -	\$ 4,860	\$ -	\$ 4,860	\$ -
Operating grants and Contributions	1,977,469	1,069,135	963,394	248,753	2,940,863	1,317,888
Total Program Revenues	1,977,469	1,069,135	968,254	248,753	2,945,723	1,317,888
General Revenues:						
Local Aid	2,770,799	1,113,041	-	-	2,770,799	1,113,041
Federal and State Aid	18,807,393	6,937,893	-	-	18,807,393	6,937,893
Miscellaneous	23,102	12,697	-	-	23,102	12,697
Transfers	-	(48,164)	-	48,164	-	-
Total general Revenues	21,601,294	8,015,467	-	48,164	21,601,294	8,063,631
Total Revenues	23,578,763	9,084,602	968,254	296,917	24,547,017	9,381,519
Expenses:						
Instructions	8,964,781	3,121,205	-	-	8,964,781	3,121,205
Administrative & Support Services	-	-	-	-	-	-
Unallocated Amortization	9,811,071	5,827,159	-	-	9,811,071	5,827,159
Food Service	363,785	96,498	-	-	363,785	96,498
Total Expenses	-	-	1,022,043	296,917	1,022,043	296,917
Total Expenses	19,139,637	9,044,862	1,022,043	296,917	20,161,680	9,341,779
Change in Net Position	\$ 4,439,126	\$ 39,740	\$ (53,789)	\$ -	\$ 4,385,337	\$ 39,740

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2017.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	\$ 8,964,781	\$ 7,681,187
Administrative & Support Services	9,811,071	9,117,196
Capital Outlay & Unallocated Depreciation	363,785	363,785
Total Expenses	\$ 19,139,637	\$ 17,162,168

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation and the after-school program. These programs had revenues of \$968,254 and operating expenses of \$1,022,043 for fiscal year 2017. The programs had a current year deficit of \$53,789 which was covered by the cumulative net assets brought forward from prior years. The Charter School intended to have food services be self-operating without assistance from the General Fund.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$23,578,763 and expenditures of \$20,470,745. There was a positive change in fund balance of \$3,108,018.

The Charter School'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.

During the course of fiscal 2017, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management teams.

For the General Fund, final budgeted revenues were \$20,791,356, which included a local tax levy of \$2,770,799. Expenditures and other financing uses were budgeted at \$20,261,347. The Charter School anticipated budgeted fund balance of \$1,664,243 in its 2016-2017 budget year. General Fund revenues were higher than expenditures by \$3,108,018. Actual revenues and other financing sources were \$21,601,294 and expenditures were \$18,493,276.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

The State of New Jersey reimbursed the Charter School \$377,312 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members. The State also paid \$267,008 into the TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions. These unbudgeted amounts were included in both revenues and expenditures.

Capital Assets

At the end of year 2017, the Charter School had \$2,515,705 funds invested in capital assets in its governmental activities. The Charter School's 2017-2018 budget projects spending approximately \$400,000 for capital projects.

Long-term debt

The Charter School had \$3,563,148 and \$2,242,680 at June 30, 2017 and 2016, respectively, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long term obligations is presented in the notes to the financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2017-2018. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to reflect the Charter School's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

GREAT OAKS LEGACY CHARTER SCHOOL
Network Office
909 Broad Street
Newark, New Jersey 07102
Tel: 862-256-0909

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Charter School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2017.

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 6,642,419	\$ 3,700	\$ 6,646,119
Accounts receivable	2,157,322	186,863	2,344,185
Other current assets	901,380	-	901,380
Interfund receivables	185,371	-	185,371
Capital assets (net of accumulated depreciation of \$719,551)	2,515,705	19,740	2,535,445
Total assets	<u>12,402,197</u>	<u>210,303</u>	<u>12,612,500</u>
Deferred outflows of resources			
Pension deferred outflows	<u>1,849,107</u>	<u>-</u>	<u>1,849,107</u>
Total assets and deferred outflows of resources	<u>\$ 14,251,304</u>	<u>\$ 210,303</u>	<u>\$ 14,461,607</u>
Liabilities			
Accounts payable	\$ 511,589	\$ 64,802	\$ 576,391
Other liabilities	61,142	-	61,142
Interfund payable	-	114,830	114,830
Deferred revenue	123,638	-	123,638
Net pension liability	3,563,148	-	3,563,148
Total liabilities	<u>4,259,517</u>	<u>179,632</u>	<u>4,439,149</u>
Deferred inflows of resources			
Pension deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Invested in capital assets	2,515,705	-	2,515,705
Unrestricted, undesignated	7,476,082	30,671	7,506,753
Total net position	<u>9,991,787</u>	<u>30,671</u>	<u>10,022,458</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 14,251,304</u>	<u>\$ 210,303</u>	<u>\$ 14,461,607</u>

See independent auditor's report and accompanying notes to basic financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL

Statement of Activities

Year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 8,964,781	\$ -	\$ 1,283,594	\$ (7,681,187)	\$ -	\$ (7,681,187)
Administrative & Support services:						
General administration	2,487,151	-	-	(2,487,151)	-	(2,487,151)
Support services	7,323,920	-	693,875	(6,630,045)	-	(6,630,045)
Capital outlay	-	-	-	-	-	-
Unallocated depreciation	363,785	-	-	(363,785)	-	(363,785)
Total governmental activities	<u>19,139,637</u>	<u>-</u>	<u>1,977,469</u>	<u>(17,162,168)</u>	<u>-</u>	<u>(17,162,168)</u>
Business-type activities:						
Food service and after care services	1,022,043	4,860	963,394	-	(53,789)	(53,789)
Total business-type activities	<u>1,022,043</u>	<u>4,860</u>	<u>963,394</u>	<u>-</u>	<u>(53,789)</u>	<u>(53,789)</u>
Total primary government	<u>\$ 20,161,680</u>	<u>\$ 4,860</u>	<u>\$ 2,940,863</u>	<u>(17,162,168)</u>	<u>(53,789)</u>	<u>(17,215,957)</u>
General revenues, transfers and special items:						
Local sources				2,770,799	-	2,770,799
State sources				18,807,393	-	18,807,393
Miscellaneous				23,102	-	23,102
Transfers				-	-	-
Total general revenues, transfers and special items				<u>21,601,294</u>	<u>-</u>	<u>21,601,294</u>
Change in net position				4,439,126	(53,789)	4,385,337
Net position - beginning				5,552,661	84,460	5,637,121
Net position - ending				<u>\$ 9,991,787</u>	<u>\$ 30,671</u>	<u>\$ 10,022,458</u>

See independent auditor's report and accompanying notes to basic financial statements.

Funds Financial Statements

Governmental Funds

GREAT OAKS LEGACY CHARTER SCHOOL
Governmental Funds

B-1

Balance Sheet

June 30, 2017

	General Fund	Special Revenue Fund	Totals Governmental Funds
Assets			
Cash and cash equivalents	\$ 6,642,419	\$ -	\$ 6,642,419
Accounts receivable:	-	-	-
State	33,686	-	33,686
Federal	-	1,087,280	1,087,280
Other	1,003,281	33,075	1,036,356
Other current assets	901,380	-	901,380
Interfund receivable	1,182,088	-	1,182,088
Total assets	\$ 9,762,854	\$ 1,120,355	\$ 10,883,209
 Liabilities and Fund Balances			
Interfund payables	\$ -	\$ 996,717	\$ 996,717
Accounts payables	511,589	-	511,589
Intergovernmental payables - federal	-	-	-
Intergovernmental payables - state	-	-	-
Other liabilities	61,142	-	61,142
Deferred revenue	-	123,638	123,638
Total liabilities	572,731	1,120,355	1,693,086
 Fund balances:			
Unreserved:			-
Undesignated	9,190,123	-	9,190,123
Total fund balances	9,190,123	-	9,190,123
Total liabilities and fund balances	\$ 9,762,854	\$ 1,120,355	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of capital assets	\$ 3,207,096		
Accumulated depreciation	(691,391)		
	\$ 2,515,705		2,515,705

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)

1,849,107

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)

-

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)

(3,563,148)

Net position of governmental activities - A-1

\$ 9,991,787

See independent auditor's report and accompanying notes to basic financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
Governmental Funds

B-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2017

	General Fund	Special Revenue Fund	Total
Revenues:			
Local sources:			
Local tax levy	\$ 2,770,799	\$ -	\$ 2,770,799
Miscellaneous	23,102	282,178	305,280
Total revenues - local sources	2,793,901	282,178	3,076,079
Federal sources	-	1,190,213	1,190,213
State sources	18,163,073	505,078	18,668,151
Reimbursed TPAF-Social Security (non-budgeted)	377,312	-	377,312
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	267,008	-	267,008
Total revenues	21,601,294	1,977,469	23,578,763
Current expense:			
Instruction	7,681,187	1,283,594	8,964,781
Administrative	2,836,145	-	2,836,145
Support services	6,393,341	693,875	7,087,216
Capital outlay	938,283	-	938,283
Reimbursed TPAF-Social Security (non-budgeted)	377,312	-	377,312
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	267,008	-	267,008
Total expenditures	18,493,276	1,977,469	20,470,745
Excess (deficiency) of revenues over (under) expenditures	3,108,018	-	3,108,018
Other Financing Sources (Uses):			
Operating Transfer Out:			
Transfer to food service fund to cover deficit	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	3,108,018	-	3,108,018
Fund balances, beginning of year	6,082,105	-	6,082,105
Fund balances, end of year	\$ 9,190,123	\$ -	\$ 9,190,123

See independent auditor's report and accompanying notes to basic financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2017

B-3

Total net change in fund balances - governmental funds (B-2) \$ 3,108,018

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.

	Depreciation expense	\$ (363,785)	
	Capital outlays	<u>938,283</u>	
			574,498

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period

756,610

Change in net position of governmental activities (A-2) \$ 4,439,126

See independent auditor's report and accompanying notes to basic financial statements.

Proprietary Funds

**GREAT OAKS LEGACY CHARTER SCHOOL
Proprietary Funds**

B-4

Statement of Net Postion

June 30, 2017

Assets	
Current assets:	
Cash and cash equivalents	\$ 3,700
Accounts receivable:	-
Federal	185,844
State	2,099
Other	(1,080)
Interfund receivable	-
Total current assets	<u>190,563</u>
Noncurrent assets:	-
Machinery and equipment	47,900
Less: accumulated depreciation	(28,160)
Total noncurrent assets	<u>19,740</u>
Total assets	<u>210,303</u>
Liabilities	
Current liabilities:	
Accounts payable	64,802
Interfund payable	114,830
Total current liabilities	<u>179,632</u>
Net position	
Unrestricted	30,671
Total net position	<u>\$ 30,671</u>

See independent auditor's report and accompanying notes to basic financial statements.

**GREAT OAKS LEGACY CHARTER SCHOOL
Proprietary Funds**

B-5

Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2017

Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 4,860
Total operating revenues	<u>4,860</u>
Operating expenses:	
Cost of sales	881,260
Salaries	28,710
Pruchased services	64,078
Other purchased services	4,650
Supplies and materials	20,105
Contracted services - transporttion	8,692
Cleaning, repairs and maintenance	2,800
Rental of land and building	2,090
Depreciation expense	9,580
Miscellaneous expenses	78
Total operating expenses	<u>1,022,043</u>
Operating income (loss)	<u>(1,017,183)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	11,186
Extra State School Lunch Program	-
Federal sources:	
National School Lunch Program	591,539
National School Breakfast Program	211,165
Healthy, Hunger-Free Kids Act	12,036
After School Snacks	102,233
Fresh Fruits and Vegetable Program	35,235
Total nonoperating revenues	<u>963,394</u>
Net income/(loss) before contributions & transfers	(53,789)
Other financing sources:	
Transfer in/(out) - board contribution	-
	<u>-</u>
Change in net position	(53,789)
Total net position-beginning of year	<u>84,460</u>
Total net position-end of year	<u>\$ 30,671</u>

See independent auditor's report and accompanying notes to basic financial statements.

**GREAT OAKS LEGACY CHARTER SCHOOL
Proprietary Fund**

B-6

Statement of Cash Flows

Year ended June 30, 2017

Cash flows from operating activities

Operating loss \$(1,017,183)

Adjustment to reconcile operating loss to net cash
used in operating activities:

Depreciation expense 9,580

-

Changes in assets and liabilities:

-

 Accounts receivable (57,610)

 Accounts payable 23,452

 Due to/from general fund 56,678

Net cash used in operating activities 32,100

Cash flows from noncapital financing activities

Cash received from state reimbursements 11,186

Cash received from federal reimbursements 952,208

Operating subsidies and transfers from other funds -

Net cash provided by noncapital financing activities 963,394

Cash flows from investing activities

-

Net decrease in cash and cash equivalents (21,689)

Cash and cash equivalents, beginning 25,389

Cash and cash equivalents, ending \$ 3,700

See independent auditor's report and accompanying notes to basic financial statements.

Fiduciary Funds

**GREAT OAKS LEGACY CHARTER SCHOOL
Fiduciary Funds**

B-7

Statement of Fiduciary Net Assets

June 30, 2017

	Student Activity Fund	Unemployment Insurance Fund	Agency Fund Payroll	Total
Assets				
Cash and cash equivalents	\$ 2,624	\$ 100	\$ 115,957	\$ 118,681
Interfund receivable	-	15,250	-	15,250
Total assets	\$ 2,624	\$ 15,350	\$ 115,957	\$ 133,931
Liabilities and fund balances				
Liabilities:				
Interfund payables	\$ -	\$ -	\$ 85,791	\$ 85,791
Payroll liabilities	-	-	30,166	30,166
Account payable - due to students group	2,624	-	-	2,624
Total liabilities	2,624	-	115,957	118,581
Net Assets	-	15,350	-	15,350
Total liabilities and net assets	\$ 2,624	\$ 15,350	\$ 115,957	\$ 133,931

See independent auditor's report and accompanying notes to basic financial statements.

**GREAT OAKS LEGACY CHARTER SCHOOL
Fiduciary Funds**

B-8

Statement of Changes in Fiduciary Net Assets

Year ended June 30, 2017

	<u>Unemployment Compensation</u>
Additions:	
Board contributions	\$ 15,350
Employee contributions	9,913
Total additions	<u>25,263</u>
Deductions:	
Unemployment payments	<u>9,913</u>
Total deductions	<u>9,913</u>
Change in net assets	15,350
Net assets, beginning	-
Net assets, ending	<u><u>\$ 15,350</u></u>

See independent auditor's report and accompanying notes to basic financial statements.

Notes to Basic Financial Statements

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1 Description of the Charter School and Reporting Entity

Great Oaks Legacy Charter School (the “Charter School” was incorporated in the State of New Jersey on April 7, 2011 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A Chief Executive Officer (CEO) is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing statutes, the Charter School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities of the Charter School.

The primary criterion for including activities within the Charter School’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

The Great Oaks Legacy Charter School Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Its mission is to establish a character school to serve as a neighborhood resource and as a model for other similar schools. The Great Oaks Legacy Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies

This summary of significant accounting policies of Great Oaks Legacy Charter School is presented to assist in understanding the Charter School's financial statements and notes are a representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the Great Oaks Legacy Charter School (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Charter School also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless they conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below:

A Basis of Presentation

The Charter School's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Charter School Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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2 Summary of Significant Accounting Policies - *continued*

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Charter Schools financial reporting in the State of New Jersey.

B Fund Accounting

The Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter Schools' major governmental funds:

General Fund - The General Fund is the primary operating fund of the Charter School. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

GREAT OAKS LEGACY CHARTER SCHOOL
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2 Summary of Significant Accounting Policies - *continued*

As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes.

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). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2017 there was no Capital Projects Fund.

Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those to similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School:

Enterprise Funds - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Trust Funds - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims.

Agency Funds – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

C Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. ***Basis of accounting*** refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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2 Summary of Significant Accounting Policies - *continued*

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or non-current, associated with their activities are included on the balance sheet. Fund equity (i.e., net total assets) is classified as net position.

Basis of Accounting

In the government wide statement of net position and statements of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. 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 determine and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

D Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year end.

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

E Cash, Cash Equivalent and Investments

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

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

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

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

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

F Short-Term Interfund Receivables/Payables

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund Receivable/Payable. Interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

G Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

H Capital Assets

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Charter School as assets with initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. The following estimated useful lives are used to compute depreciation:

Description of Capital Asset	Estimated Lives (Years)
Leasehold Improvements	15 or Length of Lease
Equipment	3 to 5

I Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

Compensated absences that relate to future services, or that are contingent on specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place. For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The entire sick leave and vacation leave liabilities are reported on the school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2017.

J Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, the non-current portion of compensated absences and mortgage payable (if any) that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

K Deferred Revenue

Deferred revenue in special revenue fund represent cash that has been received but not yet earned.

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54"). GASB 54 is effective for periods beginning after June 15, 2011 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School’s policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

M Net Position

Net position represents the difference between assets and liabilities in the Government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position are reported as restricted in the Government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

N Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

O On-Behalf Payments

Revenues and expenditures of the General Fund include payment made by the state of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School's annual budget.

P New Accounting Standards

During the prior fiscal year ended June 30, 2015, the Charter School adopted the following GASB statements:

GASB 68, Accounting and Financial Reporting for Pensions The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

3 Deposits and Investments

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey that 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. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

3 Deposits and Investments - continued

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 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.

The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk. As of June 30, 2017, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Operating A/C	\$ 6,642,419	\$ -	\$ 3,700	\$ 118,681	\$ 6,764,800
Total	<u>\$ 6,642,419</u>	<u>\$ -</u>	<u>\$ 3,700</u>	<u>\$ 118,681</u>	<u>\$ 6,764,800</u>

Operating cash accounts are held in the Charter School's name by three banking institution. At June 30, 2017, the Charter School's carrying amount of deposits was \$6,764,800 and the bank balance was \$6,858,695. Of the bank balance, \$750,000 of the Charter School's cash deposits on June 30, 2017 were secured by federal deposit insurance and \$6,108,695 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

GASB Statement No. 40 requires that the Charter School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Charter School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

3 Deposits and Investments - *continued*

Category 1 - Insured or collateralized with securities held by the Charter School or by its agent in the Charter School's name. **Category 2** - Collateralized with securities held by the pledging public depository's trust department or agent in the Charter School's name. **Category 3** - Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Charter School's name.

The Charter School does not have a policy for the management of the custodial risk, other than depositing all of its funds in banks covered by GUDPA.

Investments

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

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal national Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
3. Bonds or other obligations of the Charter School.
4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2017, the Charter School did not hold any investments.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

4 Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Net Additions (Deletions)</u>	<u>Ending Balance</u>
Governmental activities:			
Capital assets, not being depreciated:			
Vacant land	\$ -	\$ 200,000	\$ 200,000
Capital assets, being depreciated:			
Leasehold improvements	1,860,233	738,283	2,598,516
Equipment	408,581	-	408,581
	<u>2,268,814</u>	<u>938,283</u>	<u>3,207,097</u>
Less accumulated depreciation for:			
Leasehold improvements	183,677	272,746	456,423
Equipment	143,930	91,039	234,969
Total accumulated depreciation	<u>327,607</u>	<u>363,785</u>	<u>691,392</u>
Governmental activities capital assets, net	<u>\$ 1,941,207</u>	<u>\$ 574,498</u>	<u>\$ 2,515,705</u>
Business-type activities:			
Equipment	\$ 47,900	\$ -	\$ 47,900
Less accumulated depreciation	(18,580)	(9,580)	(28,160)
Business-type activities capital assets, net	<u>\$ 29,320</u>	<u>\$ (9,580)</u>	<u>\$ 19,740</u>

Depreciation expense of \$363,785 was charged to an unallocated function.

5 Lease Obligations

Facilities Leases

The Charter School leases its facilities under these operating lease agreements:

Classroom and Administrative Offices

- 1) At the beginning of the school year 2013-2014, the Charter School entered a lease agreement for 24 Maiden Lane, Newark, New Jersey – an 18,935 square foot space for the middle school at an annual rent of \$359,765. It is a twenty (20) year lease with annual increases. The amount paid under this lease for the year ended June 30, 2017 was \$366,960.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

5 Lease Obligations - continued

Classroom and Administrative Offices and Employee Parking- continued

- 2) 17-19 Crawford Street, Newark, New Jersey for the high school – a 28,000 square foot space for the high school executed on December 22, 2015. It is a thirty-one (31) year lease through June 30, 2046 with annual increases. The lease could be extended at the landlord’s option for another five (5) years through June 30, 2051. The amount paid under this lease for the year ended June 30, 2017 was \$532,823. The lease terms include a purchase option which could be exercised by the tenant seven years after the lease execution date but no later than the tenth year. The purchase price calculation method is included in the terms.

- 3) 823 S. 16th Street, Newark, New Jersey – an operating lease with Newark Public School for its’ school building located at 823 S. 16th Street, Newark, New Jersey. It is a five-year lease from July 1, 2014 through June 30, 2019. It could be automatically renewed for a total of three (3) renewal periods of five (5) years each, subject to the condition that the School’s charter has not been denied, revoked or suspended. The amount paid under this lease for the year ended June 30, 2017 was \$247,470.

- 4) Employee Parking Spaces – 390-424 Halsey Street, Newark, New Jersey – a month-to-month operating lease for 30 parking spots made available for the benefit of employees. It commenced on April 1, 2016 at a monthly payment of \$1,800.

Future minimum lease payments required under the operating leases are as follows:

Year Ending June 30:	17-19 Crawford Street	24 Maiden Lane	Newark Public School Lease	Total
2018	\$ 517,498	\$ 374,304	\$ 253,663 **	\$ 1,145,465
2019	533,023	381,780	260,004 **	1,174,807
2020	549,014	389,424	-	938,438
2021	565,484	397,212	-	962,696
2022	582,449	405,156	-	987,605
Thereafter	21,756,361	5,028,816	-	26,785,177
	<u>\$ 24,503,828</u>	<u>\$ 6,976,692</u>	<u>\$ 513,667</u>	<u>\$ 31,994,187</u>

** It should be noted that the Charter School prepaid the two years rent due under the Newark Public School lease under an arrangement that assisted the landlord in making needed renovations to the facilities covered by the lease. The prepaid rent will be expensed in the ensuing years 2017-2018 and 2018-2019, respectively.

Equipment Leases - The Charter School leases office equipment under several operating lease agreements.

GREAT OAKS LEGACY CHARTER SCHOOL
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6 Pension Plans

Description of Plans

Substantially all of the employees of the Charter School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The Teacher's Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county municipality, Charter School, or public agency provided the employee is not a member of another state-administered retirement system. The public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, Charter School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

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6 Pension Plans - *continued*

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

Significant Legislation

P.L. 2011, c. 1, effective May 21, 2011, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

Significant Legislation - *continued*

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

GREAT OAKS LEGACY CHARTER SCHOOL
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6 Pension Plans - *continued*

As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

Funding Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future.

These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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6 Pension Plans - *continued*

Actuarial Methods and Assumptions

In the June 30, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.64% for PERS, 6.64% for TPAF and 6.64% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board.

PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The Charter School's contribution to PERS for the year ended June 30, 2017 was \$130,373.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$377,312 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The State also paid \$267,008 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

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7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$7,546,510 as measured on June 30, 2016 and \$3,429,237 as measured on June 30, 2015.

For the year ended June 30, 2017, the Charter School recognized pension expense of \$567,015 and revenue of \$567,015 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.

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

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7 Pension Plans – GASB 68 Disclosures - *continued*

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - continued

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 7,521,378,257
Collective deferred inflows of resources	\$ 134,532,594	\$ 554,399,005
Collective net pension liability (non-employer State of New Jersey)	\$78,666,367,052	\$63,204,270,305
State's portion of the net pension liability that was associated with the Charter School	\$ 7,546,510	\$ 3,429,237
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.009593%	0.005426%

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.5%
Salary increases: 2012-2021	Varies based on experience
Salary increases: thereafter	Varies based on experience
Investment rate of return	7.65%

Pre-retirement, post retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

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(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers’ Pension and Annuity Fund (TPAF) - *continued*

Long-Term Expected Rate of Return - continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Heage Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

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

Discount Rate

The discount rate used to measure the State's total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf16.pdf>

Pension Plan Fiduciary Net Position

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

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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

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

At June 30, 2017, the Charter School reported a liability of \$3,563,148 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2015. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the Charter School's proportion was 0.0120306977% which was an increase of 0.0020401402% from its proportion measured as of June 30, 2015 which was 0.0099905575%.

For the year ended June 30, 2017, the Charter School recognized pension expense of \$571,486. At June 30, 2017, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,264	\$ -
Changes in assumptions	738,094	-
Net difference between projected and actual earnings	-	-
on pension plan investments	135,866	-
Changes in proportion and differences between Charter		
School's contributions and proportionate share of contributions	908,883	-
Charter School's contributions subsequent to the measurement date	130,373	-
Total	\$ 1,979,480	\$ -

\$130,373 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense
2017	\$ 416,310
2018	416,310
2019	482,309
2020	405,210
2021	128,969
Thereafter	-
	\$ 1,849,107

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - continued

	June 30, 2016	June 30, 2015
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	\$ 870,133,595	\$ 993,410,455
Collective net pension liability (Non-State Local Group)	\$ 29,617,131,759	\$ 22,447,996,119
Charter School's portion of the net pension liability	\$ 3,563,148	\$ 2,242,680
Charter School's proportion (percentage)	0.01203070%	0.00999056%

Actuarial Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases: through 2026	1.65-4.15% based on age
Salary increases: thereafter	2.65-5.15% based on age
Investment rate of return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set-back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

Long-Term Expected Rate of Return

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2016 are summarized in the following table:

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7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) – continued

Long-Term Expected Rate of Return– continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	50.00%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034.

GREAT OAKS LEGACY CHARTER SCHOOL
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Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

Discount Rate - continued

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Charter School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School’s proportionate share of the net pension liability measured as of June 30, 2016 and 2015, respectively, calculated using the discount rate of 3.98% and 4.90%, respectively, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Charter School's proportionate share of the pension liability	\$ 4,366,221	\$ 3,563,148	\$ 2,900,140
	2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the pension liability	\$ 2,787,377	\$ 2,242,680	\$ 1,786,010

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

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8 Post Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

9 Compensated Absences

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

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years. Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

As of June 30, 2017, Charter School-wide compensated absences amounted to \$-0-.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
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10 Deferred Compensation

The Charter School is in the process of offering its employees a choice of deferred compensation plans created in accordance with Internal Revenue Section 403(b).

11 Economic Dependency

The Charter School receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

12 Contingent Liabilities

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorney's letter advises that:

On or about February 29, 2016, the Commissioner for the New Jersey Department of Education granted the Charter School's application to renew its charter. On or about April 1, 2016, Education Law Center (ELC) filed an appeal of the Commissioner's approval of the renewal application in as much as it entailed an expansion of student enrollment for the next charter term. ELC also appealed expansion requests for other Newark charter schools. The Court has consolidated the appeals. Each party to the consolidated appeal, including the Charter School, has fully submitted its briefing and is awaiting notification from the Appellate Division regarding the scheduling of oral argument. The Charter School intends to vigorously defend itself against ELC's claims. ELC also filed an appeal of the Commissioner's February 2017 decision to permit further expanded enrollment. Given the inherent uncertainties of appellate litigation, it is not possible to guarantee the outcome of the appeal.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

13 Risk Management

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

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

New Jersey Unemployment Compensation - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State. The following table is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and ending balance of the Charter School’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 15,350	\$ 9,913	\$ 9,913	\$ 15,350
2015-2016	-	9,913	9,913	-
2014-2015	16,648	5,890	22,538	-

14 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,182,088	\$ -
Special Revenue Fund	-	996,717
Enterprise Fund	-	114,830
Trust and Agency Fund	15,250	85,791
	<u>\$ 1,197,338</u>	<u>\$ 1,197,338</u>

The above balances are the results of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in negative position. Liquidation of this interfund balances is expected within the next fiscal year.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

15 Receivables

Receivables as of June 30, 2017 consisted of accounts, intergovernmental, grants and miscellaneous items. All receivables are considered collectible in full. A summary of the principal items of intergovernmental and other receivables are as follows:

State aid	\$ 35,785
Federal aid	1,273,124
Other	1,035,276
Total receivables	<u>\$ 2,344,185</u>

16 Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report which is the date the financial statements were available to be issued. Based on this evaluation, the Charter School has determined that no subsequent events require disclosure in the financial statements except the following:

- Starting from July 1, 2017, the Charter School occupied a space located at 909 Broad Street, Newark, New Jersey. It is a five-year lease through June 30, 2022 at an annual rent ranging from \$610,180 in year one to \$1,146,499 in year five.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

17 Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

Fund balance per B-1	\$ 9,190,123
Cost of capital assets net accumulated depreciation	2,515,705
Pension deferred outflows	1,849,107
Pension deferred inflows	-
Deferred pension liability as of June 30, 2017	<u>(3,563,148)</u>
Net position (per A-1) as of June 30, 2017	<u><u>\$ 9,991,787</u></u>

18 Fund Balance Appropriated – General Fund (Exhibit B- 1)

Of the \$9,190,123 General Fund balance at June 30, 2017, the entire \$9,190,123 is unreserved and undesignated.

Required Supplementary Information

Part II

Budgetary Comparison

**GREAT OAKS LEGACY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 2,465,258	\$ 305,541	\$ 2,770,799	\$ 2,770,799	\$ -
Miscellaneous	190,000	(190,000)	-	23,102	(23,102)
Total revenues -local sources	<u>2,655,258</u>	<u>115,541</u>	<u>2,770,799</u>	<u>2,793,901</u>	<u>(23,102)</u>
State sources:					
State aid	17,790,181	230,376	18,020,557	18,163,073	(142,516)
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	377,312	(377,312)
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	-	-	-	267,008	(267,008)
Total -state sources	<u>17,790,181</u>	<u>230,376</u>	<u>18,020,557</u>	<u>18,807,393</u>	<u>(786,836)</u>
Total revenues	<u>20,445,439</u>	<u>345,917</u>	<u>20,791,356</u>	<u>21,601,294</u>	<u>(809,938)</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	5,837,552	(510,478)	5,327,074	5,044,609	282,465
Other salaries for instruction	452,932	(136,808)	316,124	298,197	17,927
Purchased profesional technical services	889,504	182,618	1,072,122	1,072,122	-
Other purchased services	325,796	(47,709)	278,087	259,551	18,536
General educational supplies	1,235,110	(189,478)	1,045,632	841,730	203,902
Textbooks	-	-	-	-	-
Miscellaneous expenses	272,400	-	272,400	164,978	107,422
	<u>9,013,294</u>	<u>(701,855)</u>	<u>8,311,439</u>	<u>7,681,187</u>	<u>630,252</u>

**GREAT OAKS LEGACY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Administrative cost:					
Salaries	1,177,910	(174,032)	1,003,878	930,442	73,436
Total benefit costs	1,993,375	(281,740)	1,711,635	1,451,196	260,439
Professional /Technical service	171,200	49,127	220,327	144,995	75,332
Other purchased services	106,268	37,502	143,770	129,834	13,936
Communications and Telephones	75,713	(17,614)	58,099	45,399	12,700
Supplies and materials	102,408	(16,702)	85,706	48,759	36,947
Miscellaneous expenses	33,593	53,214	86,807	85,520	1,287
	<u>3,660,467</u>	<u>(350,245)</u>	<u>3,310,222</u>	<u>2,836,145</u>	<u>474,077</u>
Support services:					
Salaries	2,498,482	600,579	3,099,061	2,836,525	262,536
Purchased prof/tech service	491,726	159,354	651,080	591,245	59,835
Other purchased services	569,051	39,330	608,381	971,853	(363,472)
Rent on land and buildings	1,810,087	(28,184)	1,781,903	1,164,632	617,271
Insurance-fidelity, liability property	99,122	(30,824)	68,298	65,532	2,766
Supplies and materials	185,540	91,599	277,139	257,244	19,895
Energy & Utilities	266,926	168,155	435,081	219,713	215,368
Miscellaneous expenses	20,076	(3,576)	16,500	14,673	1,827
Transportation other than to/from school	268,763	67,115	335,878	271,924	63,954
Total support services	<u>6,209,773</u>	<u>1,063,548</u>	<u>7,273,321</u>	<u>6,393,341</u>	<u>879,980</u>

**GREAT OAKS LEGACY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital outlay:					
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Purchase land/improvements	401,365	965,000	1,366,365	938,283	428,082
Miscellaneous expenses	-	-	-	-	-
Total capital outlay	<u>401,365</u>	<u>965,000</u>	<u>1,366,365</u>	<u>938,283</u>	<u>428,082</u>
TPAF-Social Security					
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	377,312	(377,312)
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	-	-	-	267,008	(267,008)
Total TPAF-Social Security	<u>-</u>	<u>-</u>	<u>-</u>	<u>644,320</u>	<u>(644,320)</u>
Total expenditures	<u>19,284,899</u>	<u>976,448</u>	<u>20,261,347</u>	<u>18,493,276</u>	<u>2,412,391</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources/(uses)	1,160,540	(630,531)	530,009	3,108,018	(3,222,329)
Other Financing Sources (Uses):					
Operating Transfer Out:					
Transfer to food service fund to cover deficit	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,160,540	(630,531)	530,009	3,108,018	(3,222,329)
Fund balances, beginning of year	<u>1,134,234</u>	<u>-</u>	<u>1,134,234</u>	<u>6,082,105</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,294,774</u>	<u>\$ (630,531)</u>	<u>\$ 1,664,243</u>	<u>\$ 9,190,123</u>	<u>\$ (3,222,329)</u>

**GREAT OAKS LEGACY CHARTER SCHOOL
Special Revenue Fund**

C-2

**Budget Comparison Schedule
Budgetary Basis
Year ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$ 1,513,072	\$ -	\$ 1,513,072	\$ 1,190,213	\$ 322,859
Local sources	282,178	-	282,178	282,178	-
Total revenues -all sources	<u>1,795,250</u>	<u>-</u>	<u>1,795,250</u>	<u>1,472,391</u>	<u>322,859</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	871,545	-	871,545	854,008	17,537
Purchased Prof. and technical services	10,692	-	10,692	10,692	-
Other purchased services	9,658	-	9,658	9,658	-
General supplies	311,605	-	311,605	120,283	191,322
Miscellaneous expenditures	500	-	500	500	-
Total instruction	<u>1,204,000</u>	<u>-</u>	<u>1,204,000</u>	<u>995,141</u>	<u>208,859</u>
Support services					
Support services salaries	205,550	-	205,550	147,300	58,250
Employee benefits	146,197	-	146,197	98,089	48,108
Purchased professional services	186,803	-	186,803	183,506	3,297
Other purchased services	40,863	-	40,863	46,661	(5,798)
Supplies	11,837	-	11,837	1,694	10,143
Miscellaneous expenditures	-	-	-	-	-
Total support services	<u>591,250</u>	<u>-</u>	<u>591,250</u>	<u>477,250</u>	<u>114,000</u>
Capital Outlay:					
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 1,795,250</u>	<u>\$ -</u>	<u>\$ 1,795,250</u>	<u>\$ 1,472,391</u>	<u>\$ 322,859</u>

Notes to Required Supplementary Information

GREAT OAKS LEGACY CHARTER SCHOOL
Note to Required Supplementary Information
Budget to GAAP Reconciliation

C-3

Year ended June 30, 2017

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:			
	[C-1]	\$21,601,294	
	[C-2]		\$1,472,391
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$21,601,294	\$1,472,391
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule			
	[C-1]	\$18,493,276	
	[C-2]		\$1,472,391
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfer (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$18,493,276	\$1,472,391

Note 1) The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

GREAT OAKS LEGACY CHARTER SCHOOL

L-1

**Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS
Last Four Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>Fiscal Year Ended June 30, 2014</u>	<u>2013</u>
Charter School's proportion of the net pension liability (assets)	0.0120306977%	0.0099905575%	0.0067022036%	0.0050885255%
Charter School's proportionate share of the net pension liability (assets)	\$ 3,563,148	\$ 2,242,680	\$ 1,254,836	\$ 972,518
Charter School's covered employee payroll	\$ 959,614	\$ 799,678	\$ 588,790	\$ 407,500
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	371.31%	280.45%	213.12%	238.65%
Plan fiduciary net position as a percentage of the total pension liability - local	40.14%	47.93%	52.08%	48.72%

Note

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

GREAT OAKS LEGACY CHARTER SCHOOL

**Schedule of the Charter School's Contributions - PERS
Last Four Fiscal Years**

	Fiscal Year Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Contractually required contribution	\$ 130,373	\$ 85,892	\$ 55,252	\$ 38,341
Contribution in relation to the contractually required contribution	<u>(130,373)</u>	<u>(85,892)</u>	<u>(55,252)</u>	<u>(38,341)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 959,614	\$ 799,678	\$ 588,790	\$ 407,500
Contributions as a percentage of covered employee payroll	13.59%	10.74%	9.38%	9.41%

Note

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

GREAT OAKS LEGACY CHARTER SCHOOL

**Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
Last Four Fiscal Years**

	Fiscal Year Ended June 30,			
	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 7,546,510	\$ 3,429,237	\$ 1,582,685	\$ -
Total	\$ 7,546,510	\$ 3,429,237	\$ 1,582,685	\$ -
Charter School's covered employee payroll	\$ 1,151,767	\$ 1,151,767	\$ 768,840	\$ 519,600
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

****Note**

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

**Note to Required Supplementary Information
Pension Schedules
Year ended June 30, 2017**

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Other Supplementary Information

School Level Schedules

Special Revenue Fund

**GREAT OAKS LEGACY CHARTER SCHOOL
Special Revenue Fund**

E-1

**Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis**

Year ended June 30, 2017

	Title IA 2016-2017	Title IIA 2016-2017	I.D.E.A. 2016-2017	Rutgers Univ. School System Improvement Project	Newark School Fund Tuition Reimbursement	Victoria Foundation College Counseling	Teams For Kids	GEM Grant	Total
Revenues									
Federal sources	\$ 818,056	\$ 242	\$ 217,285	\$ 154,630	\$ -	\$ -	\$ -	\$ -	\$ 1,190,213
Local sources	-	-	-	-	33,075	14,134	4,500	230,469	282,178
Total revenues -all sources	<u>\$ 818,056</u>	<u>\$ 242</u>	<u>\$ 217,285</u>	<u>\$ 154,630</u>	<u>\$ 33,075</u>	<u>\$ 14,134</u>	<u>\$ 4,500</u>	<u>\$ 230,469</u>	<u>\$ 1,472,391</u>
Expenditures									
Instruction									
Salaries of teachers	\$ 706,131	\$ -	\$ -	\$ 147,877	\$ -	\$ -	\$ -	\$ -	\$ 854,008
Purchased Prof. and technical services	-	-	-	-	-	8,292	-	2,400	10,692
Other purchased services	-	-	-	-	-	-	-	9,658	9,658
General supplies	2,446	-	-	-	-	-	-	117,837	120,283
Miscellaneous expenditures	-	-	-	-	-	-	-	500	500
Total instruction	<u>708,577</u>	<u>-</u>	<u>-</u>	<u>147,877</u>	<u>-</u>	<u>8,292</u>	<u>-</u>	<u>130,395</u>	<u>995,141</u>
Support services									
Support services salaries	16,750	-	60,000	-	-	-	-	70,550	147,300
Employee benefits	86,746	-	4,590	6,753	-	-	-	-	98,089
Purchased professional services	-	242	152,695	-	-	1,045	-	29,524	183,506
Other purchased services	5,798	-	-	-	33,075	4,797	2,991	-	46,661
Supplies	185	-	-	-	-	-	1,509	-	1,694
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-
Total support services	<u>109,479</u>	<u>242</u>	<u>217,285</u>	<u>6,753</u>	<u>33,075</u>	<u>5,842</u>	<u>4,500</u>	<u>100,074</u>	<u>477,250</u>
Facilities acquisition and construction services									
Instructional equipment	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 818,056</u>	<u>\$ 242</u>	<u>\$ 217,285</u>	<u>\$ 154,630</u>	<u>\$ 33,075</u>	<u>\$ 14,134</u>	<u>\$ 4,500</u>	<u>\$ 230,469</u>	<u>\$ 1,472,391</u>

**GREAT OAKS LEGACY CHARTER SCHOOL
Special Revenue Fund**

E-2

**Schedule of Preschool Education
Aid Expenditures - Budgetary Basis**

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures					
Instruction					
Salaries of teachers	\$ 236,266	\$ -	\$ 236,266	\$ 178,102	\$ 58,164
Other salaries for instruction	117,215	-	117,215	81,613	35,602
Other purchased services	10,711	-	10,711	-	10,711
General supplies	73,259	-	73,259	27,579	45,680
Other objects	2,100	-	2,100	1,159	941
Total instruction	<u>439,551</u>	<u>-</u>	<u>439,551</u>	<u>288,453</u>	<u>151,098</u>
Support services					
Salaries of Supervisor of Instruction	18,386	22,565	40,951	40,951	-
Salaries of Principals/Assistant Principals/Prog Directors	12,782	32,087	44,869	44,869	-
Salaries of Other Prof Staff	25,754	-	25,754	24,612	1,142
Salaries of Secretarial & Clerical Assistants	28,704	-	28,704	10,176	18,528
Other Salaries - Fiscal Specialist	53,281	(53,281)	-	-	-
Other Salaries - Custodian	10,546	(9,028)	1,518	-	1,518
Other Salaries - Security Guard	-	-	-	-	-
Family/Parent Liason	-	-	-	-	-
Facilitator/Coach	-	-	-	-	-
Personnel Services - Employee benefits	124,030	-	124,030	45,639	78,391
Other Purchased Prof - Education Services	-	-	-	-	-
Cleaning, Repairs and Maintenance Services	25,000	-	25,000	22,195	2,805
Rentals	20,526	7,657	28,183	28,183	-
Contracted Services - Field Trips	1,900	-	1,900	-	1,900
Total support services	<u>320,909</u>	<u>-</u>	<u>320,909</u>	<u>216,625</u>	<u>104,284</u>
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	25,000	-	25,000	-	25,000
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures	<u>\$ 785,460</u>	<u>\$ -</u>	<u>\$ 785,460</u>	<u>\$ 505,078</u>	<u>280,382</u>

Calculation of Budget and Carryover

Total 2016-2017 preschool education aid allocation	\$ 785,460
Add: actual carryover June 30, 2016	-
Total preschool education aid funds available for 2016-2017 budget	<u>785,460</u>
Less: 2016-2017 budgeted preschool education aid ilable and unbudgeted preschool education aid funds as of June 30, 2016	<u>(785,460)</u>
	-
Add: June 30, 2017 unexpended preschool education aid	280,382
2016-2017 actual carryover - preschool education aid	<u>\$ 280,382</u>
2016-2017 preschool education aid carryover budgeted in 2017-2018	<u>\$ 280,382</u>

Capital Projects Fund
At June 30, 2017, there was no capital project fund.

Enterprise Fund

GREAT OAKS LEGACY CHARTER SCHOOL
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2017

	Food Services	After Care Services	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 510	\$ 3,190	\$ 3,700
Accounts receivable:			
Federal	185,844	-	185,844
State	2,099	-	2,099
Other	-	(1,080)	(1,080)
Interfund receivable	-	-	-
Total current assets	188,453	2,110	190,563
Noncurrent assets:			
Machinery and equipment	47,900	-	47,900
Less: accumulated depreciation	(28,160)	-	(28,160)
Total noncurrent assets	19,740	-	19,740
Total assets	208,193	2,110	210,303
Liabilities			
Current liabilities:			
Accounts payable	64,787	15	64,802
Interfund payable	20,093	94,737	114,830
Total current liabilities	84,880	94,752	179,632
Net position			
Unrestricted	123,313	(92,642)	30,671
Total net position	\$ 123,313	\$ (92,642)	\$ 30,671

GREAT OAKS LEGACY CHARTER SCHOOL
Enterprise Fund

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2017

	<u>Food Services</u>	<u>Afrer Care Services</u>	<u>Total</u>
Operating revenues:			
Charges for services:			
Daily sales - nonreimbursable programs	\$ 2,900	\$ 1,960	\$ 4,860
Miscellaneous revenue	-	-	-
Total operating revenues	<u>2,900</u>	<u>1,960</u>	<u>4,860</u>
Operating expenses:			
Cost of sales	881,260	-	881,260
Salaries	28,710	-	28,710
Pruchased services	-	64,078	64,078
Other purchased services	3,050	1,600	4,650
Supplies and materials	1,963	18,142	20,105
Contracted services - transporttion	-	8,692	8,692
Cleaning, repairs and maintenance	2,800	-	2,800
Rental of land and building	-	2,090	2,090
Depreciation expense	9,580	-	9,580
Miscellaneous expenses	78	-	78
Total operating expenses	<u>927,441</u>	<u>94,602</u>	<u>1,022,043</u>
Operating income (loss)	<u>(924,541)</u>	<u>(92,642)</u>	<u>(1,017,183)</u>
Nonoperating revenues:			
State sources:			
State School Lunch Program	11,186	-	11,186
Extra State School Lunch Program	-	-	-
Federal sources:			
National School Lunch Program	591,539	-	591,539
National School Breakfast Program	211,165	-	211,165
Healthy, Hunger-Free Kids Act	12,036	-	12,036
After School Snacks	102,233	-	102,233
Fresh Fruits and Vegetable Program	35,235	-	35,235
Total nonoperating revenues	<u>963,394</u>	<u>-</u>	<u>963,394</u>
Net income/(loss) before contributions & transfers	38,853	(92,642)	(53,789)
Other financing sources:			
Transfer in/(out) - board contribution	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	38,853	(92,642)	(53,789)
Total net position-beginning of year	<u>84,460</u>	<u>-</u>	<u>84,460</u>
Total net position-end of year	<u>\$ 123,313</u>	<u>\$ (92,642)</u>	<u>\$ 30,671</u>

GREAT OAKS LEGACY CHARTER SCHOOL
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2017

	Food Services	After Care Services	Total
Cash flows from operating activities			
Operating loss	\$ (924,541)	\$ (92,642)	\$ (1,017,183)
Adjustment to reconcile operating loss to net cash used in operating activities:			-
Depreciation expense	9,580	-	9,580
Changes in assets and liabilities:			-
Accounts receivable	(58,690)	1,080	(57,610)
Accounts payable	23,452	-	23,452
Due to/from general fund	(38,024)	94,702	56,678
Net cash used in operating activities	(73,262)	95,782	22,520
Cash flows from noncapital financing activities			
Cash received from state reimbursements	11,186	-	11,186
Cash received from federal reimbursements	952,208	-	952,208
Operating subsidies and transfers from other funds	-	-	-
Net cash provided by noncapital financing activities	963,394	-	963,394
Cash flows from investing activities			
Net change in cash and cash equivalents	(24,829)	3,140	(21,689)
Cash and cash equivalents, beginning	25,339	50	25,389
Cash and cash equivalents, ending	\$ 510	\$ 3,190	\$ 3,700

Fiduciary Fund

GREAT OAKS LEGACY CHARTER SCHOOL
Fiduciary Funds

H-1

Combining Statement of Fiduciary Net Assets

June 30, 2017

	<u>Student Activity Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Agency Fund Payroll</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 2,624	\$ 100	\$ 115,957	\$ 118,681
Interfund receivable	-	15,250	-	15,250
Total assets	<u>\$ 2,624</u>	<u>\$ 15,350</u>	<u>\$ 115,957</u>	<u>\$ 133,931</u>
Liabilities and fund balances				
Liabilities:				
Payroll deductions and withholdings	\$ -	\$ -	\$ 30,166	\$ 30,166
Interfund payables	-	-	85,791	85,791
Account payable - due to students group	2,624	-	-	2,624
Total liabilities	<u>2,624</u>	<u>-</u>	<u>115,957</u>	<u>118,581</u>
Net Position				
Total liabilities and net assets	<u>\$ 2,624</u>	<u>\$ 15,350</u>	<u>\$ 115,957</u>	<u>\$ 133,931</u>

GREAT OAKS LEGACY CHARTER SCHOOL
Fiduciary Funds

H-2

Combining Statement of Changes in Fiduciary Net Assets

Year ended June 30, 2017

	<u>Unemployment Compensation</u>
Additions:	
Board contributions	\$ 15,350
Employee contributions	9,913
Total additions	<u>25,263</u>
Deductions:	
Unemployment payments	9,913
Total deductions	<u>9,913</u>
Change in net assets	15,350
Net assets, beginning	<u>-</u>
Net assets, ending	<u><u>\$ 15,350</u></u>

GREAT OAKS LEGACY CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements

H-3

Year ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Assets				
Parent council fund	\$ 3,986	\$ 26,682	\$ 28,044	\$ 2,624
Total assets	<u>\$ 3,986</u>	<u>\$ 26,682</u>	<u>\$ 28,044</u>	<u>\$ 2,624</u>

GREAT OAKS LEGACY CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements

H-4

Year ended June 30, 2017

	Balance June 30, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Assets				
Cash and cash equivalents	\$ 8,043	\$ 11,749,670	\$ 11,641,756	115,957
Interfund receivable	46,943		46,943	-
Total assets	<u>\$ 54,986</u>	<u>\$ 11,749,670</u>	<u>\$ 11,688,699</u>	<u>\$ 115,957</u>
Liabilities				
Payroll deductions and withholdings	\$ 54,986	\$ 11,663,879	\$ 11,688,699	\$ 30,166
Interfund payable	-	85,791	-	85,791
Total liabilities	<u>\$ 54,986</u>	<u>\$ 11,749,670</u>	<u>\$ 11,688,699</u>	<u>\$ 115,957</u>

Long Term Debt
At June 30, 2017, there was no long term debt.

GREAT OAKS LEGACY CHARTER SCHOOL
Long-Term Debt
Schedule of Obligations Under Renovation Loan

Year ended June 30, 2017

	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2016</u>	<u>Acquired Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
NONE			\$ -	\$ -	\$ -	\$ -

Statistical Section

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-1

Net Assets By Component
Last Six Years
(accrual basis of accounting)
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>Fiscal Year Ended June 30,</u>		<u>2013</u>	<u>2012</u>
			<u>2015</u>	<u>2014</u>		
Governmental activities						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,500
Restricted	-	-	-	-	-	-
Unrestricted	7,476,082	(210,431)	169,677	901,998	1,033,216	503,406
Total governmental activities net assets	<u>\$ 7,476,082</u>	<u>\$ (210,431)</u>	<u>\$ 169,677</u>	<u>\$ 901,998</u>	<u>\$ 1,033,216</u>	<u>\$ 514,906</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-
Unrestricted	30,671	-	-	-	-	(1,639)
Total business-type activities	<u>\$ 30,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,639)</u>
School-wide						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,500
Restricted	-	-	-	-	-	-
Unrestricted	7,506,753	(210,431)	169,677	901,998	1,033,216	501,767
Total charter school net assets	<u>\$ 7,506,753</u>	<u>\$ (210,431)</u>	<u>\$ 169,677</u>	<u>\$ 901,998</u>	<u>\$ 1,033,216</u>	<u>\$ 513,267</u>

Notes

GASB requires that ten year of statistical data be presented. However, only six years of data is available. Each year thereafter, an additional year's data will be included until ten years of data is presented.
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GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-2

	Changes In Net Assets Last Six Years <i>(accrual basis of accounting)</i> (Unaudited)					
	Fiscal Year Ended June 30,					
	2017	2016	2015	2014	2013	2012
Expenses						
Governmental activities						
Instruction						
Regular	\$ 8,964,781	\$ 3,121,205	\$ 2,383,521	\$ 1,990,593	\$ 1,377,177	\$ 1,021,626
Support Services:						
General administration	2,487,151	2,970,788	1,469,994	1,502,688	967,159	698,894
School administrative services	7,323,920	2,856,371	1,718,368	1,380,773	632,528	94,575
On-behalf TPAF/FICA Reimbursements	-	-	-	-	47,634	-
Capital outlay	-	-	-	-	-	-
Unallocated depreciation	363,785	96,498	11,576	8,439	11,500	11,500
Total governmental activities expenses	<u>19,139,637</u>	<u>9,044,862</u>	<u>5,583,459</u>	<u>4,882,493</u>	<u>3,035,998</u>	<u>1,826,595</u>
Business-type activities:						
Food service	1,022,043	296,917	242,780	191,014	139,090	111,842
Child Care	-	-	-	-	-	-
Total business-type activities expense	<u>1,022,043</u>	<u>296,917</u>	<u>242,780</u>	<u>191,014</u>	<u>139,090</u>	<u>111,842</u>
Total charter school expenses	<u>\$ 20,161,680</u>	<u>\$ 9,341,779</u>	<u>\$ 5,826,239</u>	<u>\$ 5,073,507</u>	<u>\$ 3,175,088</u>	<u>\$ 1,938,437</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Operating grants and contributions	\$ 1,977,469	\$ 1,069,135	\$ 447,551	\$ 602,482	\$ 402,259	\$ 484,008
Capital grants and contributions	-	-	-	-	-	-
Total governmental activities program revenues	<u>1,977,469</u>	<u>1,069,135</u>	<u>447,551</u>	<u>602,482</u>	<u>402,259</u>	<u>484,008</u>
Business-type activities:						
Charges for services						
Food service	4,860	-	-	-	-	-
Operating grants and contributions	963,394	248,753	216,372	149,455	122,303	80,007
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	<u>968,254</u>	<u>248,753</u>	<u>216,372</u>	<u>149,455</u>	<u>122,303</u>	<u>80,007</u>
Total charter school program revenues	<u>\$ 2,945,723</u>	<u>\$ 1,317,888</u>	<u>\$ 663,923</u>	<u>\$ 751,937</u>	<u>\$ 524,562</u>	<u>\$ 564,015</u>

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-2

Changes In Net Assets
Last Six Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,					
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense)/Revenue						
Governmental activities	\$ (17,162,168)	\$ (7,975,727)	\$ (5,135,908)	\$ (4,280,011)	\$ (2,633,739)	\$ (1,342,587)
Business-type activities	(53,789)	(48,164)	(26,408)	(41,559)	(16,787)	(31,835)
Total charter school-wide net expense	<u>\$ (17,215,957)</u>	<u>\$ (8,023,891)</u>	<u>\$ (5,162,316)</u>	<u>\$ (4,321,570)</u>	<u>\$ (2,650,526)</u>	<u>\$ (1,374,422)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes levied for general purposes, net	\$ 2,770,799	\$ 1,113,041	\$ 817,356	\$ 642,352	\$ 464,168	\$ 232,623
Grants and contributions	18,807,393	6,937,893	4,814,812	3,560,063	2,700,172	1,512,178
Miscellaneous income	23,102	12,697	56,772	21,692	6,135	142,888
Transfers	-	(48,164)	(26,408)	(41,559)	(18,426)	(30,195)
Total governmental activities	<u>21,601,294</u>	<u>8,015,467</u>	<u>5,662,532</u>	<u>4,182,548</u>	<u>3,152,049</u>	<u>1,857,494</u>
Business-type activities:						
Transfers	-	48,164	26,408	41,559	18,426	30,195
Total business-type activities	<u>-</u>	<u>48,164</u>	<u>26,408</u>	<u>41,559</u>	<u>18,426</u>	<u>30,195</u>
Total charter school-wide	<u>\$ 21,601,294</u>	<u>\$ 8,063,631</u>	<u>\$ 5,688,940</u>	<u>\$ 4,224,107</u>	<u>\$ 3,170,475</u>	<u>\$ 1,887,689</u>
Change in Net Assets						
Governmental activities	\$ 4,439,126	\$ 87,904	\$ 553,032	\$ (55,904)	\$ 518,310	\$ 514,907
Business-type activities	(53,789)	(48,164)	(26,408)	(41,559)	1,639	(1,640)
Total charter school	<u>\$ 4,385,337</u>	<u>\$ 39,740</u>	<u>\$ 526,624</u>	<u>\$ (97,463)</u>	<u>\$ 519,949</u>	<u>\$ 513,267</u>

Notes

GASB requires that ten year of statistical data be presented. However, only six years of data is available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-3

Fund Balances - Governmental Funds
Last Six Years
(modified accrual basis of accounting)
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>Fiscal Year Ended June 30,</u> <u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund						
Unreserved	\$ 9,190,123	\$ 1,038,996	\$ 1,144,066	\$ 901,998	\$ 1,033,216	\$ 503,406
Total general fund	<u>\$ 9,190,123</u>	<u>\$ 1,038,996</u>	<u>\$ 1,144,066</u>	<u>\$ 901,998</u>	<u>\$ 1,033,216</u>	<u>\$ 503,406</u>
All Other Governmental Funds						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:						
Special revenue fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes

GASB requires that ten year of statistical data be presented. However, only six years of data is available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

Changes in Fund Balances - Governmental Funds
Last Six Years
(Unaudited)

Function	Fiscal Year Ended June 30,					
	2017	2016	2015	2014	2013	2012
Revenues						
Local tax levy	\$ 2,770,799	\$ 1,113,041	\$ 817,356	\$ 642,352	\$ 464,168	\$ 232,623
Miscellaneous	305,280	143,027	61,772	63,362	6,135	566,144
State sources	19,312,471	6,937,893	4,985,233	3,668,357	2,700,172	1,537,897
Federal sources	1,190,213	938,805	442,551	560,812	378,015	35,034
Total revenue	23,578,763	9,132,766	6,306,912	4,934,883	3,548,490	2,371,698
Expenditures						
Instruction	8,964,781	3,121,205	2,383,521	1,990,593	1,377,177	945,065
Administration	3,480,465	2,922,624	1,920,862	1,610,982	967,159	500,891
Support Services	7,087,216	2,667,831	1,744,776	1,422,332	680,162	399,335
Capital Outlay	938,283	516,344	15,685	42,194	-	23,000
Total expenditures	20,470,745	9,228,004	6,064,844	5,066,101	3,024,498	1,868,291
Net change in fund balances	\$ 3,108,018	\$ (95,238)	\$ 242,068	\$ (131,218)	\$ 523,992	\$ 503,407

Source: Charter School's Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-5

General Fund Other Local Revenue by Source
Last Six Years
(Unaudited)

<u>Function</u>	<u>2017</u>	<u>2016</u>	<u>Fiscal Year Ended June 30,</u>		<u>2013</u>	<u>2012</u>
			<u>2015</u>	<u>2014</u>		
Other local revenues						
Miscellaneous	\$ 23,102	\$ 12,697	\$ 56,772	\$ 21,692	\$ 6,135	\$ 142,888
Total other local revenue	<u>\$ 23,102</u>	<u>\$ 12,697</u>	<u>\$ 56,772</u>	<u>\$ 21,692</u>	<u>\$ 6,135</u>	<u>\$ 142,888</u>

Source: Charter School's Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-10

Ratio of Outstanding Debt By Type
Last Six Years

Fiscal Year Ended June 30,	Governmental Activities				Type Activities	Total Charter School	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificate s of Participati on	Capital Leases	Bond Anticipatio n Notes (BANs)	Capital Leases			
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2013	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	0.00%	-
2016	-	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	-	0.00%	-

NO LONG TERM DEBT FOR THE CHARTER SCHOOL

Note: Details regarding the Charter School's outstanding debt can be found in the notes to the financial statements.

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-14

Demographic and Economic Statistics
Last Six Years
(Unaudited)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	278,414	\$ 15,425,249,256	\$ 55,404	15.00%
2013	279,499	15,565,858,308	55,692	15.00%
2014	280,980	16,386,472,620	58,319	15.00%
2015	281,944	16,925,098,320	60,030	15.00%
2016	281,764	16,914,292,920	60,030	7.90%
2017	281,764	16,914,292,920	60,030	7.90%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Personal capital income by municipality estimated based upon the 2000 Cesus published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-15

Principal Employers
Current Year
(Unaudited)

	2017		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u> <u>[Optional]</u>	<u>Percentage of</u> <u>Total Municipal</u> <u>Employment</u>
Newark Liberty International Airport	24,000	1	17.14%
Verizon Communications	17,100	2	12.21%
Prudential Financial, Inc.	16,850	3	12.04%
Continental Airlines	11,000	4	7.86%
University of Medicines/Dentistry	11,000	5	7.86%
Public Service Enterprise Group	10,800	6	7.71%
Prudential Insurance	4,492	7	3.21%
City of Newark	3,984	8	2.85%
Horizon Blue Cross & Blue Shield	3,900	9	2.79%
	103,126		73.66%

Source: Web Site: <http://www.city-data.com/us-cities/The-Northeast/Newark-Economy.html>

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-16

Full-Time Equivalent Charter School Employees by Function/Program
Last Six Years
(Unaudited)

<u>Function/Program</u>	Fiscal Year Ended June 30,					
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Instruction						
Regular	100	20	20	13	8	5
Special education	12	1	1	1	1	1
Other instruction	-	58	58	58	46	24
Support Services:						
General administration	29	13	13	12	7	3
Other support services	27	3	3	2	1	1
Total	<u>168</u>	<u>95</u>	<u>95</u>	<u>86</u>	<u>63</u>	<u>34</u>

Source: Charter School Personnel Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-17

Operating Statistics

**Last Six Years
(Unaudited)**

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Teaching Staff^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)^c	Average Daily Attendance (ADA)^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	127	\$ 1,404,265	\$ 11,057	N/A	30	1:4	127.0	120	N/A	94.49%
2013	196	3,024,498	15,431	39.56%	55	1:4	196.0	186	54.33%	94.90%
2014	260	5,023,907	19,323	25.22%	72	1:4	260.0	247	32.65%	95.00%
2015	331	6,049,159	18,275	-5.42%	79	1:4	331.0	314	27.31%	94.86%
2016	460	8,711,660	18,938	3.63%	79	1:4	461.0	437	39.27%	94.79%
2017	1,309	19,532,462	14,922	-18.35%	112	1:4	1309.0	1,823	295.47%	139.27%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily atte

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-18

School Building Information
Last Six Years
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Square Feet	60,800	46,000	29,000	24,000	15,000	10,000
Capacity (students)	1,300	500	400	300	200	150
Enrollment	1,309	460	331	260	196	127

Source: School Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

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Schedule of Required Maintenance Expenditures
By School Facility*
Last Six Years
(Unaudited)

2012	\$ 306,369
2013	565,294
2014	1,107,338
2015	1,447,264
2016	2,008,540
2017	3,284,892
	-
Total	<u>\$ 8,719,697</u>

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

Source: Charter School records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

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Insurance Schedule

June 30, 2017
(Unaudited)

	Coverage
Commercial General Liability:	
Each Occurrence	\$ 1,000,000
Medical Expense Limit Per Person	10,000
Personal and Adv Injury	1,000,000
General Aggregate	3,000,000
Products - Comp/Op Agg	3,000,000
Abuse and Molestation, Aggregate	3,000,000
Abuse and Molestation	1,000,000
Fire Legal Liability	1,000,000
Educators Legal Liability:	
Each Occurrence	1,000,000
Aggregate	2,000,000
Deductible	5,000
Automobile:	
Combined Single Limit	1,000,000
Bodily Injury (Per Person)	1,000,000
Bodily Injury (Per Accident)	1,000,000
Crime:	
Blanket Employee Dishonesty	100,000
Deductible	1,000
Umbrella Liability:	
Each Occurrence	5,000,000
Aggregate	5,000,000
Deductible	10,000
Property:	
Building	9,100,000
Business Personal Property	1,750,000
EDP Equipment and Media	1,500,000
Business Income	3,000,000
Student Accident:	
Aggregate Limit of Indemnity	250,000
Accident Medical Expense Benefit	10,000
Accident Death and Dismemberment	10,000
Workers Compension and Employers Liability:	
Bodily Injury By Accident	1,000,000
Bodily Injury By Disease-Policy	1,000,000
Bodily Injury By Disease	1,000,000

Source: Charter School Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2017
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 6,646,119	\$ 783,085	\$ 615,139
Current assets	3,430,936	619,350	635,085
Capital assets, net	2,535,445	457,712	37,864
Total assets	<u>12,612,500</u>	<u>1,860,147</u>	<u>1,288,088</u>
Current liabilities	4,439,149	2,606,119	1,360,994
Long term liabilities	-	-	-
Total liabilities	<u>4,439,149</u>	<u>2,606,119</u>	<u>1,360,994</u>
Net position	<u>\$ 8,173,351</u>	<u>\$ (745,972)</u>	<u>\$ (72,906)</u>
Total revenue	\$ 24,542,157	\$ 9,381,519	\$ 6,352,863
Total expenses	(20,161,680)	(9,341,779)	(5,826,239)
Change in net position	<u>\$ 4,380,477</u>	<u>\$ 39,740</u>	<u>\$ 526,624</u>

Depreciation expense	\$ 363,785	\$ 96,498	\$ 11,576
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-

Final average daily enrollment	1,309	460	331
March 30th budgeted enrollment	1,300	462	335

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Three Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	2.27	0.54	0.92	3.73
Unrestricted days cash	120.32	30.60	38.54	189.45
Enrollment variance	101%	100%	99%	1.00
Default	N/A	N/A	N/A	N/A

Source: Charter School Records

GREAT OAKS LEGACY CHARTER SCHOOL
County of Essex, New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

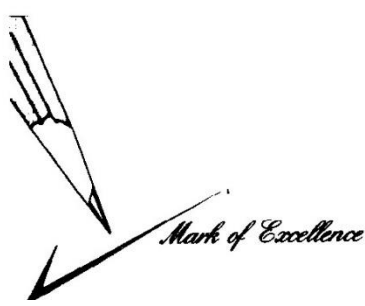
June 30, 2017
(Unaudited)

	2017	2016	2015
Cash	\$ 6,646,119	\$ 783,085	\$ 615,139
Current assets	3,430,936	619,350	635,085
Capital assets, net	2,515,705	457,712	37,864
Total assets	12,592,760	1,860,147	1,288,088
Current liabilities	4,439,149	2,606,119	1,360,994
Long term liabilities	-	-	-
Total liabilities	4,439,149	2,606,119	1,360,994
Net position	\$ 8,153,611	\$ (745,972)	\$ (72,906)
Total revenue	\$ 24,542,157	\$ 9,381,519	\$ 6,352,863
Total expenses	(20,161,680)	(9,341,779)	(5,826,239)
Change in net position	\$ 4,380,477	\$ 39,740	\$ 526,624
Depreciation expense	\$ 363,785	\$ 96,498	\$ 11,576
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	1,309	460	331
March 30th budgeted enrollment	1,300	462	335

	2017	2016	2015	Three Year Cumulative
SUSTAINABILITY INDICATORS:				
Total margin	18%	0%	8%	12%
Debt to asset	N/A	N/A	N/A	N/A
Cash flow	\$ 5,863,034	\$ 167,946	\$ (203,935)	\$ 5,827,045
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

Single Audit Section



K-1

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Chairperson and
Members of the Board of Trustees
Great Oaks Legacy Charter School
County of Essex
Newark, New Jersey

We have audited, 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 *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Great Oaks Legacy Charter School (“the Charter School”), in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements, and have issued our report thereon, dated November 24, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

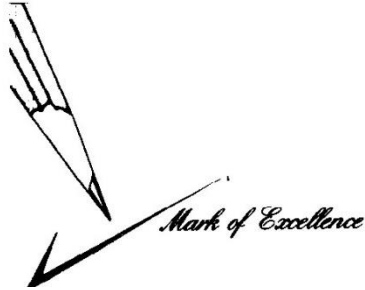
Ilori CPA LLC

November 24, 2017
Newark, New Jersey

Ilori CPA LLC
Certified Public Accountant

KunleIlori

Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100



ILORI CPA LLC
CERTIFIED PUBLIC ACCOUNTANT
& MANAGEMENT CONSULTANT
Member of AICPA, NJCPA & MACPA

24 COMMERCE STREET SUITE 1427
NEWARK, NEW JERSEY 07102
Telephone (973)-621-5780
Fax (973) 404- 8858

K-2

Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance and *State of New Jersey Department of Treasury Circular 15-08-OMB*

The Honorable Chairperson and
Members of the Board of Trustees
Great Oaks Legacy Charter School
County of Essex,
Newark, New Jersey

Compliance

We have audited the Great Oaks Legacy Charter School (“the Charter School”), in the County of Essex, State of New Jersey (“the Charter School”) compliance with the types of requirements described in the OMB Compliance Supplements and *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School’s major federal and state programs for the year ended June 30, 2017. The Charter School’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.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, the Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Charter School 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, 2017.

Report on Internal Control over Compliance

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose.

Ilori CPA LLC

November 24, 2017
Newark, New Jersey

Ilori CPA LLC
Certified Public Accountant

KunleIlori

Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100

GREAT OAKS LEGACY CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal C.F.D.A No.	Federal Award Identification No.	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2016	Deferred Revenue at June 30, 2016	Due to Grantor at June 30, 2016	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017
Special Revenue Fund:															
U.S. Department of Education, Pass-Through Programs:															
Passed-Through New Jersey State Department of Education															
Title I Part A - FY 2016-2017	84.010A	S010A160030	7/1/16-6/30/17	\$ 1,137,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (818,056)	\$ -	\$ (818,056)	\$ -	\$ -
Title II A - FY 2016-2017	84.367A	S367A160029	7/1/16-6/30/17	3,539	-	-	-	-	-	-	(242)	-	(242)	-	-
IDEA Part B - FY 2016-2017	84.027	H027A160100	7/1/16-6/30/17	217,285	-	-	-	-	-	46,686	(217,285)	-	(170,599)	-	-
IDEA Preschool - FY 2016-2017	84.173	H173A160114	7/1/16-6/30/17	3,824	-	-	-	-	-	-	-	-	-	-	-
Passed-Through Rutgers, The State University of New Jersey:															
Teacher Incentive Fund Program	84.374A	S374A150031	10-1-14-9/30/15	246,228	-	-	-	(22,316)	-	146,807	(154,630)	-	(30,139)	-	-
Total U.S. Department of Education, Pass-Through Programs					-	-	-	(22,316)	-	193,493	(1,190,213)	-	(1,019,036)	-	-
U.S. Department of Education, Direct Programs:															
Charter Schools Grant - Replication and Expansion of High-Quality Charter Schools - 2015-2016	84.282M	U282A120015	10/1/15-9/30/16	150,000	(38,015)	-	-	-	-	38,015	-	-	-	-	-
Total U.S. Department of Education, Direct Programs					(38,015)	-	-	-	-	38,015	-	-	-	-	-
Total for U.S. Department of Education					(38,015)	-	-	(22,316)	-	231,508	(1,190,213)	-	(1,019,036)	-	-
U.S. Corporation for National and Community Service, Pass-Through Program:															
Passed-Through New Jersey State Service Commission															
AmeriCorps	94.016	Not Available	7/1/15-6/30/16	242,000	(189,979)	-	-	-	-	121,735	-	-	(68,244)	-	-
Total U.S. Corporation for National and Community Service, Pass-Through Program					(189,979)	-	-	-	-	121,735	-	-	(68,244)	-	-
Total Special Revenue					(227,994)	-	-	(22,316)	-	353,243	(1,190,213)	-	(1,087,280)	-	-
Enterprise Fund:															
U.S. Department of Agriculture															
Passed-Through New Jersey Dept of Agriculture															
National School Lunch Program	10.555	171NJ304N1099	7/1/16-6/30/17	591,539	-	-	-	-	-	479,469	(591,539)	-	(112,070)	-	-
National School Lunch Program	10.555	1616NJ304N1099	7/1/15-6/30/16	498,787	(116,071)	-	-	-	-	116,071	-	-	-	-	-
National School Breakfast Program	10.553	171NJ304N1099	7/1/16-6/30/17	211,165	-	-	-	-	-	170,347	(211,165)	-	(40,818)	-	-
National School Breakfast Program	10.553	1616NJ304N1099	7/1/15-6/30/16	62,121	(11,955)	-	-	-	-	11,955	-	-	-	-	-
National After School Snacks	10.555	171NJ304N1099	7/1/16-6/30/17	102,233	-	-	-	-	-	81,959	(102,233)	-	(20,274)	-	-
Healthy, Hunger-Free Kids Act	10.555	171NJ304N1099	7/1/16-6/30/17	12,036	-	-	-	-	-	10,262	(12,036)	-	(1,774)	-	-
Fresh Fruits and Vegetable Program	10.582	171NJ304N1099	7/1/16-6/30/17	35,235	-	-	-	-	-	24,327	(35,235)	-	(10,908)	-	-
Total Enterprise Fund/Total U.S. Department of Agriculture					(128,026)	-	-	-	-	894,390	(952,208)	-	(185,844)	-	-
Total Expenditures of Federal Awards					\$ (356,020)	\$ -	\$ -	\$ (22,316)	\$ -	\$ 1,247,633	\$ (2,142,421)	\$ -	\$ (1,273,124)	\$ -	\$ -

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

GREAT OAKS LEGACY CHARTER SCHOOL

Schedule of Expenditures of State Awards

Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2016	Deferred Revenue at June 30, 2016	Due to Grantor at June 30, 2016	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017
State Department of Education														
General Fund:														
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$18,554,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,622,502	\$ (18,554,525)	\$ -	\$ (932,023)	\$ -	\$ -
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	6,304,205	(258,114)	-	117,731	-	-	258,114	-	(117,731)	-	-	-
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	579,291	-	-	-	-	-	579,291	(579,291)	-	-	-	-
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	525,541	-	-	-	-	-	525,541	(525,541)	-	-	-	-
State Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1,274,515	-	-	-	-	-	1,203,257	(1,274,515)	-	(71,258)	-	-
TPAF/FICA Reimbursements	17-495-034-5095-002	7/1/16-6/30/17	377,312	-	-	-	-	-	343,626	(377,312)	-	(33,686)	-	-
TPAF/FICA Reimbursements	16-495-034-5095-002	7/1/15-6/30/16	106,583	(4,457)	-	-	-	-	4,457	-	-	-	-	-
TPAF Post Retirement Medical Contribution	17-495-034-5094-001	7/1/16-6/30/17	120,561	-	-	-	-	-	120,561	(120,561)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	17-495-034-5094-002	7/1/16-6/30/17	144,691	-	-	-	-	-	144,691	(144,691)	-	-	-	-
TPAF Pension Contribution - Long-Term Disability Insura	17-495-034-5094-004	7/1/16-6/30/17	1,756	-	-	-	-	-	1,756	(1,756)	-	-	-	-
Total General Fund				<u>(262,571)</u>	<u>-</u>	<u>117,731</u>	<u>-</u>	<u>-</u>	<u>20,803,796</u>	<u>(21,578,192)</u>	<u>(117,731)</u>	<u>(1,036,967)</u>	<u>-</u>	<u>-</u>
Special Revenue Fund:														
Preschool Education Aid	17-495-034-5120-086	7/1/16-6/30/17	785,460	-	-	-	(53,298)	-	583,483	(505,078)	-	-	25,107	-
Preschool Education Aid	16-495-034-5120-086	7/1/15-6/30/16	-	(20,946)	-	-	20,946	-	-	-	-	-	-	-
Total Special Revenue Fund				<u>(20,946)</u>	<u>-</u>	<u>-</u>	<u>(32,352)</u>	<u>-</u>	<u>583,483</u>	<u>(505,078)</u>	<u>-</u>	<u>-</u>	<u>25,107</u>	<u>-</u>
Total State Department of Education				<u>(283,517)</u>	<u>-</u>	<u>117,731</u>	<u>(32,352)</u>	<u>-</u>	<u>21,387,279</u>	<u>(22,083,270)</u>	<u>(117,731)</u>	<u>(1,036,967)</u>	<u>25,107</u>	<u>-</u>
State Department of Agriculture														
Enterprise Fund:														
State School lunch program	17-100-010-3350-023	7/1/16-6/30/17	11,186	-	-	-	-	-	9,087	(11,186)	-	(2,099)	-	-
State School lunch program	16-100-010-3350-023	7/1/15-6/30/16	10,489	(1,494)	-	-	-	-	1,494	-	-	-	-	-
Total Enterprise Fund				<u>(1,494)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,581</u>	<u>(11,186)</u>	<u>-</u>	<u>(2,099)</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance				<u>\$ (285,011)</u>	<u>\$ -</u>	<u>\$ 117,731</u>	<u>\$ (32,352)</u>	<u>\$ -</u>	<u>\$ 21,397,860</u>	<u>(22,094,456)</u>	<u>\$(117,731)</u>	<u>\$ (1,039,066)</u>	<u>\$ 25,107</u>	<u>\$ -</u>
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										120,561				
TPAF Pension Contribution - Normal & NCGI										144,691				
TPAF Pension Contribution - Long-Term Disability Insurance										1,756				
Total Expenditures of State Financial Assistance Subject to Single Audit										<u>\$ (21,827,448)</u>				

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2017

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance of the Charter School. 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.

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Charter School's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made. The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0- for the general fund and \$-0- for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2017

3. Relationship to Basic Financial Statements - continued

Federal awards and state financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 21,578,192	\$ 21,578,192
Special Revenue Fund	1,190,213	505,078	1,695,291
Enterprise Fund	952,208	11,186	963,394
Total	<u>\$ 2,142,421</u>	<u>\$ 22,094,456</u>	<u>\$ 24,236,877</u>

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.

5. Other Information

TPAF Social Security contribution in the amount of \$377,312 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions in the amount of \$267,008 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2017.

6. On Behalf Programs Not Subject to State Single Audit

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's financial statements and the amount subject to State single audit and major program determination.

7. De Minimis Indirect Cost

The Charter School has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Part I Summary of Auditors' Results

Financial Statements Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Noncompliance material to basic financial statements noted? _____ Yes No

Federal Awards:

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

Internal control over major programs:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I, Part A
84.027	IDEA Basic, Part B

Dollar threshold used to distinguish between Type A and B programs: \$750,000

Auditee qualifies as low-risk auditee? yes _____ No

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Part I Summary of Auditors' Results

State Financial Assistance Section

Dollar threshold used to distinguish between Type A and B programs: \$750,000

Auditee qualifies as low-risk auditee? yes No

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

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

Any audit findings disclosed that are required to be reported
in accordance with NJ OMB Circulars 15-08 as applicable? Yes No

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Special Education Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-085	State Adjustment Aid

**GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Part II – Schedule of Financial Statement Findings

NONE

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Part III – Schedule of Federal Awards and State Financial Assistance

NONE

GREAT OAKS LEGACY CHARTER SCHOOL
(County of Essex)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2017

There were no prior year's audit findings.

GREAT OAKS LEGACY CHARTER SCHOOL

Schedule of Expenditures of Local Financial Assistance

Year ended June 30, 2017

Local Grantor/Program Title	Grant or Local Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2016	Deferred Revenue at June 30, 2016	Due to Grantor at June 30, 2016	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017
Special Revenue Fund:														
New Leaders, Inc.:			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal-In-Residence	Not Available	07/01/15 to 06/30/16	35,000	(17,500)	-	-	-	-	17,500	-	-	-	-	-
Newark Charter School Fund:														
Tuition Reimbursement	Not Available	07/01/16 to 06/30/17	75,000	-	-	-	-	-	-	(33,075)	-	(33,075)	-	-
Victoria Foundation - College Counseling	Not Available	07/01/15 to 06/30/16	25,000	-	-	-	14,134	-	-	(14,134)	-	-	-	-
Teams for Kids	Not Available	07/01/16 to 06/30/17	4,500	-	-	-	-	-	4,500	(4,500)	-	-	-	-
GEM Foundation	Not Available	07/01/16 to 06/30/17	329,000	-	-	-	-	-	329,000	(230,469)	-	-	98,531	-
Total Local Financial Assistance				<u>\$ (17,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,134</u>	<u>\$ -</u>	<u>\$ 351,000</u>	<u>\$ (282,178)</u>	<u>\$ -</u>	<u>\$ (33,075)</u>	<u>\$ 98,531</u>	<u>\$ -</u>