



*Lady Liberty Academy Charter
School*

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

**PREPARED BY
LADY LIBERTY ACADEMY CHARTER SCHOOL**

LADY LIBERTY ACADEMY CHARTER SCHOOL

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Lady Liberty Academy Charter School

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November 27, 2017

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

Dear Commissioner:

The Comprehensive Annual Financial Report of the Lady Liberty Academy Charter School (the “Charter School”) for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the “Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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.

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, a roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors’ Report, management’s discussion and analysis, the basic financial statements and notes providing an overview of the Charter School’s financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial trends and the fiscal capacity of the Charter School, 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.

Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) Reporting Entity and Its Services

Lady Liberty Academy Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the Charter School are included in this report. Lady Liberty Academy Charter School constitutes the Charter School's reporting entity.

Lady Liberty Academy is a ten month/190-day school and our school day is 8am – 4pm. Our students are dismissed at 3pm on Tuesdays and our teachers participate in 1 hour of Professional Development. We have an average of 18 students per classroom in grades K-3 and we average 27 students per class in grades 4-8. Lady Liberty provides a comprehensive education program in order to meet the needs of all learners. In order to serve students with IEPs, Lady Liberty provides inclusion special education support in grades K-8, as well as a self-contained special education classroom serving students in grades 5-8. An I&RS team is in place to manage the referral process and provide intervention to students who do not have IEPs, but who are struggling to meet grade level goals.

Lady Liberty Academy teachers provide support to all levels of learners each day through our three-tiered instructional model. Tier one provides all learners with grade level instruction, while tier two provides guided practice targeted to the current skill level of the students. Tier three then provides a specific intervention in small groups of no more than three students to students who continue to struggle with the given topic.

In addition to the daily differentiated instruction and support in the classroom, Lady Liberty provides Saturday academy to students below grade level and small group tutoring to students approaching grade level during the school day.

In addition to support for our struggling learners, Lady Liberty has begun piloting advanced and enrichment programs for our top performing students, in order to address their needs and increase the academic capacity of our student body. Programs that we have initiated in the prior years (and continued in the current year) include advanced pre-algebra and algebra classes, an enrichment book study group and the implementation of the National Junior Honor Society in our Middle School.

2) Enrollment Outlook

The Charter School's charter authorized a maximum enrollment of 468 students in 2016-2017 in grades K-8. The enrollment at the beginning of the school year was 454 students. The enrollment at the end of the school year was 428 students. There are three classes in each grades K, 1, 2, 3 and 4. There are two classes in grades 5, 6, 7, and 8.

3) Major Initiatives

The staff of LLACS will continue to be provided with professional development that provides long-term support to improve their practice, identify problems with teaching and learning, analyze student performance and integrate theory into practice, while using data to drive the instruction. We will provide follow up, enhancement, and extension to the existing PD that was introduced to ensure teacher and administrator efficiency that results in a significant academic growth. Teachers will consistently remain involved in collaborative planning for grade levels and subjects. The school will continue to develop its curricular goals that are aligned to the New Jersey Common Core Curriculum standards. Teachers will develop the mastery objectives for English Language Arts and Mathematics to gain a thorough understanding of the standards. On-site professional development activities will be evaluated at the onset, during and upon completion of activities.

The following are specific innovations that were introduced in the prior year and continued in the current school year:

On line Lesson Planning

Teachers received extensive training in creating Lesson plans on line that reflect the Charter School's philosophy for the understanding and implementation of learning objectives, anticipatory set, teacher model, guided practice, independent work, checking for understanding, and the assessment of lessons. All lesson plans were electronically posted on the On Course website where the administrative team critiqued them on a bi-weekly basis.

Common Planning

Weekly collaborative meetings were scheduled for grades K-4 and content level meetings were held for grades 5-8 to provide opportunities to exchange ideas and plan units of study. Teachers worked collaboratively in analyzing student work across all content areas. Curriculum maps and instructional frameworks were discussed and revised in these meetings.

Trainers

Trainers provided support for transforming teachers' practice, defining problems in teaching and learning, analyzing student performance and integrating theory into practice. Teachers were coached to provide rigorous, standards-based lessons and give motivational feedback to unmotivated students in order to engage them on a greater level.

3) **Major Initiatives** (Cont'd)

Study Groups

Study groups and inquiry teams were formed to investigate, reflect and dialogue about collective thinking for professional growth. Professional development needs were gleaned from these groups to plan for the upcoming school year.

Co-Teaching

All middle school teachers received extensive training in the co-teaching model, which was implemented in the upper grades (5-8). Co-Teachers met with administration to address any concerns or difficulties in order to provide high-level, standards-based, rigorous instruction to all students.

Language Arts Curriculum

The leadership team set clear guidelines for the implementation of a new philosophy for teaching reading, writing, and vocabulary skills. All teachers received a full two weeks of professional development to learn the components of Balanced Literacy. The workshop model was introduced so that teachers could differentiate and tier their instruction to meet the diverse needs of learners. The professional development to provide follow up support for a comprehensive Balanced Literacy program continued throughout the school year. A guided level book room was outfitted in the school to allow teachers to enhance their Balanced Literacy program to include small group guided reading instruction.

Math Curriculum

The school implemented the workshop model as an approach to math instruction. During the summer teachers received professional development on identifying mastery objectives for each grade level.

Standards-based activities that foster critical thinking in mathematics was used in all instruction and curriculum maps were developed throughout the year for each grade.

Teachers were also engaged in reflective practice and peer review through the analysis of our benchmark assessments. They were led into discussions that highlighted strengths of lessons and suggested ideas for improving aspects of the lessons that did not go well based on the data and formulated re-teaching strategies. The emphasis was placed on creating a professional learning community in which teachers shared and learned from each other, while reflecting on their own practices with a critical lens for improvement.

3) **Major Initiatives** (Cont'd)

Data on student performance was used to drive professional development for math teachers. Teachers will continue to participate in data meetings to understand and disaggregate data in multiple ways to identify trends; areas for re-teaching; individual students' areas of challenges; whole class challenges; item analyses; and error analyses. Information gleaned from these exercises will be used to create action plans and intervention strategies.

Social Studies Curriculum

As part of the emphasis for infusing literacy across the content areas, the social classes received instructional materials for teaching multiple genres used for shared reading and read-aloud experiences. Thematic units will continue to be created by the social studies team that aligns with the recently updated NJCCCS in Social Studies.

Science and Technology Curriculum

This year the LLACS science curriculum was expanded to include a curriculum map and pacing guide that is more effective and comprehensive. The revised curriculum map and pacing guide is in direct alignment with the NJCCCS. A Technology Plan was created the previous year and more resources were needed here as well to fully equip the building with internet and technology labs. We are now currently equipped with internet and technology in all science labs. We also piloted the iPad initiative in the 8th grade, where each 8th grade student was given an iPad to use in their classes throughout the school day. This allowed students to use engaging, updated technology for research, reading, and projects.

School-wide Performances

School-wide events included: The Winter Arts Festival, The PTO sponsored fashion show, Movie nights, The African-American History Celebration, the 8th Grade Dance Jam, Fun Day and the Spring Arts Festival. All of these events were highly-attended and helped us to continuously share special moments with our parent population.

3) Major Initiatives (Cont'd)

Public Relations/Engagement and Partnerships

Lady Liberty Academy has continued to build relationships with local groups and community organizations that work throughout the year to support our school community. Some examples are:

- Leukemia & Lymphoma Society – partnered with our school to run the Pennies for Patients program, where our school raised a modest amount for the cause.
- NJPAC – partnered with our school to run an in-house ballroom dancing program for our 8th grade students.
- NewarkWORKS/Youth One Stop Career Center – partnered with our school to help provide summer work experiences for students.
- CAP (Child Assault Prevention) Program – partnered with our school to provide child assault prevention workshops for our K-4 population.
- UMDNJ (University of Medicine & Dentistry of New Jersey) – provided free dental screenings and follow up services to LLACS students.
- Healthy Smile Program – performed dental screenings for our 6th grade population for early detection and prevention of gum disease.
- The Department of Child and Family Well-being – assisted LLACS families that were in need of quality free or low-cost health coverage.
- Weight Watchers – partnered with us to create the Weight Watchers at Work program this year, where staff members participated in a health and wellness program.

4) Internal Accounting Controls

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

As a recipient of federal and state awards, the Charter School also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system 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 internal control system, including that portion related to major federal and state award programs, as well as to determine that the Charter School has complied with applicable laws, regulations, contracts and grants.

5) 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 legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the General and Special Revenue Funds.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2017.

6) Accounting System and Reports

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) 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 Funds for the fiscal year ended June 30, 2017 fiscal year:

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

<u>Revenue</u>	<u>2017</u>	<u>2016</u>	<u>Increase/ (decrease)</u>	<u>% Change</u>
Local sources	\$ 922,111	\$ 1,229,544	\$ (307,433)	-25.00%
State sources	7,120,040	6,696,147	423,893	6.33%
Federal sources	531,582	438,764	92,818	21.15%
	<u>\$ 8,573,733</u>	<u>\$ 8,364,455</u>	<u>\$ 209,278</u>	<u>2.50%</u>

The Charter School experienced a slight increase in revenue of about 2.5%. This was partly due to an insignificant change in enrollment from 2016 to 2017.

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

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

<u>Expenditures</u>	<u>2017</u>	<u>2016</u>	<u>Increase/ (decrease)</u>	<u>% Change</u>
Instruction	\$ 3,221,325	\$ 3,050,845	\$ 170,480	5.59%
Administrative	3,313,857	3,301,743	12,114	0.37%
Support	2,263,180	2,381,516	(118,336)	-4.97%
Capital outlay	-	207,175	(207,175)	0.00%
	<u>\$ 8,798,362</u>	<u>\$ 8,941,279</u>	<u>\$ (142,917)</u>	<u>-1.60%</u>

The Charter School's expenditures slightly decreased by about 2.7% over last year's partly because enrollment did not change significantly from last year's.

8) Cash Management

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

9) Risk Management

The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and contents. A schedule of insurance coverage is found on Exhibit J-20.

10) Other Information

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Olugbenga Olabintan, Certified Public Accountants/Consultants, was selected by the Board of Trustees

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 auditors’ report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors’ reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

11) Acknowledgements

We would like to express our appreciation to the members of the Board of Trustees of the Lady Liberty Academy Charter School for their concern in providing fiscal accountability to the citizens and participating districts of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

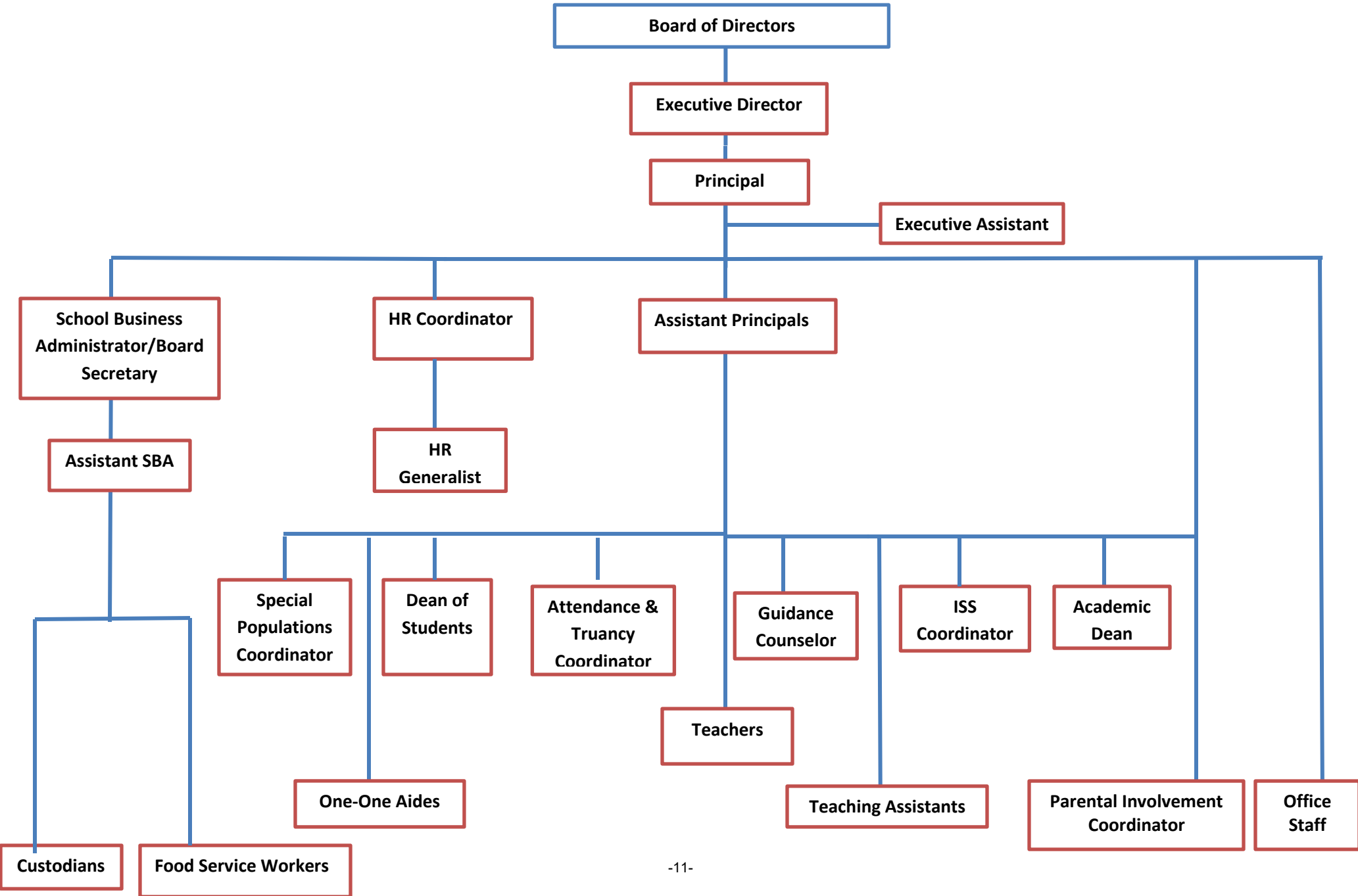
Respectfully submitted,

Ashaki E. Goodall

Ashaki E. Goodall
Executive Director



Lady Liberty Academy Charter School 2016-2017 SY Organizational Chart



LADY LIBERTY ACADEMY CHARTER SCHOOL

Roster of Trustees and Officers

June 30, 2017

Members of Board of Trustees

Monique L. Mitchell, Board President

Dr. Sandy Lizaire Duff, Vice President

Joshlyn Adams, Board Member

K. Anthony Thomas, Board Member

David Eisenberg, Board Member

Jessica Henderson, Board Member

Faheem Ellis, Board Member

Administration

Ms. Ashaki E. Goodall, Executive Director

Dr. James Catalano, Principal

Michael Falkowski, School Business Administrator/Board Secretary

LADY LIBERTY ACADEMY CHARTER SCHOOL

Consultants and Advisor

Independent Auditors

Olugbenga Olabintan
Certified Public Accountant/Consultant
137 Camden Street
Newark, New Jersey 07103

Attorney

Saiber, LLC
Attorneys At Law
18 Columbia Turnpike
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Financial Section

Olugbenga Olabintan

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Independent Auditors' Report

The Honorable President and
Members of the Board of Trustees
Lady Liberty Academy Charter School
County of Essex
Newark, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees Lady Liberty Academy 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.

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 November 27, 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.

Olugbenga Olabintan, CPA

November 27, 2017
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant

A handwritten signature in black ink, appearing to read 'Olugbenga Olabintan', written over a horizontal line.

Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

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.

LADY LIBERTY ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Introduction

This section of the Lady Liberty Academy 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 a deficit of \$(255,397). Net position of business-type activities, which represent food service and before/after school operations ended the fiscal year with a deficit of \$(8,276).
- General revenues accounted for \$8,042,151 in revenue or 90 percent of total revenues of \$8,894,688. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$852,537 or 10 percent of total revenues.
- The Charter School had \$9,346,806 in expenses related to governmental activities; \$531,582 of these expenses is offset by operating grants and contributions. General revenues (primarily State aid) of \$8,042,151 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2017, of \$1,363,941.

LADY LIBERTY ACADEMY 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 Lady Liberty Academy 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 Lady Liberty Academy 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.

LADY LIBERTY ACADEMY 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 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.

LADY LIBERTY ACADEMY 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, liabilities exceeded assets by \$255,397 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 Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 1,773,960	\$ 1,909,562	\$ 80,679	\$ 33,608	\$ 1,854,639	\$ 1,943,170
Capital assets, net	796,016	1,061,355	-	-	796,016	1,061,355
Deferred outflows of resources	1,264,007	814,998	-	-	1,264,007	814,998
Total assets	3,833,983	3,785,915	80,679	33,608	3,914,662	3,819,523
Liabilities						
Current liabilities	410,019	320,992	88,955	33,608	498,974	354,600
Long term liabilities	3,498,772	2,900,611	-	-	3,498,772	2,900,611
Deferred inflows of resources	180,589	46,636	-	-	180,589	46,636
Total liabilities	4,089,380	3,268,239	88,955	33,608	4,178,335	3,301,847
Net position:						
Invested in						
Capital assets	796,016	1,061,355	-	-	796,016	1,061,355
Designated for acquisition of new facilities	-	-	-	-	-	-
Unrestricted	(1,051,413)	(543,679)	(8,276)	-	(1,059,689)	(543,679)
Total net position	\$ (255,397)	\$ 517,676	\$ (8,276)	\$ -	\$ (263,673)	\$ 517,676

LADY LIBERTY ACADEMY 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 decreased by \$781,349 during the current fiscal year ended June 30, 2017. All of the increases is attributable to a decrease in the net position in governmental activities. Operating grants and contributions increased by about 11percent largely due to increase in federal grants revenue.

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	\$ -	\$ -	\$ 35	\$ -	\$ 35	\$ -
Operating grants and contributions	-	-	-	-	-	-
Total program revenues	<u>531,582</u>	<u>510,066</u>	<u>320,920</u>	<u>255,274</u>	<u>852,502</u>	<u>765,340</u>
General revenues:						
Local aid	727,969	983,230	-	-	727,969	983,230
Federal and state aid	7,120,040	6,696,147	-	-	7,120,040	6,696,147
Miscellaneous	194,142	175,012	-	-	194,142	175,012
Transfers	-	(46,574)	-	46,574	-	-
Total general revenues	<u>8,042,151</u>	<u>7,807,815</u>	<u>-</u>	<u>46,574</u>	<u>8,042,151</u>	<u>7,854,389</u>
Total revenues	<u>8,573,733</u>	<u>8,317,881</u>	<u>320,955</u>	<u>301,848</u>	<u>8,894,688</u>	<u>8,619,729</u>
Expenses:						
Instructions	3,221,325	3,050,845	-	-	3,221,325	3,050,845
Administrative & support services	-	-	-	-	-	-
Unallocated depreciation	5,860,142	5,899,276	-	-	5,860,142	5,899,276
Food service	265,339	265,339	-	-	265,339	265,339
Before and after school program	-	-	329,231	301,848	329,231	301,848
Total expenses	<u>9,346,806</u>	<u>9,215,460</u>	<u>329,231</u>	<u>301,848</u>	<u>9,676,037</u>	<u>9,517,308</u>
Change in net position	<u>\$ (773,073)</u>	<u>\$ (897,579)</u>	<u>\$ (8,276)</u>	<u>\$ -</u>	<u>\$ (781,349)</u>	<u>\$ (897,579)</u>

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.

LADY LIBERTY ACADEMY 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	\$ 3,221,325	\$ 2,886,722
Administrative & Support Services	5,860,142	5,663,163
Unallocated Depreciation	265,339	265,339
Total Expenses	\$ 9,346,806	\$ 8,815,224

Business-Type Activity

The business-type activity of the Charter School consists of the food service operations. These programs had revenues of \$320,955 (\$-0- of which was Board Contributions) and operating expenses of \$320,920 for fiscal year 2017. The Charter School intended to have food services programs become self-operating without assistance from the General Fund. However, the General Fund helped fund an operating deficit of \$8,276 in the food service program.

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 \$8,573,733 and expenditures of \$8,798,362. The Charter School had a current year deficit of \$224,629. However, the cumulative positive fund balance of \$1,588,570 from the prior years enabled the Charter School to meet its current costs.

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.

LADY LIBERTY ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

The State of New Jersey reimbursed the Charter School \$220,018 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members. The State also paid \$530,562 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 fiscal year 2017, the Charter School had \$796,016 balance invested in capital assets in its governmental activities.

The Charter School's 2017-2018 budget anticipates spending about \$-0- on capital projects.

Long-term debt

The Charter School had \$3,498,772 and \$2,900,611 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.

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:

LADY LIBERTY ACADEMY CHARTER SCHOOL
Business Office
746 Sandford Avenue
Newark, New Jersey 07106

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	\$ 1,293,899	\$ 24,885	\$ 1,318,784
Accounts receivable	258,439	55,794	314,233
Deposit for the acquisition of new facilities	-	-	-
Security deposits	132,667	-	132,667
Interfund receivables	88,955	-	88,955
Capital assets (net of accum deprec of \$754,581)	796,016	-	796,016
Total assets	<u>2,569,976</u>	<u>80,679</u>	<u>2,650,655</u>
Deferred outflows of resources			
Pension deferred outflows	1,264,007	-	1,264,007
Total assets and deferred outflows of resources	<u>\$ 3,833,983</u>	<u>\$ 80,679</u>	<u>\$ 3,914,662</u>
Liabilities			
Accounts payable	\$ 299,886	\$ -	\$ 299,886
Intergovernmental payables - state	110,133	-	110,133
Interfunds payables	-	88,955	88,955
Deferred revenue	-	-	-
Net pension liability	3,498,772	-	3,498,772
Total liabilities	<u>3,908,791</u>	<u>88,955</u>	<u>3,997,746</u>
Deferred inflows of resources			
Pension deferred inflows	180,589	-	180,589
Total liabilities and deferred inflows of resources	<u>4,089,380</u>	<u>88,955</u>	<u>4,178,335</u>
Net position			
Invested in capital assets	796,016	-	796,016
Designated for acquisition of new facilities	-	-	-
Unrestricted, undesignated	(1,051,413)	(8,276)	(1,059,689)
Total net position	<u>(255,397)</u>	<u>(8,276)</u>	<u>(263,673)</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 3,833,983</u>	<u>\$ 80,679</u>	<u>\$ 3,914,662</u>

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

LADY LIBERTY ACADEMY CHARTER SCHOOL

Statement of Activities

Year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 3,221,325	\$ -	\$ 334,603	\$ (2,886,722)	\$ -	\$ (2,886,722)
Administrative & Support services:						
General administration	3,596,962	-	-	(3,596,962)	-	(3,596,962)
Support services	2,263,180	-	196,979	(2,066,201)	-	(2,066,201)
Capital outlay	-	-	-	-	-	-
Unallocated depreciation	265,339	-	-	(265,339)	-	(265,339)
Total governmental activities	<u>9,346,806</u>	<u>-</u>	<u>531,582</u>	<u>(8,815,224)</u>	<u>-</u>	<u>(8,815,224)</u>
Business-type activities:						
Food service	329,231	35	320,920	-	(8,276)	(8,276)
Before and after school program	-	-	-	-	-	-
Total business-type activities	<u>329,231</u>	<u>35</u>	<u>320,920</u>	<u>-</u>	<u>(8,276)</u>	<u>(8,276)</u>
Total primary government	<u>\$ 9,676,037</u>	<u>\$ 35</u>	<u>\$ 852,502</u>	<u>(8,815,224)</u>	<u>(8,276)</u>	<u>(8,823,500)</u>
General revenues and transfers:						
Local sources				727,969	-	727,969
Federal and state sources				7,120,040	-	7,120,040
Miscellaneous				194,142	-	194,142
Transfers				-	-	-
Total general revenues and transfers				<u>8,042,151</u>	<u>-</u>	<u>8,042,151</u>
Change in net position				<u>(773,073)</u>	<u>(8,276)</u>	<u>(781,349)</u>
Net position - beginning				<u>517,676</u>	<u>-</u>	<u>517,676</u>
Net position - ending				<u>\$ (255,397)</u>	<u>\$ (8,276)</u>	<u>\$ (263,673)</u>

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

Funds Financial Statements

Governmental Funds

LADY LIBERTY ACADEMY CHARTER SCHOOL
Governmental Funds

B-1

Balance Sheet

June 30, 2017

	General Fund	Special Revenue Fund	Totals Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 1,278,878	\$ 15,021	\$ 1,293,899
Accounts receivable:	-	-	-
State	21,796	-	21,796
Other	236,643	-	236,643
Security deposits	132,667	-	132,667
Deposits for acquisition of new facilities	-	-	-
Interfund receivable	88,955	-	88,955
Total assets	<u>\$ 1,758,939</u>	<u>\$ 15,021</u>	<u>\$ 1,773,960</u>
Liabilities and Fund Balances			
Interfund accounts payables	\$ -	\$ -	\$ -
Accounts payable	284,865	15,021	299,886
Intergovernmental payables - federal	-	-	-
Intergovernmental payables - state	110,133	-	110,133
Deferred revenue	-	-	-
Total liabilities	<u>394,998</u>	<u>15,021</u>	<u>410,019</u>
Fund balances:			
Designated for acquisition of new facilities	-	-	-
Unreserved, undesignated	1,363,941	-	1,363,941
Total fund balances	<u>1,363,941</u>	<u>-</u>	<u>1,363,941</u>
Total liabilities and fund balances	<u>\$ 1,758,939</u>	<u>\$ 15,021</u>	
	-		
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	1,550,597		
Accumulated depreciation	(754,581)		
	<u>796,016</u>		796,016
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)			
			1,264,007
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)			
			(180,589)
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)			
			(3,498,772)
Net position of governmental activities - A-1			<u>\$ (255,397)</u>

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

LADY LIBERTY ACADEMY 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	\$ 727,969	\$ -	\$ 727,969
Miscellaneous	194,142	-	194,142
Total revenues - local sources	922,111	-	922,111
Federal sources	-	531,582	531,582
State sources	6,369,460	-	6,369,460
Reimbursed TPAF-Social Security (non-budgeted)	220,018	-	220,018
TPAF pension, post retirement medical and long term disability insurance benefits on-behalf payments (non-budgeted)	530,562	-	530,562
Total revenues	8,042,151	531,582	8,573,733
Current expense:			
Instruction	2,886,722	334,603	3,221,325
Administrative	2,563,277	-	2,563,277
Support services	2,066,201	196,979	2,263,180
Capital outlay	-	-	-
Reimbursed and on-behalf payments:	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	220,018	-	220,018
TPAF pension, post retirement medical and long term disability insurance benefits on-behalf payments (non-budgeted)	530,562	-	530,562
Total expenditures	8,266,780	531,582	8,798,362
Excess (deficiency) of revenues over (under) expenditures	(224,629)	-	(224,629)
Other financing sources:			
Transfer to cover food deficit	-	-	-
Change in fund balances	(224,629)	-	(224,629)
Fund balances, beginning of year	1,588,570	-	1,588,570
	-	-	-
	-	-	-
Fund balances, end of year	\$ 1,363,941	\$ -	\$ 1,363,941

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

LADY LIBERTY ACADEMY 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) \$ (224,629)

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	\$ (265,339)	
	Capital outlays	<u>-</u>	(265,339)

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 (283,105)

Change in net position of governmental activities (A-2) \$ (773,073)

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

Proprietary Funds

**LADY LIBERTY ACADEMY CHARTER SCHOOL
Proprietary Funds**

B-4

Statement of Net Position

June 30, 2017

Assets	
Current assets:	
Cash and cash equivalents	\$ 24,885
Accounts receivable:	-
Federal	55,188
State	606
Other	-
Interfund receivable	-
Total current assets	<u>\$ 80,679</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ 88,955
Accounts payable	-
Total current liabilities	<u>\$ 88,955</u>
Net position	
Unrestricted	(8,276)
Total net position	<u><u>\$ (8,276)</u></u>

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

**LADY LIBERTY ACADEMY CHARTER SCHOOL
Proprietary Funds**

B-5

Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2017

Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ -
Miscellaneous revenue	35
Total Operating revenues	<u>35</u>
Operating expenses:	
Cost of sales	238,659
Salaries	88,955
Employee benefits	-
Other purchased services	-
Supplies and materials	1,617
Depreciation	-
Miscellaneous	-
Total operating expenses	<u>329,231</u>
Operating income/(loss)	<u>(329,196)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	3,454
Federal sources:	
National school lunch program	207,726
National school breakfast program	109,740
Total nonoperating revenues	<u>320,920</u>
Net income/(loss) before contributions & transfers	(8,276)
Other financing sources:	
Transfer in/(out) - board contribution	-
	<u>-</u>
	<u>-</u>
Change in net position	(8,276)
Total net position-beginning of year	<u>-</u>
Total net position-end of year	<u>\$ (8,276)</u>

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

LADY LIBERTY ACADEMY CHARTER SCHOOL
Proprietary Fund

B-6

Statement of Cash Flows

Year ended June 30, 2017

Cash flows from operating activities

Operating loss	\$ (329,196)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(38,575)
Due from general fund	-
Due to general fund	55,347
Accounts payable	-
Net cash used in operating activities	<u>(312,424)</u>

Cash flows from noncapital financing activities:

Cash received from state reimbursements	3,454
Cash received from federal reimbursements	317,466
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	<u>320,920</u>

Cash flows from investing activities

Net change in cash and cash equivalents	8,496
Cash and cash equivalents, beginning	16,389
Cash and cash equivalents, ending	<u>\$ 24,885</u>

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

Fiduciary Funds

LADY LIBERTY ACADEMY CHARTER SCHOOL
Fiduciary Funds

B-7

Statement of Fiduciary Net Position

June 30, 2017

	Unemployment Compensation	Student Activity Fund	Agency Fund Payroll	Total
Assets				
Cash and cash equivalents	\$ 32,746	\$ 3,422	\$ 37,313	\$ 73,481
Total assets	\$ 32,746	\$ 3,422	\$ 37,313	\$ 73,481
Liabilities				
Payroll deductions and withholdings	\$ -	\$ -	\$ 37,313	\$ 37,313
Interfund payables	-	-	-	-
Due to students group	-	3,422	-	3,422
Total liabilities	-	\$ 3,422	\$ 37,313	40,735
Net position				
Total liabilities and net position	32,746			32,746
	\$ 32,746			\$ 73,481

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

**LADY LIBERTY ACADEMY CHARTER SCHOOL
Fiduciary Funds**

B-8

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	<u>Unemployment Compensation</u>
Revenues:	
General fund appropriation	\$ 98,574
Employee's contributions	13,449
Total revenues	<u>112,023</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>109,737</u>
Total expenditures	<u>109,737</u>
Excess(deficiency) of revenue over(under) expenditures	2,286
Net position, beginning	<u>30,460</u>
Net position, ending	<u>\$ 32,746</u>

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

Notes to Basic Financial Statements

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1 Description of the Charter School District and Reporting Entity

Lady Liberty Academy Charter School (the “Charter School” was incorporated in the State of New Jersey in April 2000 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 Principal/Chief School Administrator is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the 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 Lady Liberty Academy 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 Lady Liberty Academy 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.

LADY LIBERTY ACADEMY 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 Lady Liberty Academy 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 Lady Liberty Academy 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.

LADY LIBERTY ACADEMY 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.

LADY LIBERTY ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
Year Ended June 30, 2017

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.

LADY LIBERTY ACADEMY 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.

LADY LIBERTY ACADEMY 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 flow economic resources measurement focus. With this measurement focus, the accounting objectives 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.

LADY LIBERTY ACADEMY 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.

LADY LIBERTY ACADEMY 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 receivables/payables. 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. Leasehold improvements are depreciated based on 15 years or the term of the lease whichever is shorter.

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

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. 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.

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

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, 2010 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:

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.

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

M Net Position

Net Position represent 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.

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.

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

P New Accounting Standards - *continued*

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.

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:

LADY LIBERTY ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
Year Ended June 30, 2017

3 Deposits and Investments - continued

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Cash balances	\$ 1,278,878	\$ 15,021	\$ 24,885	\$ 73,481	\$ 1,392,265

Operating cash accounts are held in the Charter School’s name by one banking institution. At June 30, 2017, the Charter School’s carrying amount of deposits was \$1,392,265 and the bank balance was \$1,410,357. Of the bank balance, up to a maximum of \$250,000 of the Charter School’s cash deposits on June 30, 2017 were secured by federal deposit insurance and \$1,160,357 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:

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.

LADY LIBERTY ACADEMY 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:

Governmental activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets, being depreciated:			
Leasehold improvements - Newark, NJ	\$ 1,550,597	\$ -	\$ 1,550,597
	<u>1,550,597</u>	<u>-</u>	<u>1,550,597</u>
Less accumulated depreciation	489,242	265,339	754,581
	<u>489,242</u>	<u>265,339</u>	<u>754,581</u>
Total capital assets net	<u>\$ 1,061,355</u>	<u>\$ (265,339)</u>	<u>\$ 796,016</u>

Depreciation expense of \$265,339 was charged to an unallocated function.

5 Lease Obligations

Facilities Lease

The Charter School leases its permanent location at 746 Sandford Avenue, Newark, New Jersey. The Charter School is a sub-lessee under a partnership arrangement with Build With Purpose (BWP), (a nonprofit real estate development company). BWP secured financing through the New Jersey Economic Development Authority in the form of \$10,010,000 “Charter School Revenue Bonds” in February 2014 for the purchase and renovations of the building. The renovations were completed in July 2014 and the building occupied by the Charter School in August 2014. The agreement includes an option to purchase premises by the Charter School. The amounts paid under the lease were \$885,464 during the year ended June 30, 2017.

Parking spaces at 746 Sandford Avenue, Newark, New Jersey - the Charter School also leases several parking spaces (from St. John’s Ukrainian Catholic Church of Newark) under an operating lease agreement at a monthly payment of \$3,250. The parking spaces are for the use of its employees who are charged reasonable monthly fees. The amount paid under this lease for the year ended June 30, 2017 was \$39,000.

Equipment Leases

The Charter School leases office equipment under several operating lease agreements. For the year ended June 30, 2017, the Charter School incurred \$62,995 in equipment lease expenditures.

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

5 Lease Obligations - continued

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

Year ending June 30:	Space Lease	Equipment Lease	Total
2018	\$ 871,169	\$ -	\$ 871,169
2019	941,773	-	941,773
2020	950,531	-	950,531
2021	958,968	-	958,968
2022	962,091	-	962,091
Thereafter	25,835,036	-	25,835,036
	<u>\$ 30,519,568</u>	<u>\$ -</u>	<u>\$ 30,519,568</u>

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.

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6 Pension Plans - *continued*

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.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

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 determine 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.

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6 Pension Plans - *continued*

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PERS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2001, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

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6 Pension Plans - *continued*

Contribution Requirements - *continued*

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute the charter school is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and charter school).

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 \$106,202.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$220,018 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 \$530,562 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.

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

However, the state's portion of the net pension liability that was associated with the Charter School was \$21,388,464 as measured on June 30, 2016 and \$19,023,127 as measured on June 30, 2015.

For the year ended June 30, 2017, the Charter School recognized pension expense of \$1,607,045 and revenue of \$1,607,045 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.

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7 Pension Plans – GASB 68 Disclosures - *continued*

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

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.

	June 30, 2016	June 30, 2015
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	\$ 21,388,464	\$ 19,023,127
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.027189%	0.030098%

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.

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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:

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%

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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>.

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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 \$3,498,772 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 0.0118133372% which was a decrease of 0.0011080995% from its proportion measured as of June 30, 2015 which was 0.0129214715%.

For the year ended June 30, 2017, the Charter School recognized pension expense of \$388,047. 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	\$ 65,067	\$ -
Changes in assumptions	724,759	-
Net difference between projected and actual earnings on pension plan investments	133,411	180,589
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	340,770	-
Charter School's contributions subsequent to the measurement date	106,202	-
Total	\$ 1,370,209	\$ 180,589

\$106,202 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	\$ 243,922
2018	243,922
2019	282,592
2020	237,418
2021	75,565
Thereafter	-
	\$ 1,083,418

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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	\$ 3,498,772	\$ 2,900,611
Charter School's proportion (percentage)	0.01181334%	0.01292147%

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).

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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.

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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	\$ 4,287,336	\$ 3,498,772	\$ 2,847,743
	2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the pension liability	\$ 3,605,105	\$ 2,900,611	\$ 2,309,969

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, 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.

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-.

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10 Deferred Compensation

The Charter School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan which is administered by Equitable Financial Companies permits participants to defer a portion of their salaries until future years.

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 about three litigations against the Charter School:

- a) On or about April 12, 2015, a former employee of the Charter School filed a complaint in the U.S. District Court of the District of New Jersey asserting various employment claims for wrongful termination pursuant to 29 U.S.C.A 2601, et seq and the New Jersey Family Leave Act, N.J.S.A 34:11B-1, et seq. (NJFMLA). The Charter School has denied engaging in any retaliatory or discriminatory acts against the former employee. The decision to terminate the plaintiff's employment was based on legitimate business reasons. Additionally, plaintiff was terminated pursuant to the "at-will" provision in the employment contract. Based on these facts, management of the Charter School has vigorously defended the claims asserted by the former employee. However, at all times, the Charter School has remained willing to consider a reasonable settlement in the interest of avoiding future litigation costs. The complaint was settled for \$55,000 during the year ended June 30, 2017.

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Notes to the Basic Financial Statements
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12 Contingent Liabilities - continued

- b) Equal Employment Opportunities Commission (EEOC)'s discrimination claim filed on March 26, 2015 against the Charter School by a former employee. The former employee was terminated because of their ongoing insubordination and outright refusal to perform duties in direct contravention of Section 1 of their employment contract. The Charter School has filed a response to the charge on May 7, 2015. According to the Charter School's counsel, there has been no action taken by the EEOC.
- c) Equal Employment Opportunities Commission (EEOC)'s discrimination claim filed on March 26, 2015 against the Charter School by another former employee. The former employee was terminated as a result of various disciplinary incidents spanning over two (2) years, culminating in an October 21, 2014 serious indiscretion. The Charter School has filed a response to the charge on May 7, 2015. According to the Charter School's counsel, there has been no action taken by the EEOC.

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.

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/ Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 98,574	\$ 13,449	\$ 109,737	\$ 32,746
2015-2016	73,295	-	73,283	30,460
2014-2015	29,709	-	111,205	30,448

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14 Interfund Receivables, Payables and Transfers

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 88,955	\$ -
Special Revenue Fund	-	-
Enterprise Fund		88,955
Trust and Agency Fund	-	-
	\$ 88,955	\$ 88,955

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.

15 Receivables

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

State aid	\$ 22,402
Federal aid	55,188
Other	236,643
Total receivables	\$ 314,233

16 Deposits for the Acquisition of New Facilities

The Charter School partnered with Build With Purpose (a nonprofit real estate development company) for its new facilities. Build With Purpose secured financing through the New Jersey Economic Development Authority in the form of \$10,010,000 “Charter School Revenue Bonds” in February 2014 for the purchase and renovations of the building in Newark (746 Sandford Avenue), New Jersey. The renovations were completed in July 2014 and the building was leased to the Charter School during the 2014-2015 school-year. As part of the arrangement, the Charter School contributed a total of \$1,255,090 (over a period of three years – July 1, 2011 through June 30, 2014) towards the renovations of the building. These payments were reported as assets in the Charter School’s financial statements as deposits for the acquisition of new facilities up through June 30, 2014. It was transferred to capital assets as leasehold improvements during the fiscal year 2014-2015 which was when the renovations were complete. The Charter School occupied the building in August 2014.

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

17 Security Deposits

The Charter School paid \$131,667 to Build With Purpose under its sublease agreement for rental of the new facilities and \$1,000 to St. John's Ukrainian Catholic Church of Newark under a parking space rental agreement as security deposits. These deposits are refundable to the Charter School upon termination of the lease agreements and the Charter School is not in default of its obligations or the conditions of the agreements.

18 Conditional Charter Renewal

During the year ended June 30, 2015, New Jersey Department of Education (NJDOE) granted the Charter School a "conditional" charter renewal for another five year term through the 2019-2020 school-year. The Charter School was originally placed on probation in June 2014 due to the results of certain NJDOE's academic performance framework. The school submitted its renewal application on October 15, 2014 and began to implement changes at every level of the organization. NJDOE's visit in January 2015 noted some progress in the Charter School efforts to meet the standards in the academic performance framework and determined that the Charter School was on the right trajectory. The State extended the probationary period through February 26, 2017. There is no evidence that the State has lifted the probation.

19 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.

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

Of the \$1,363,941 General Fund balance at June 30, 2017, the entire \$1,363,941 is unreserved and undesignated.

21 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:

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

21 Reconciliation of Government-Wide and Fund Financial Statements - *continued*

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

Fund balance per B-1	\$ 1,363,941
Cost of capital assets net accumulated depreciation	796,016
Pension deferred outflows	1,264,007
Pension deferred inflows	(180,589)
Deferred pension liability as of June 30, 2017	<u>(3,498,772)</u>
Net position (per A-1) as of June 30, 2017	<u><u>\$ (255,397)</u></u>

Required Supplementary Information

Part II

Budgetary Comparison

LADY LIBERTY ACADEMY 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	\$ 727,969	\$ -	\$ 727,969	\$ 727,969	\$ -
Miscellaneous	-	-	-	194,142	194,142
Total revenues -local sources	<u>727,969</u>	<u>-</u>	<u>727,969</u>	<u>922,111</u>	<u>194,142</u>
State sources:					
State sources	6,950,231	(580,771)	6,369,460	6,369,460	-
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	220,018	220,018
TPAF pension, post retirement medical and long term disability insurance benefits on-behalf payments (non-budgeted)	-	-	-	530,562	530,562
Total -state sources	<u>6,950,231</u>	<u>(580,771)</u>	<u>6,369,460</u>	<u>7,120,040</u>	<u>750,580</u>
Total revenues	<u>7,678,200</u>	<u>(580,771)</u>	<u>7,097,429</u>	<u>8,042,151</u>	<u>944,722</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	2,210,823	(61,088)	2,149,735	2,151,753	(2,018)
Other salaries for instruction	519,830	138,169	657,999	501,054	156,945
Purchased profesional technical services	39,000	22,863	61,863	68,571	(6,708)
Other purchased services	-	-	-	-	-
General educational supplies	116,000	(10,576)	105,424	83,371	22,053
Textbooks	110,272	-	110,272	56,448	53,824
Miscellaneous expenses	65,000	(38,064)	26,936	25,525	1,411
	<u>3,060,925</u>	<u>51,304</u>	<u>3,112,229</u>	<u>2,886,722</u>	<u>225,507</u>

**LADY LIBERTY ACADEMY 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	851,747	32,706	884,453	883,663	790
Total benefit costs	1,407,372	(154,496)	1,252,876	1,099,575	153,301
Professional /Technical service	297,050	142,577	439,627	456,498	(16,871)
Other purchased services	24,000	(12,000)	12,000	328	11,672
Communications and Telephones	37,449	-	37,449	32,834	4,615
Supplies and materials	15,000	2,989	17,989	15,780	2,209
Settlements	120,000	-	120,000	55,000	65,000
Miscellaneous expenses	19,050	5,283	24,333	19,599	4,734
	<u>2,771,668</u>	<u>17,059</u>	<u>2,788,727</u>	<u>2,563,277</u>	<u>225,450</u>
Support services:					
Salaries	630,226	49,186	679,412	577,364	102,048
Purchased prof/tech service	319,640	(47,278)	272,362	299,814	(27,452)
Other purchased services	75,900	(25,919)	49,981	57,154	(7,173)
Rent on land and buildings	964,932	(24,669)	940,263	924,464	15,799
Insurance-fidelity, liability property	55,000	-	55,000	53,901	1,099
Supplies and materials	66,000	(28,239)	37,761	36,644	1,117
Energy & Utilities	88,000	8,556	96,556	89,156	7,400
Miscellaneous expenses	-	-	-	-	-
Transportation to/from school	-	-	-	-	-
Transportation other than to/from school	25,000	-	25,000	27,704	(2,704)
Total support services	<u>2,224,698</u>	<u>(68,363)</u>	<u>2,156,335</u>	<u>2,066,201</u>	<u>90,134</u>

**LADY LIBERTY ACADEMY 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	25,000	-	25,000	-	25,000
Total capital outlay	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	220,018	(220,018)
TPAF pension, post retirement medical and long term disability insurance benefits on-behalf payments (non-budgeted)	-	-	-	530,562	(530,562)
Total expenditures	<u>8,082,291</u>	<u>-</u>	<u>8,082,291</u>	<u>8,266,780</u>	<u>(184,489)</u>
Excess (deficiency) of revenues over (under) expenditures	(404,091)	(580,771)	(984,862)	(224,629)	1,129,211
Other financing uses:					
Transfer to cover food deficit	(39,000)	-	(39,000)	-	(39,000)
Change in fund balance	(443,091)	(580,771)	(1,023,862)	(224,629)	1,090,211
Fund balances, beginning of year	2,165,394	(576,824)	1,588,570	1,588,570	-
Fund balances, end of year	<u>\$ 1,722,303</u>	<u>\$ (1,157,595)</u>	<u>\$ 564,708</u>	<u>\$ 1,363,941</u>	<u>\$ 1,090,211</u>

**LADY LIBERTY ACADEMY CHARTER SCHOOL
Special Revenue Fund**

C-2

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>
Revenues					
Federal sources	\$ 531,582	\$ -	\$ 531,582	\$ 531,582	\$ -
Local sources	-	-	-	-	-
Total revenues -all sources	<u>\$ 531,582</u>	<u>\$ -</u>	<u>\$ 531,582</u>	<u>\$ 531,582</u>	<u>\$ -</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	\$ 245,088	\$ -	\$ 245,088	\$ 245,088	\$ -
Purchased Prof. and technical services	89,515	-	89,515	89,515	-
Other purchased services	-	-	-	-	-
General supplies	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	-
Total instruction	<u>334,603</u>	<u>-</u>	<u>334,603</u>	<u>334,603</u>	<u>-</u>
Support services					
Support services salaries	-	-	-	-	-
Employee benefits	63,723	-	63,723	63,723	-
Purchased professional services	126,256	-	126,256	126,256	-
Other purchased services	-	-	-	-	-
Supplies	7,000	-	7,000	7,000	-
Miscellaneous expenditures	-	-	-	-	-
Total support services	<u>196,979</u>	<u>-</u>	<u>196,979</u>	<u>196,979</u>	<u>-</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>\$ 531,582</u>	<u>\$ -</u>	<u>\$ 531,582</u>	<u>\$ 531,582</u>	<u>\$ -</u>

Notes to Required Supplementary Information

LADY LIBERTY ACADEMY 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]	\$8,042,151	
	[C-2]		\$ 531,582
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]	\$8,042,151	\$ 531,582
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$8,266,780	
	[C-2]		\$ 531,582
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]	\$8,266,780	\$ 531,582

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

LADY LIBERTY ACADEMY CHARTER SCHOOL

L-1

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

	Fiscal Year Ended June 30,			2013
	2016	2015	2014	
Charter School's proportion of the net pension liability (assets)	0.0118133372%	0.0129214715%	0.0109014522%	0.0100406172%
Charter School's proportionate share of the net pension liability (assets)	3,498,772	2,900,611	2,041,050	1,918,961
Charter School's covered employee payroll	\$ 781,555	\$ 766,230	\$ 783,019	\$ 731,830
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	447.67%	378.56%	260.66%	262.21%
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.

LADY LIBERTY ACADEMY CHARTER SCHOOL

L-2

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

	<u>2016</u>	<u>Fiscal Year Ended June 30,</u>		<u>2013</u>
		<u>2015</u>	<u>2014</u>	
Contractually required contribution	\$ 106,202	\$ 111,090	\$ 89,870	\$ 75,654
Contribution in relation to the contractually required contribution	<u>(106,202)</u>	<u>(111,090)</u>	<u>(89,870)</u>	<u>(75,654)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 781,555	\$ 766,230	\$ 783,019	\$ 731,830
Contributions as a percentage of covered employee payroll	13.59%	14.50%	11.48%	10.34%

Note

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

LADY LIBERTY ACADEMY CHARTER SCHOOL

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

	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	\$ 21,388,464	\$ 19,023,127	\$ 16,100,884	\$ 15,824,235
Total	<u>\$ 21,388,464</u>	<u>\$ 19,023,127</u>	<u>\$ 16,100,884</u>	<u>\$ 15,824,235</u>
Charter School's covered employee payroll	\$ 2,581,932	\$ 2,531,306	\$ 2,621,456	\$ 2,988,385
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

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

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

**LADY LIBERTY ACADEMY CHARTER SCHOOL
Special Revenue Fund**

E-1

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

Year ended June 30, 2017

	Title IA Current Year 2016-2017	I.D.E.A. Current Year 2016-2017	I.D.E.A. Preschool 2016-2017	Total
Revenues				
Federal sources	\$ 429,326	\$ 100,312	\$ 1,944	\$ 531,582
Local sources	-	-	-	-
Total revenues -all sources	<u>\$ 429,326</u>	<u>\$ 100,312</u>	<u>\$ 1,944</u>	<u>\$ 531,582</u>
Expenditures				
Instruction				
Salaries of teachers	\$ 245,088	\$ -	\$ -	\$ 245,088
Purchased Prof. and technical services	89,515	-	-	89,515
Other purchased services	-	-	-	-
General supplies	-	-	-	-
Miscellaneous expenditures	-	-	-	-
Total instruction	<u>334,603</u>	<u>-</u>	<u>-</u>	<u>334,603</u>
Support services				
Support services salaries	-	-	-	-
Employee benefits	63,723	-	-	63,723
Purchased professional services	24,000	100,312	1,944	126,256
Other purchased services	-	-	-	-
Supplies	7,000	-	-	7,000
Miscellaneous expenditures	-	-	-	-
Total support services	<u>94,723</u>	<u>100,312</u>	<u>1,944</u>	<u>196,979</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>
Total expenditures	<u>\$ 429,326</u>	<u>\$ 100,312</u>	<u>\$ 1,944</u>	<u>\$ 531,582</u>

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

Enterprise Fund

LADY LIBERTY ACADEMY CHARTER SCHOOL
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2017

	<u>Food Services</u>	<u>Before and After School Program</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 24,885	\$ -	\$ 24,885
Accounts receivable:	-	-	-
Federal	55,188	-	55,188
State	606	-	606
Other	-	-	-
Interfund receivable	-	-	-
Total current assets	<u>\$ 80,679</u>	<u>\$ -</u>	<u>\$ 80,679</u>
 Liabilities			
Current liabilities:			
Interfund payable - general fund	88,955	-	88,955
Accounts payable	-	-	-
Total current liabilities	<u>\$ 88,955</u>	<u>\$ -</u>	<u>\$ 88,955</u>
 Net position			
Unrestricted	(8,276)	-	(8,276)
Total net position	<u>\$ (8,276)</u>	<u>\$ -</u>	<u>\$ (8,276)</u>

LADY LIBERTY ACADEMY 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>Before and After School Program</u>	<u>Total</u>
Operating revenues:			
Charges for services:			
Daily sales - nonreimbursable programs	\$ -	\$ -	\$ -
Miscellaneous revenue	35	-	35
Total Operating revenues	<u>35</u>	<u>-</u>	<u>35</u>
Operating expenses:			
Cost of sales	238,659	-	238,659
Salaries	88,955	-	88,955
Employee benefits	-	-	-
Other purchased services	-	-	-
Supplies and materials	1,617	-	1,617
Depreciation	-	-	-
Miscellaneous	-	-	-
Total operating expenses	<u>329,231</u>	<u>-</u>	<u>329,231</u>
Operating income/(loss)	<u>(329,196)</u>	<u>-</u>	<u>(329,196)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	3,454	-	3,454
Federal sources:			
National school lunch program	207,726	-	207,726
National school breakfast program	109,740	-	109,740
Total nonoperating revenues	<u>320,920</u>	<u>-</u>	<u>320,920</u>
Net income/(loss) before contributions & transfers	(8,276)	-	(8,276)
Other financing sources:			
Transfer in/(out) - board contribution	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(8,276)	-	(8,276)
Total net position-beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Total net position-end of year	<u>\$ (8,276)</u>	<u>\$ -</u>	<u>\$ (8,276)</u>

LADY LIBERTY ACADEMY CHARTER SCHOOL
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2017

	Food Services	Before and After School Program	Total
Cash flows from operating activities			
Operating loss	\$ (329,196)	\$ -	\$ (329,196)
Adjustment to reconcile operating loss to net cash used in operating activities:			-
Changes in assets and liabilities:			-
Accounts receivable	(38,575)	-	(38,575)
Due from general fund	-	-	-
Due to general fund	55,347	-	55,347
Accounts payable	-	-	-
Net cash used in operating activities	<u>(312,424)</u>	<u>-</u>	<u>(312,424)</u>
Cash flows from noncapital financing activities:			
Cash received from state reimbursements	3,454	-	3,454
Cash received from federal reimbursements	317,466	-	317,466
Operating subsidies and transfers from other funds	-	-	-
Net cash provided by noncapital financing activities	<u>320,920</u>	<u>-</u>	<u>320,920</u>
Cash flows from investing activities	-	-	-
Net change in cash and cash equivalents	8,496	-	8,496
Cash and cash equivalents, beginning	16,389	-	16,389
Cash and cash equivalents, ending	<u>\$ 24,885</u>	<u>\$ -</u>	<u>\$ 24,885</u>

Fiduciary Fund

LADY LIBERTY ACADEMY CHARTER SCHOOL
Fiduciary Funds

H-1

Combining Statement of Fiduciary Net Position

June 30, 2017

	<u>Unemployment Insurance Fund</u>	<u>Student Activity Fund</u>	<u>Agency Fund Payroll</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 32,746	\$ 3,422	\$ 37,313	\$ 73,481
Total assets	<u>\$ 32,746</u>	<u>\$ 3,422</u>	<u>\$ 37,313</u>	<u>\$ 73,481</u>
Liabilities and fund balances				
Liabilities:				
Payroll deductions and withholdings	\$ -	\$ -	\$ 37,313	\$ 37,313
Interfund payables	-	-	-	-
Account payable - due to students group	-	3,422	-	3,422
Total liabilities	<u>-</u>	<u>\$ 3,422</u>	<u>\$ 37,313</u>	<u>40,735</u>
Net position				
Total liabilities and net position	<u>32,746</u>			<u>32,746</u>
	<u>\$ 32,746</u>			<u>\$ 73,481</u>

**LADY LIBERTY ACADEMY CHARTER SCHOOL
Fiduciary Funds**

H-2

**Combining Statement of Changes in Fiduciary Net Position
Unemployment Compensation Insurance Trust Fund**

Year ended June 30, 2017

	<u>Unemployment Compensation</u>
Revenues:	
General fund appropriation	\$ 98,574
Employee's contributions	13,449
Total revenues	<u>112,023</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>109,737</u>
Total expenditures	<u>109,737</u>
Excess(deficiency) of revenue over(under) expenditures	2,286
Net position, beginning	<u>30,460</u>
Net position, ending	<u><u>\$ 32,746</u></u>

LADY LIBERTY ACADEMY 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	\$ 452	\$ 4,103	\$ 1,133	\$ 3,422
Total assets	<u>\$ 452</u>	<u>\$ 4,103</u>	<u>\$ 1,133</u>	<u>\$ 3,422</u>

LADY LIBERTY ACADEMY 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	\$ 12,555	\$ 4,231,892	\$ 4,207,134	\$ 37,313
Interfund receivable	-	-	-	-
Total assets	<u>\$ 12,555</u>	<u>\$ 4,231,892</u>	<u>\$ 4,207,134</u>	<u>\$ 37,313</u>
Liabilities				
Payroll deductions and withholdings	\$ 12,555	\$ 4,231,892	\$ 4,207,134	\$ 37,313
Interfund payable	-	-	-	-
Total liabilities	<u>\$ 12,555</u>	<u>\$ 4,231,892</u>	<u>\$ 4,207,134</u>	<u>\$ 37,313</u>

Long Term Debt

LADY LIBERTY ACADEMY CHARTER SCHOOL
Long-Term Debt
Schedule of Obligations Under Renovation Loan

I-2

Year ended June 30, 2017

<u>Variable 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

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-1

NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

(Unaudited)

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		Fiscal Year Ended June 30,		<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>			
									<u>2013</u>	<u>2012</u>										
Governmental activities																				
Invested in capital assets, net of related debt	\$	796,016	\$	1,061,355	\$	1,119,518	\$	-	\$	75,118	\$	150,237	\$	-	\$	909,256	\$	948,002	\$	945,714
Restricted		-		-		-		1,255,090		-		-		-		-		-		-
Unrestricted		(1,051,413)		(543,679)		295,737		3,221,708		3,451,459		2,545,823		1,926,947		1,438,229		715,547		493,244
Total governmental activities net position	\$	<u>(255,397)</u>	\$	<u>517,676</u>	\$	<u>1,415,255</u>	\$	<u>4,476,798</u>	\$	<u>3,526,577</u>	\$	<u>2,696,060</u>	\$	<u>1,926,947</u>	\$	<u>2,347,485</u>	\$	<u>1,663,549</u>	\$	<u>1,438,958</u>
Business-type activities																				
Invested in capital assets, net of related debt	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Restricted		-		-		-		-		-		-		-		-		-		-
Unrestricted		(8,276)		-		-		-		8,389		7,266		-		-		-		-
Total business-type activities	\$	<u>(8,276)</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>8,389</u>	\$	<u>7,266</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>
School-wide																				
Invested in capital assets, net of related debt	\$	796,016	\$	1,061,355	\$	1,119,518	\$	-	\$	75,118	\$	150,237	\$	-	\$	909,256	\$	948,002	\$	945,714
Restricted		-		-		-		1,255,090		-		-		-		-		-		-
Unrestricted		(1,059,689)		(543,679)		295,737		3,221,708		3,451,459		2,554,212		1,934,213		1,438,229		715,547		493,244
Total charter school net position	\$	<u>(263,673)</u>	\$	<u>517,676</u>	\$	<u>1,415,255</u>	\$	<u>4,476,798</u>	\$	<u>3,526,577</u>	\$	<u>2,704,449</u>	\$	<u>1,934,213</u>	\$	<u>2,347,485</u>	\$	<u>1,663,549</u>	\$	<u>1,438,958</u>

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-2

CHANGES IN NET POSITION
Last Ten Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,221,325	\$ 3,327,564	\$ 3,050,845	\$ 3,400,848	\$ 3,745,031	\$ 3,474,342	\$ 3,448,517	\$ 3,050,717	\$ 2,897,262	\$ 2,450,071
Support services:										
General administration	3,376,944	2,627,195	3,367,263	2,490,588	1,375,810	1,364,160	1,893,979	2,016,949	1,702,169	1,211,696
Support Services	2,263,180	2,143,756	2,334,942	1,492,608	2,555,741	2,844,823	1,397,471	1,510,786	1,350,972	987,548
On-Behalf TPAF Social Security/Pension	220,018	232,034	197,071	253,190	-	-	422,176	232,414	203,732	174,679
Capital Outlay	-	-	-	-	-	-	40,449	38,818	79,239	71,430
Unallocated depreciation	265,339	223,904	265,339	75,118	75,119	75,119	61,613	77,564	76,951	67,973
Total governmental activities expenses	<u>9,346,806</u>	<u>8,554,453</u>	<u>9,215,460</u>	<u>7,712,352</u>	<u>7,751,701</u>	<u>7,758,444</u>	<u>7,264,205</u>	<u>6,927,248</u>	<u>6,310,325</u>	<u>4,963,397</u>
Business-type activities:										
Food service	329,231	283,425	301,848	306,926	311,187	274,471	249,940	239,907	211,340	192,867
Child Care	-	1,200	-	2,415	58,495	7,828	-	-	-	-
Total business-type activities expense	<u>329,231</u>	<u>284,625</u>	<u>301,848</u>	<u>309,341</u>	<u>369,682</u>	<u>282,299</u>	<u>249,940</u>	<u>239,907</u>	<u>211,340</u>	<u>192,867</u>
Total charter school expenses	<u>\$ 9,676,037</u>	<u>\$ 8,839,078</u>	<u>\$ 9,517,308</u>	<u>\$ 8,021,693</u>	<u>\$ 8,121,383</u>	<u>\$ 8,040,743</u>	<u>\$ 7,514,145</u>	<u>\$ 7,167,155</u>	<u>\$ 6,521,665</u>	<u>\$ 5,156,264</u>
Program revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 531,582	\$ 494,354	\$ 510,066	\$ 528,358	\$ 1,660,255	\$ 1,624,817	\$ 585,929	\$ 1,047,435	\$ -	\$ -
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>531,582</u>	<u>494,354</u>	<u>510,066</u>	<u>528,358</u>	<u>1,660,255</u>	<u>1,624,817</u>	<u>585,929</u>	<u>1,047,435</u>	<u>-</u>	<u>-</u>
Business-type activities:										
Charges for services										
Food service	35	-	-	6,433	11,708	14,537	257,206	239,907	211,340	191,876
Child care	-	-	-	979	21,454	16,217	-	-	-	-
Operating grants and contributions	320,920	251,033	255,274	249,922	270,570	236,493	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>320,955</u>	<u>251,033</u>	<u>255,274</u>	<u>257,334</u>	<u>303,732</u>	<u>267,247</u>	<u>257,206</u>	<u>239,907</u>	<u>211,340</u>	<u>191,876</u>
Total charter school program revenues	<u>\$ 852,537</u>	<u>\$ 745,387</u>	<u>\$ 765,340</u>	<u>\$ 785,692</u>	<u>\$ 1,963,987</u>	<u>\$ 1,892,064</u>	<u>\$ 843,135</u>	<u>\$ 1,287,342</u>	<u>\$ 211,340</u>	<u>\$ 191,876</u>
Net (expense)/revenue										
Governmental activities	\$ (8,815,224)	\$ (8,060,099)	\$ (8,705,394)	\$ (7,183,994)	\$ (6,091,446)	\$ (6,133,627)	\$ (6,678,276)	\$ (5,879,813)	\$ (6,310,325)	\$ (4,963,397)
Business-type activities	(8,276)	(33,592)	(46,574)	(52,007)	(65,950)	(15,052)	7,266	-	-	(991)
Total charter school-wide net expense	<u>\$ (8,823,500)</u>	<u>\$ (8,093,691)</u>	<u>\$ (8,751,968)</u>	<u>\$ (7,236,001)</u>	<u>\$ (6,157,396)</u>	<u>\$ (6,148,679)</u>	<u>\$ (6,671,010)</u>	<u>\$ (5,879,813)</u>	<u>\$ (6,310,325)</u>	<u>\$ (4,964,388)</u>

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-2

CHANGES IN NET POSITION
Last Ten Years
(accrual basis of accounting)
(Unaudited)

	<u>Fiscal Year Ended June 30,</u>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General revenues and other changes in net position										
Governmental activities:										
Charter School Aid - Local Share	\$ 727,969	\$ 890,755	\$ 983,230	\$ 1,040,388	\$ 995,013	\$ 856,491	\$ 824,361	\$ 781,138	\$ 736,758	\$ 986,199
Charter School Aid - State Share	7,120,040	6,154,467	6,696,147	6,687,478	5,659,595	5,829,615	5,464,160	5,120,874	4,552,590	2,413,597
Unrestricted State and Federal Aid	-	-	-	-	-	-	782,425	574,757	1,145,270	1,911,742
Miscellaneous income	194,142	27,976	175,012	105,795	24,916	232,809	34,435	48,162	21,059	25,148
Increase (Decrease) in Net Capital Outlay	-	-	-	-	-	-	(451,526)	38,818	79,239	21,082
Cancellation of PY Accounts Payable	-	-	-	-	300,000	-	-	-	-	-
Transfers In/(Out)	-	(33,592)	(46,574)	(52,007)	(57,561)	(16,175)	-	-	-	-
Total governmental activities	<u>8,042,151</u>	<u>7,039,606</u>	<u>7,807,815</u>	<u>7,781,654</u>	<u>6,921,963</u>	<u>6,902,740</u>	<u>6,653,855</u>	<u>6,563,749</u>	<u>6,534,916</u>	<u>5,357,768</u>
Business-type activities:										
Transfers	-	33,592	46,574	52,007	57,561	16,175	-	-	-	-
Total business-type activities	<u>-</u>	<u>33,592</u>	<u>46,574</u>	<u>52,007</u>	<u>57,561</u>	<u>16,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>\$ 8,042,151</u>	<u>\$ 7,073,198</u>	<u>\$ 7,854,389</u>	<u>\$ 7,833,661</u>	<u>\$ 6,979,524</u>	<u>\$ 6,918,915</u>	<u>\$ 6,653,855</u>	<u>\$ 6,563,749</u>	<u>\$ 6,534,916</u>	<u>\$ 5,357,768</u>
Change in net position										
Governmental activities	\$ (773,073)	\$ (986,901)	\$ (851,005)	\$ 649,667	\$ 830,517	\$ 769,113	\$ (24,421)	\$ 683,936	\$ 224,591	\$ 393,380
Business-type activities	(8,276)	(52,007)	(52,007)	(52,007)	(8,389)	1,123	7,266	-	-	(991)
Total charter school	<u>\$ (781,349)</u>	<u>\$ (1,038,908)</u>	<u>\$ (903,012)</u>	<u>\$ 597,660</u>	<u>\$ 822,128</u>	<u>\$ 770,236</u>	<u>\$ (17,155)</u>	<u>\$ 683,936</u>	<u>\$ 224,591</u>	<u>\$ 392,389</u>

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-3

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,438,229	\$ 715,847	\$ 493,244
Assigned	-	-	-	1,255,090	404,621	42,414	-	-	-	-
Unassigned	(255,397)	517,676	1,415,255	3,221,708	3,046,838	2,503,409	1,926,947	-	-	-
Total General Fund	\$ (255,397)	\$ 517,676	\$ 1,415,255	\$ 4,476,798	\$ 3,451,459	\$ 2,545,823	\$ 1,926,947	\$ 1,438,229	\$ 715,847	\$ 493,244
Total All Governmental Funds	\$ (255,397)	\$ 517,676	\$ 1,415,255	\$ 4,476,798	\$ 3,451,459	\$ 2,545,823	\$ 1,926,947	\$ 1,438,229	\$ 715,847	\$ 493,244

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-4

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

Function	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Local tax levy	\$ 727,969	\$ 983,230	\$ 890,755	\$ 1,040,388	\$ 995,013	\$ 856,491	\$ 824,361	\$ 781,138	\$ 736,758	\$ 1,011,347
Other Local Revenue	194,142	175,012	27,976	105,795	24,916	238,442	125,854	48,162	21,059	19,052
State sources	7,120,040	6,696,147	6,154,467	6,687,478	6,726,645	6,733,668	6,246,585	5,695,631	4,996,891	3,801,347
Federal sources	531,582	438,764	494,354	528,358	593,204	715,130	494,510	1,047,435	700,969	504,940
Total revenue	8,573,733	8,293,153	7,567,552	8,362,019	8,339,778	8,543,731	7,691,310	7,572,366	6,455,677	5,336,686
Expenditures										
Regular Instruction	3,221,325	3,050,845	3,327,564	3,400,848	3,303,460	3,143,000	3,448,517	3,397,382	2,978,578	2,455,939
General Administration	2,563,277	2,627,788	2,377,548	2,145,922	1,237,168	1,261,673	1,893,979	1,670,284	1,620,853	1,205,828
Support Services	2,263,180	2,334,942	2,143,756	1,492,608	2,441,108	2,984,185	1,397,471	1,510,786	1,350,972	987,548
TPAF Social Security and Pension	750,580	673,955	653,074	597,856	694,845	517,814	422,176	232,414	203,732	174,679
Capital Outlay	-	207,175	88,332	-	-	2,008	40,449	38,818	79,239	71,430
Total expenditures	8,798,362	8,894,705	8,590,274	7,637,234	7,676,581	7,908,680	7,202,592	6,849,684	6,233,374	4,895,424
Excess/(Deficiency) of Revenues										
Over/(Under) Expenditures	(224,629)	(601,552)	(1,022,722)	724,785	663,197	635,051	488,718	722,682	222,303	441,262
Other financing sources/(uses):										
Cancellation of Prior Year Accounts Payable	-	-	-	-	300,000	-	-	-	-	-
Transfers In/(Out)	-	(46,574)	(33,592)	(52,007)	(57,561)	(16,175)	-	-	-	-
Total other financing sources/(uses)	-	(46,574)	(33,592)	(52,007)	242,439	(16,175)	-	-	-	-
Net change in fund balance	(224,629)	(648,126)	(1,056,314)	672,778	905,636	618,876	488,718	722,682	222,303	441,262
Debt service as a %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Lady Liberty Academy Charter School Financial Reports.

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-5

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

Function	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Other local revenues										
Miscellaneous	\$ 194,142	\$ 175,012	\$ 27,976	\$ 105,795	\$ 22,048	\$ 3,583	\$ 34,435	\$ 48,162	\$ 21,059	\$ 25,148
Total other local revenue	<u>\$ 194,142</u>	<u>\$ 175,012</u>	<u>\$ 27,976</u>	<u>\$ 105,795</u>	<u>\$ 22,048</u>	<u>\$ 3,583</u>	<u>\$ 34,435</u>	<u>\$ 48,162</u>	<u>\$ 21,059</u>	<u>\$ 25,148</u>

Source: Lady Liberty Academy Charter School Financial Reports.

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-10

Ratio of Outstanding Debt By Type
Last Ten Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total Charter School	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases			
NONE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -

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

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-14

Demographic and Economic Statistics
Last Ten 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>
2008	277,376	\$ 14,738,651,136	\$ 53,136	9.50%
2009	278,154	14,265,962,352	51,288	14.10%
2010	277,347	14,511,904,428	52,324	15.00%
2011	377,984	20,794,411,776	55,014	15.00%
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	7.90%
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

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-15

Principal Employers
Current Year
(Unaudited)

<u>Employer</u>	2017		
	Employees	Rank	Percentage of
	Employees	[Optional]	Total Municipal
	a	a	Employment
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 Airline	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		73.67%

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

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-16

Full-Time Equivalent Charter School Employees by Function/Program
Last Ten 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>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction										
Regular	38	38	38	38	45	47	46	34	-	33
Special education	5	3	3	3	3	3	11	9	-	7
Other Special Education	3	3	3	3	3	3	-	-	-	-
Other instruction	-	-	-	-	-	-	-	2	-	-
Support Services:										
Student & instruction related services	5	5	5	5	6	4	11	13	-	8
School administrative services	6	6	6	6	6	6	4	4	-	4
Other administrative services	5	5	5	5	5	5	3	4	-	5
Central services	3	4	4	4	4	6	-	1	-	1
Plant operations and maintenance	6	6	6	6	6	6	5	5	-	-
Other support services	7	7	7	7	7	6	10	7	-	-
Special Schools	2	2	2	2	2	3	-	-	-	18
Food Service	3	3	3	3	3	-	4	3	-	-
Total	<u>83</u>	<u>82</u>	<u>82</u>	<u>82</u>	<u>90</u>	<u>89</u>	<u>94</u>	<u>82</u>	<u>-</u>	<u>76</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Lady Liberty Academy Charter School Financial Reports.

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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Operating Statistics

**Last Ten Years
(Unaudited)**

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Teaching Staff^b	Pupil/Teacher Ratio (c)	Average Daily Enrollment (ADE) d	Average Daily Attendance (ADA) d	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	443	\$ 4,713,525	\$ 10,640	0.00%	42	N/A	N/A	N/A	N/A	98.00%
2009	443	6,233,374	14,071	32.24%	45	N/A	433.0	402	N/A	92.84%
2010	443	6,233,374	14,071	0.00%	45	N/A	433.0	402	0.00%	92.84%
2011	451	6,900,763	15,301	8.74%	57	N/A	454.0	425	4.85%	93.61%
2012	456	7,906,672	17,339	13.32%	53	1:12	460.5	426	1.43%	92.42%
2013	461	7,734,142	16,777	-3.24%	51	1:12	456.0	427	-0.98%	93.62%
2014	454	7,637,234	16,822	0.27%	41	1:12	456.0	427	0.00%	93.62%
2015	404	8,501,942	21,044	25.10%	41	1:12	450.0	421	-1.32%	93.56%
2016	438	8,687,530	19,835	-5.75%	41	1:12	438.0	421	-2.67%	96.12%
2017	428	8,798,362	20,557	-2.32%	43	1:12	428.0	407	-2.28%	95.09%

Note: Enrollment is based on annual October Student count.

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

b Cost per pupil is calculated based upon enrollment and operating expenditures presented and may not be the same as other cost per pupil calculations.

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

d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

N/A Information is not available.

Source: Lady Liberty Academy Charter School Financial Reports.

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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School Building Information
Last Ten Years
(Unaudited)

	Fiscal Year Ended June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Square Feet	80,000	80,000	80,000	80,000	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	428	438	404	454	460	456	451	443	443	443

Source: Lady Liberty Academy Charter School Office.

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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

Not Available

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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Insurance Schedule

June 30, 2017
(Unaudited)

	<u>Coverage</u>
School Package Policy	
New Jersey School Board Association Insurance Group (NJSBAIG)	
Package Policy:	
Blanket Real and Personal Property	\$ 550,000
Comprehensive General Liability	6,000,000
Computer Equipment	250,000
Equipment Breakdown	100,000,000
Crime Coverage:	
Faithful Performance	250,000
Money and Securities	10,000
Automobile	6,000,000
School Board Legal Liability	6,000,000
Employers Liability	2,000,000
Flood	
Board Secretary/Business Administrator	175,000
Treasurer of School Moneys	175,000
Workers Compensation	Statutory Limits
 Chubb Insurance Company	
Supplemental Indemnity	50,000,000

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2017
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 1,318,784	\$ 1,485,922	\$ 1,971,415
Current assets	1,854,639	1,943,170	2,668,238
Capital assets, net	796,016	1,061,355	1,119,518
Total assets	<u>2,650,655</u>	<u>3,004,525</u>	<u>3,787,756</u>
Current liabilities	3,997,746	3,255,211	2,543,894
Total liabilities	<u>3,997,746</u>	<u>3,255,211</u>	<u>2,543,894</u>
Net position	<u>\$ (1,347,091)</u>	<u>\$ (250,686)</u>	<u>\$ 1,243,862</u>
Total revenue	\$ 8,042,151	\$ 7,854,389	\$ 7,073,198
Total expenses	(8,823,500)	(8,887,893)	(8,093,691)
Change in net position	<u>\$ (781,349)</u>	<u>\$ (1,033,504)</u>	<u>\$ (1,020,493)</u>

Final average daily enrollment	438	438	450
March 30th budgeted enrollment	454	454	454

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Three Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	0.79	1.05	1.82	3.73
Unrestricted days cash	54.55	61.02	88.90	121.67
Enrollment variance	96%	96%	99%	101%
Default	None	None	None	None

LADY LIBERTY ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2017
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 1,318,784	\$ 1,485,922	\$ 1,971,415
Current assets	2,650,655	1,943,170	2,668,238
Capital assets, net	796,016	1,061,355	1,119,518
Total assets	<u>3,446,671</u>	<u>3,004,525</u>	<u>3,787,756</u>
Current liabilities	498,974	3,255,211	2,543,894
Total liabilities	<u>498,974</u>	<u>3,255,211</u>	<u>2,543,894</u>
Net position	<u>\$ 2,947,697</u>	<u>\$ (250,686)</u>	<u>\$ 1,243,862</u>
Total revenue	\$ 8,894,688	\$ 7,854,389	\$ 7,073,198
Total expenses	(9,676,037)	(8,887,893)	(8,093,691)
Change in net position	<u>\$ (781,349)</u>	<u>\$ (1,033,504)</u>	<u>\$ (1,020,493)</u>
Depreciation expense	\$ -	\$ -	\$ -
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	438	438	450
March 30th budgeted enrollment	454	454	454

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Three Year Cumulative</u>
SUSTAINABILITY INDICATORS:				
Total margin	-8.8%	-13.2%	-14.4%	-11.9%
Debt to asset	0.14	1.08	0.67	0.62
Cash flow	\$ (167,138)	\$ (485,493)	\$ (1,123,250)	\$ (1,775,881)
Debt service coverage ratio	No Debt	No Debt	No Debt	No Debt

Source: Charter School Records

Single Audit Section

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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
Lady Liberty Academy 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lady Liberty Academy 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 27, 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.

Olugbenga Olabintan, CPA

November 27, 2017
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

Olugbenga Olabintan

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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
Lady Liberty Academy Charter School
County of Essex,
Newark, New Jersey

Compliance

We have audited the Lady Liberty Academy Charter School's 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, 2016. 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 federal and 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, 2016.

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.

Olugbenga Olabintan, CPA

November 27, 2017
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant

A handwritten signature in black ink, appearing to read 'Olugbenga Olabintan', written over a horizontal line.

Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

LADY LIBERTY ACADEMY 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 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:															
U.S. Department of Education:															
Passed-Through State Department of Education															
Title I Part A - FY 2016-2017	84.010A	S010A160030	7/1/16-6/30/17	\$ 429,326	\$ -	\$ -	\$ -	\$ -	\$ 35,502	\$ 393,824	\$ (429,326)	\$ -	\$ -	\$ -	\$ -
IDEA Part B - FY 2016-2017	84.027	H027A160100	7/1/16-6/30/17	100,312	-	-	-	-	-	100,312	(100,312)	-	-	-	-
IDEA Preschool - FY 2016-2017	84.173	H173A160114	7/1/16-6/30/17	1,944	-	-	-	-	-	1,944	(1,944)	-	-	-	-
Title I Part A - FY 2015-2016	84.010A	S010A150030	7/1/15-6/30/16	357,286	-	35,502	-	-	(35,502)	-	-	-	-	-	-
IDEA Part B - FY 2015-2016	84.027	H027A150100	7/1/15-6/30/16	98,857	-	1,437	-	(1,437)	-	-	-	-	-	-	-
IDEA Preschool - FY 2015-2016	84.173	H173A150114	7/1/15-6/30/16	3,554	(3,554)	-	-	-	-	3,554	-	-	-	-	-
Title II A - FY 2012-2016	84.367A	S367A150029	7/1/15-6/30/16	27,583	(27,583)	-	-	-	-	27,583	-	-	-	-	-
Total Special Revenue/U.S. Department of Education					(31,137)	36,939	-	(1,437)	-	527,217	(531,582)	-	-	-	-
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	207,726	-	-	-	-	-	172,825	(207,726)	-	(34,901)	-	-
National School Lunch Program	10.555	16161NJ304N1099	7/1/15-6/30/16	181,667	(12,723)	-	-	-	-	12,723	-	-	-	-	-
School Breakfast Program	10.553	171NJ304N1099	7/1/16-6/30/17	109,740	-	-	-	-	-	89,453	(109,740)	-	(20,287)	-	-
School Breakfast Program	10.553	16161NJ304N1099	7/1/15-6/30/16	70,310	(4,274)	-	-	-	-	4,274	-	-	-	-	-
Total Enterprise Fund/U.S. Department of Agriculture					(16,997)	-	-	-	-	279,275	(317,466)	-	(55,188)	-	-
Total Expenditures of Federal Awards					\$ (48,134)	\$ 36,939	\$ -	\$ (1,437)	\$ -	\$ 806,492	\$ (849,048)	\$ -	\$ (55,188)	\$ -	\$ -

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

LADY LIBERTY ACADEMY CHARTER SCHOOL

Schedule of Expenditures of State Financial Assistance

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	\$4,915,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,212,880	\$ (4,915,713)	-	\$ (187,034)	\$ -	\$ 110,133
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	6,568,229	(224,958)	-	89,978	-	-	224,958	-	(89,978)	-	-	-
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	137,563	-	-	-	-	-	137,563	(137,563)	-	-	-	-
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	85,009	-	-	-	-	-	85,009	(85,009)	-	-	-	-
State Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1,959,144	-	-	-	-	-	1,909,535	(1,959,144)	-	(49,609)	-	-
TPAF/FICA Reimbursements	17-495-034-5094-003	7/1/16-6/30/17	220,018	-	-	-	-	-	198,222	(220,018)	-	(21,796)	-	-
TPAF/FICA Reimbursements	16-495-034-5094-003	7/1/15-6/30/16	197,071	(17,659)	-	-	-	-	17,659	-	-	-	-	-
TPAF Post Retirement Medical Contribution	17-495-034-5094-001	7/1/16-6/30/17	240,450	-	-	-	-	-	240,450	(240,450)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	17-495-034-5094-002	7/1/16-6/30/17	288,576	-	-	-	-	-	288,576	(288,576)	-	-	-	-
TPAF Pension Contribution - Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	1,536	-	-	-	-	-	1,536	(1,536)	-	-	-	-
Total Special Revenue Fund/State Department of Education				<u>(242,617)</u>	<u>-</u>	<u>89,978</u>	<u>-</u>	<u>-</u>	<u>8,316,388</u>	<u>(7,848,009)</u>	<u>(89,978)</u>	<u>(258,439)</u>	<u>-</u>	<u>110,133</u>
State Department of Agriculture														
Enterprise Fund:														
State school lunch program	17-100-010-3350-023	7/1/16-6/30/17	3,454	-	-	-	-	-	2,848	(3,454)	-	(606)	-	-
State school lunch program	16-100-010-3350-023	7/1/15-6/30/16	3,297	(222)	-	-	-	-	222	-	-	-	-	-
Total Enterprise Fund/State Department of Agriculture				<u>(222)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,070</u>	<u>(3,454)</u>	<u>-</u>	<u>(606)</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance				<u>\$ (242,839)</u>	<u>\$ -</u>	<u>\$ 89,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,319,458</u>	<u>(7,851,463)</u>	<u>\$ (89,978)</u>	<u>\$ (259,045)</u>	<u>\$ -</u>	<u>\$ 110,133</u>
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										240,450				
TPAF Pension Contribution - Normal & NCGI										288,576				
TPAF Pension Contribution - Long-Term Disability Insurance										1,536				
Total Expenditures of State Financial Assistance Subject to Single Audit										<u>\$ (7,320,901)</u>				

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

LADY LIBERTY ACADEMY 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).

LADY LIBERTY ACADEMY 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	\$ -	\$ 7,848,009	\$ 7,848,009
Special Revenue Fund	531,582	-	531,582
Enterprise Fund	317,466	3,454	320,920
Total	<u>\$ 849,048</u>	<u>\$ 7,851,463</u>	<u>\$ 8,700,511</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 \$220,018 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 \$530,562 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.

LADY LIBERTY ACADEMY 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 auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified _____ Yes None reported

Noncompliance material to 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, Part B

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

Auditee qualifies as low-risk auditee? yes _____ No

LADY LIBERTY ACADEMY 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 weakness(es) identified? Yes No

Significant deficiency(cies) 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

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Part II – Schedule of Financial Statement Findings

NONE

LADY LIBERTY ACADEMY 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

LADY LIBERTY ACADEMY CHARTER SCHOOL
(County of Essex)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2017

NONE

LADY LIBERTY ACADEMY CHARTER SCHOOL

Schedule of Expenditures of Local Awards

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:														
GEM Grant	Not Available	Not Available	Not Available	\$ -	\$ 21,799	\$ -	\$ (21,799)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Victoria Grant	Not Available	Not Available	Not Available	-	8,689	-	(8,689)	-	-	-	-	-	-	-
Total Special Revenue Fund/Local Grants				<u>\$ -</u>	<u>\$ 30,488</u>	<u>\$ -</u>	<u>\$ (30,488)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>