LAURA JEFFREY ACADEMY
ST. PAUL, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2018

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LAURA JEFFREY ACADEMY

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INTRODUCTORY SECTION

LAURA JEFFREY ACADEMY

Board and Administration
as of June 30, 2018

BOARD

	Board Position
Devavani Chatterjea	Chair
Annie Hotop	Secretary
Jason Fritts	Treasurer
Fahima Aziz	Member
Angi Faiks	Member
Janet Gracia	Member
Danielle Jones-Glaser	Member
Mimi Mohamud	Member
Bryant Noice	Member
Anna Robinson	Member
Anna Veit-Carter	Member
George Sand	Ex Officio

LJA Building Company

	Board Position
Anna Veit-Carter	Chair
Jason Fritts	Treasurer
George Sand	Secretary

Administration

George Sand	Interim Executive Director

FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA

INDEPENDENT AUDITOR'S REPORT

To the Boards and Management of
Laura Jeffrey Academy and LJA Building Company
St. Paul, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laura Jeffrey Academy (the Academy) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Academy'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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions 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. 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 Academy'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 Academy'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.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy as of June 30, 2018 and the respective changes in financial position, and the budgetary comparison for the General Fund for the 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 the required supplementary information (RSI), 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The introductory section and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the Academy.

The supplemental information and the UFARS Compliance Table are the responsibility of management and were derived from and relate 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 stated, in all material respects, in relation to the basic financial statements as a whole.

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

(continued)

Prior Year Comparative Information

We have previously audited the Academy's 2017 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 18, 2017. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 effectiveness of the Academy's 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 Academy's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
December 18, 2018

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This section of Laura Jeffrey Academy's (the Academy) financial statements presents management's discussion and analysis of the Academy's financial performance for the year ended June 30, 2018. Please read it in conjunction with the other components of the Academy's financial statements.

The financial statements and discussion in this document presented for the Academy refer to both the Academy and LJA Building Company (the Building Company), unless otherwise specified. The Building Company is a component unit and separate legal entity, which manages a building that the Academy rents for its educational programs.

FINANCIAL HIGHLIGHTS

- The Academy's assets and deferred outflows of resources were lower than liabilities and deferred inflows of resources at June 30, 2018 by $2,147,555 (deficit net position). The Academy's total net position decreased by $566,891 during the fiscal year ended June 30, 2018.

- The Academy's General Fund unassigned fund balance decreased from $165,995 to $89,261 during fiscal year 2018, which represents approximately 4.2 percent of current year General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the financial statements consists of the following parts:

- Independent Auditor's Report;

- Management's discussion and analysis;

- Basic financial statements, including the entity-wide financial statements, fund financial statements, and the notes to basic financial statements;

- Required supplementary information related to defined benefit pension plan liabilities and contributions; and

- Supplemental information, which includes the combining and individual fund financial statements and schedules.

The following explains the two types of statements included in the basic financial statements:

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide financial statements (Statement of Net Position and Statement of Activities) report information about the Academy as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the Academy's assets, deferred outflow of resources, liabilities, and deferred inflow of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two entity-wide financial statements report the Academy's *net position* and how it has changed. Net position—the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the Academy's financial health or *position*. Over time, increases or decreases in the Academy's net position are indicators of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the Academy requires consideration of additional nonfinancial factors, such as changes in the Academy's student population and the condition of school buildings and other facilities.

In the entity-wide financial statements, the Academy's activities are all shown in one category titled "governmental activities." These activities, including regular and special education, administration, and food services, are primarily financed with governmental grants and aids.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Academy's *funds,* focusing on its most significant or "major" funds, rather than the Academy as a whole. Funds (such as the Food Service and Community Service Special Revenue Funds) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed information for nonmajor funds is included as supplemental information. Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs. The Academy maintains four funds: the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, and Building Company Special Revenue Fund to account for its activities. All funds are "governmental" fund types. Governmental funds generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or less financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the entity-wide financial statements, we provide additional information (reconciliation schedules) on the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table 1 is a summarized view of the Academy's Statement of Net Position:

Table 1
Summary Statement of Net Position
as of June 30, 2018 and 2017

	2018	2017
Assets		
Current and other assets	$ 208,451	$ 339,907
Capital assets, net of accumulated depreciation	37,011	112,283
Total assets	$ 245,462	$ 452,190
Deferred outflows of resources	$ 2,199,934	$ 2,976,885
Liabilities		
Current and other liabilities	$ 178,841	$ 116,559
Net pension liability	3,077,976	4,626,835
Loan payable	8,258	104,218
Total liabilities	$ 3,265,075	$ 4,847,612
Deferred inflows of resources	$ 1,327,876	$ 172,127
Net position		
Net investment in capital assets	$ 28,753	$ 8,065
Restricted	929	1,821
Unrestricted	(2,177,237)	(1,600,550)
Total net position	$ (2,147,555)	$ (1,590,664)

The Academy's financial position is the product of many factors. For example, determination of the Academy's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. Changes in variables such as estimated depreciable lives or capitalization policies may produce significant differences in the calculated amounts. Unrestricted net position includes the Academy's long-term liability for pensions, which are not fully funded.

Total net position decreased by $556,891 from current year operating results. The reporting for the Academy's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows and inflows of resources, long-term liabilities, and unrestricted net position.

Table 2 is a summarized view of the Statement of Activities of the Academy:

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2018 and 2017

	2018	2017
Revenue		
Program revenues		
Charges for services	$ 43,760	$ 55,222
Operating grants and contributions	968,269	952,349
General revenues		
General grants and aids	890,387	1,097,575
Other general revenues	90,295	138,056
Total revenue	1,992,711	2,243,202
Expenses		
Administration	108,511	146,709
District support services	155,635	176,471
Elementary and secondary regular instruction	587,834	739,647
Special education instruction	1,050,447	1,087,011
Instructional support services	848	3,065
Pupil support services	243,000	226,967
Sites and buildings	328,078	330,263
Fiscal and other fixed cost programs	11,236	10,595
Food service	46,857	60,348
Community service	11,532	16,600
Interest and fiscal charges	5,624	11,602
Total expenses	2,549,602	2,809,278
Change in net position	(556,891)	(566,076)
Net position – beginning	(1,590,664)	(1,024,588)
Net position – ending	$ (2,147,555)	$ (1,590,664)

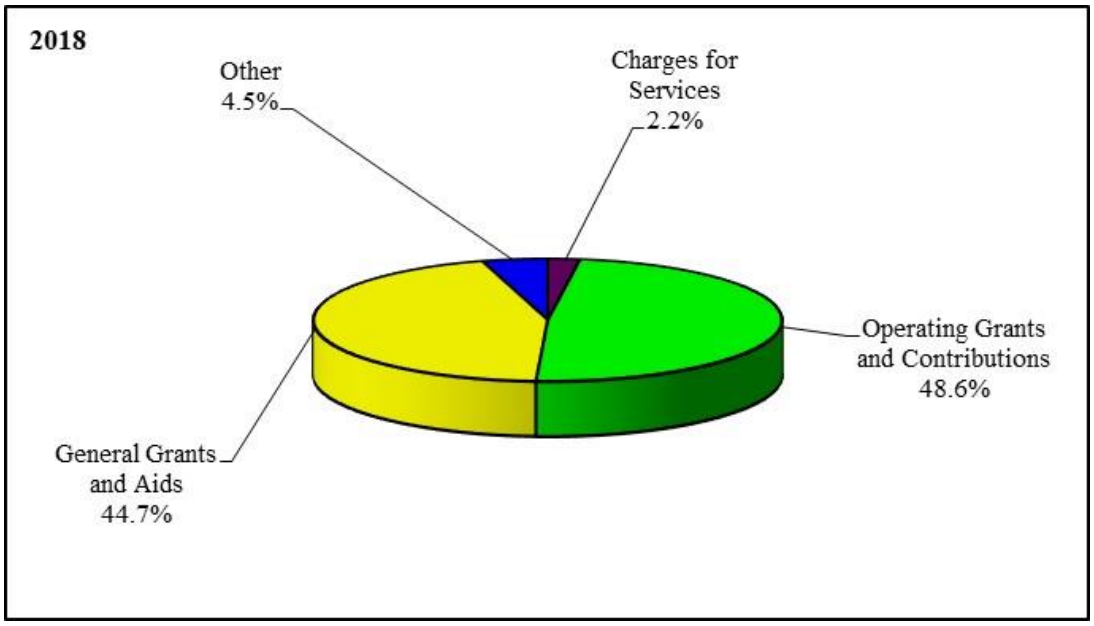
Total revenues decreased 11.2 percent in 2018, mainly due to the Academy's enrollment decreasing by 18.5 percent in 2018, causing a reduction in state aid.

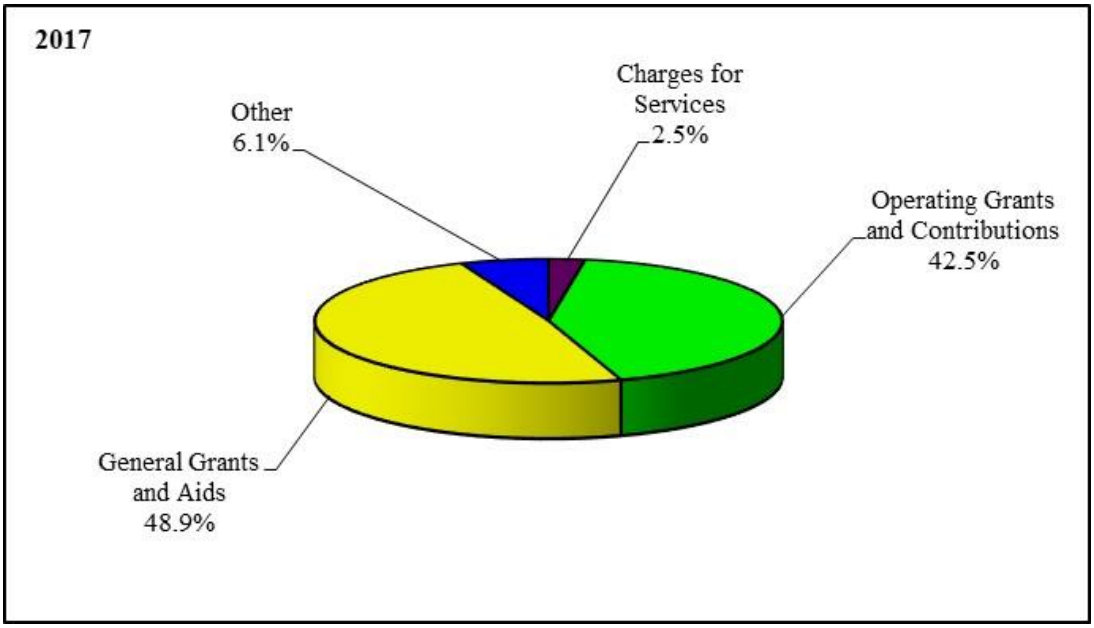
The significant decrease in expenses is mainly due to lower expenses from the reporting of the Academy's share of the unfunded liabilities of the PERA and the TRA multiple-employer defined pension plans mentioned earlier.

This statement is presented on the accrual basis of accounting and includes all of the Academy's governmental activities. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenue for Fiscal Years 2018 and 2017

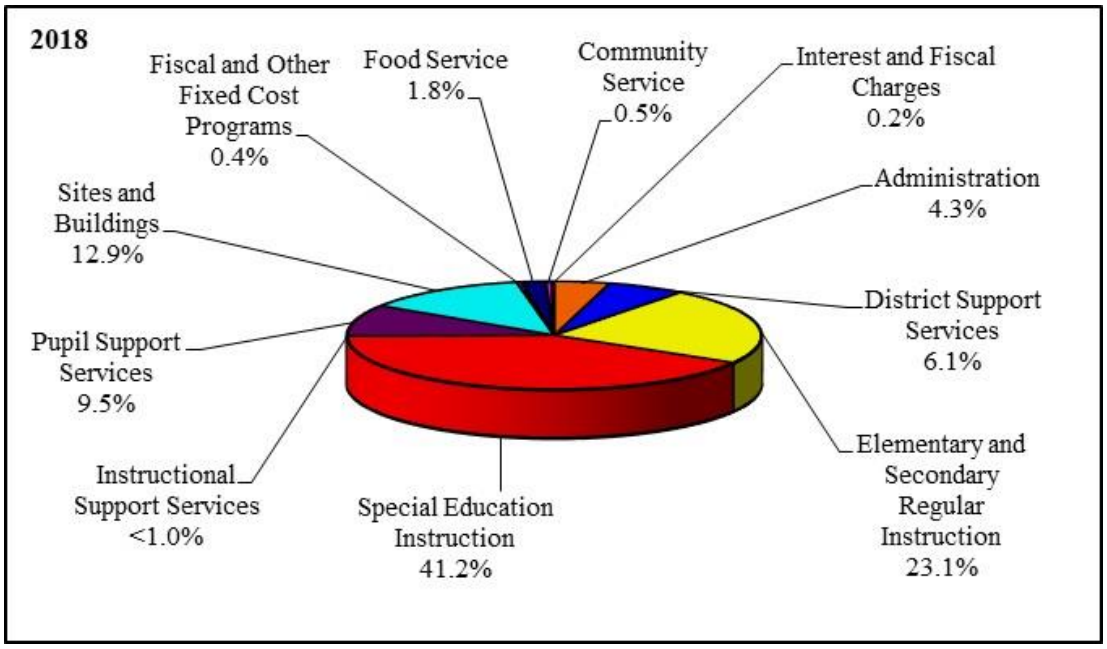


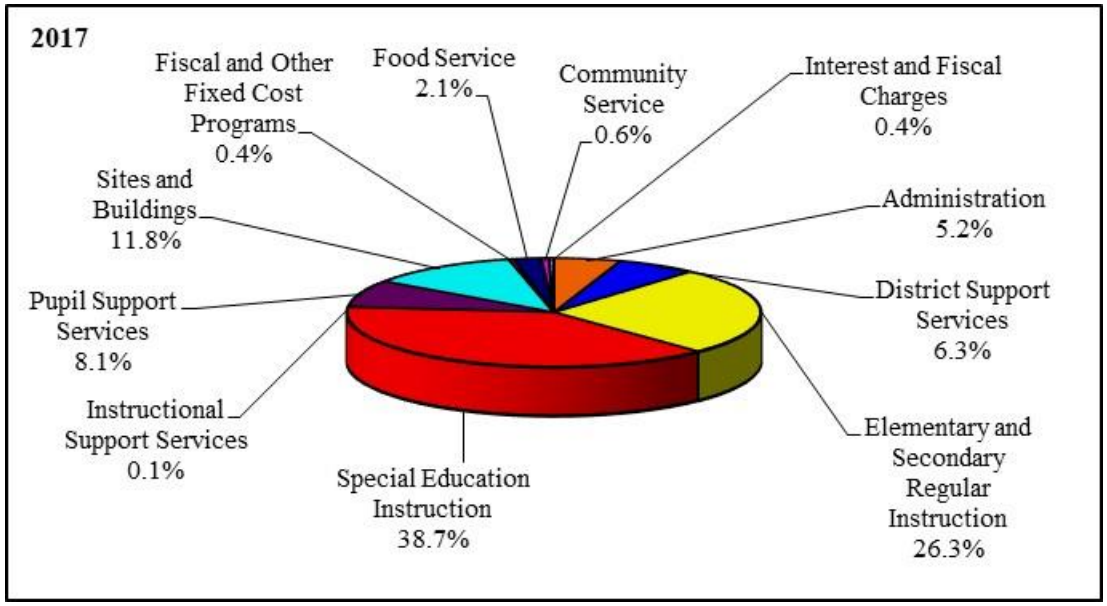


The largest share of the Academy's revenue is received from the state, including most of the general and operating grants. This significant reliance on the state for funding has placed tremendous pressure on charter schools as funding increases have not kept pace with inflation.

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2018 and 2017





The Academy's expenses are predominately related to educating students. Approximately 73.8 percent of the Academy's 2018 expenses were in categories directly related to providing instruction, which includes: elementary and secondary regular instruction, special education instruction, instructional support services, and pupil support services. An additional 12.9 percent of the Academy's costs are related to leasing and maintaining its school site.

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

Governmental Fund Balances

The financial performance of the Academy as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the Academy's governmental funds:

Table 3
Governmental Fund Balances
as of June 30, 2018 and 2017

	2018	2017	Change
General Fund	$ 91,801	$ 271,854	$ (180,053)
Building Company Special Revenue Fund	(63,120)	(50,327)	(12,793)
Nonmajor funds			
Community Service Special Revenue Fund	929	1,821	(892)
Total fund balance	$ 29,610	$ 223,348	$ (193,738)

Analysis of the General Fund

Table 4 is a summarized view of the Academy's General Fund activity:

Table 4
Summary of General Fund Activity
as of June 30, 2018 and 2017

	2018				2017
	Budgeted Amounts			Over (Under)	
	Original	Final	Actual	Final Budget	Actual
Total revenue	$ 2,007,155	$ 2,011,119	$ 1,946,921	$ (64,198)	$ 2,125,077
Total expenditures and other financing uses	2,080,069	2,133,732	2,126,974	(6,758)	2,104,413
Net change in fund balances	$ (72,914)	$ (122,613)	$ (180,053)	$ (57,440)	$ 20,664

Total revenue for the year ended June 30, 2018 was $1,946,921, which was lower than budget by $64,198 and lower than 2017 by $178,156. Other revenue was lower than budget by $49,667, mainly in miscellaneous other revenue in the form of grants. Revenue was lower than the prior year, mainly in state sources as the Academy experienced a decline in enrollment of about 18.5 percent in fiscal 2018.

The Academy is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. The Academy has the ability to amend that budget for known significant changes in circumstances, such as: updated enrollment estimates, legislative funding changes, additional funding received from grants or other local sources, or staffing changes.

Building Company Special Revenue Fund – The Building Company Special Revenue Fund ended the year with a total fund balance deficit of ($63,120), a decrease of $12,793.

Food Service Special Revenue Fund – The Food Service Special Revenue Fund remained unchanged at a fund balance of zero.

Community Service Special Revenue Fund – Expenditures exceeded revenue by $892 in the Community Service Special Revenue Fund. The Community Service Special Revenue Fund has a year-end fund balance of $929.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 5 shows the Academy's capital assets and the total depreciation expense for the fiscal years ending June 30, 2018 and 2017:

Table 5
Capital Assets
as of June 30, 2018 and 2017

	2018	2017	Increase (Decrease)
Academy			
Furniture and equipment	$ 250,703	$ 250,703	$ –
Less accumulated depreciation	(244,534)	(236,051)	(8,483)
Building Company			
Leasehold improvements	646,505	646,505	–
Less accumulated depreciation	(615,663)	(548,874)	(66,789)
Total	$ 37,011	$ 112,283	$ (75,272)
Depreciation expense	$ 75,272	$ 79,328	$ (4,056)

Long-Term Liabilities

Table 6 illustrates the components of the Academy's long-term liabilities, together with the change from the prior year:

Table 6
Outstanding Long-Term Liabilities
as of June 30, 2018 and 2017

	2018	2017	Increase (Decrease)
Academy			
Net pension liability	$ 3,077,976	$ 4,626,835	$ (1,548,859)
Building Company			
Loan payable	8,258	104,218	(95,960)
	$ 3,086,234	$ 4,731,053	$ (1,644,819)

Additional details of the Academy's capital assets and long-term debt activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE ACADEMY'S FUTURE

The Academy is dependent on the state of Minnesota for much of its revenue. In recent years, legislated revenue increases have made it difficult to meet the instructional program needs and increased costs, due to inflation for Minnesota charter schools.

The general education program is the method by which charter schools receive the majority of their financial support. This source of funding is primarily state aid and, as such, charter schools rely heavily on the state of Minnesota for educational resources. The Legislature has added $124, or 2 percent, per pupil to the basic general education funding formula for fiscal year 2019.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, sponsor district, customers, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about these statements or need additional financial information, contact the Academy's management at Laura Jeffrey Academy, 1550 Summit Avenue, St. Paul, Minnesota 55105.

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BASIC FINANCIAL STATEMENTS

LAURA JEFFREY ACADEMY

Statement of Net Position
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	Governmental Activities	
	2018	2017
Assets		
Cash and temporary investments	$ 107,836	$ 271,567
Receivables		
Accounts and interest	3,490	–
Due from other governmental units	94,585	27,096
Prepaid items	2,540	41,244
Capital assets		
Depreciated, net of accumulated depreciation	37,011	112,283
Total assets	245,462	452,190
Deferred outflows of resources		
Pension plan deferments	2,199,934	2,976,885
Total assets and deferred outflows of resources	$ 2,445,396	$ 3,429,075
Liabilities		
Salaries and benefits payable	$ 69,186	$ 44,750
Accounts and contracts payable	33,087	33,497
Line of credit payable	75,000	–
Unearned revenue	1,568	38,312
Long-term liabilities		
Due within one year	8,258	95,959
Due in more than one year	3,077,976	4,635,094
Total long-term liabilities	3,086,234	4,731,053
Total liabilities	3,265,075	4,847,612
Deferred inflows of resources		
Pension plan deferments	1,327,876	172,127
Net position		
Net investment in capital assets	28,753	8,065
Restricted for community service	929	1,821
Unrestricted	(2,177,237)	(1,600,550)
Total net position	(2,147,555)	(1,590,664)
Total liabilities, deferred inflows of resources, and net position	$ 2,445,396	$ 3,429,075

See notes to basic financial statements

LAURA JEFFREY ACADEMY

Statement of Activities
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	2018				2017
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 108,511	$ –	$ –	$ (108,511)	$ (146,709)
District support services	155,635	–	–	(155,635)	(176,471)
Elementary and secondary regular instruction	587,834	22,388	26,024	(539,422)	(682,375)
Special education instruction	1,050,447	–	776,653	(273,794)	(372,933)
Instructional support services	848	–	–	(848)	(3,065)
Pupil support services	243,000	–	–	(243,000)	(226,967)
Sites and buildings	328,078	–	140,756	(187,322)	(158,182)
Fiscal and other fixed cost programs	11,236	–	–	(11,236)	(10,595)
Food service	46,857	11,755	24,836	(10,266)	(12,377)
Community service	11,532	9,617	–	(1,915)	(431)
Interest and fiscal charges	5,624	–	–	(5,624)	(11,602)
Total governmental activities	$ 2,549,602	$ 43,760	$ 968,269	(1,537,573)	(1,801,707)
	General revenues				
	General grants and aids			890,387	1,097,575
	Other general revenues			90,295	138,056
	Total general revenues			980,682	1,235,631
	Change in net position			(556,891)	(566,076)
	Net position – beginning			(1,590,664)	(1,024,588)
	Net position – ending			$ (2,147,555)	$ (1,590,664)

See notes to basic financial statements

LAURA JEFFREY ACADEMY

Balance Sheet
Governmental Funds
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	General Fund	Building Company – Special Revenue Fund	Nonmajor Funds	Total Governmental Funds 2018	Total Governmental Funds 2017
Assets					
Cash and temporary investments	$ 94,987	$ 11,760	$ 1,089	$ 107,836	$ 271,567
Receivables					
Accounts and interest	3,490	–	–	3,490	–
Due from other governmental units	92,236	–	2,349	94,585	27,096
Due from other funds	74,880	–	–	74,880	63,153
Prepaid items	2,540	–	–	2,540	41,244
Total assets	$ 268,133	$ 11,760	$ 3,438	$ 283,331	$ 403,060
Liabilities					
Salaries and benefits payable	$ 68,609	$ –	$ 577	$ 69,186	$ 44,750
Accounts and contracts payable	31,155	–	1,932	33,087	33,497
Line of credit payable	75,000	–	–	75,000	–
Due to other funds	–	74,880	–	74,880	63,153
Unearned revenue	1,568	–	–	1,568	38,312
Total liabilities	176,332	74,880	2,509	253,721	179,712
Fund balances (deficit)					
Nonspendable for prepaid items	2,540	–	–	2,540	41,244
Restricted for community service	–	–	929	929	1,821
Assigned for subsequent year budget deficit	–	–	–	–	72,915
Unassigned	89,261	(63,120)	–	26,141	107,368
Total fund balances (deficit)	91,801	(63,120)	929	29,610	223,348
Total liabilities and fund balances	$ 268,133	$ 11,760	$ 3,438	$ 283,331	$ 403,060

See notes to basic financial statements

LAURA JEFFREY ACADEMY

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	2018	2017
Total fund balances – governmental funds	$ 29,610	$ 223,348
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	897,208	897,208
Accumulated depreciation	(860,197)	(784,925)
Long-term liabilities are included in net position but are excluded from fund balances until due and payable.		
Loan payable	(8,258)	(104,218)
Net pension liability	(3,077,976)	(4,626,835)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – pension plan deferments	2,199,934	2,976,885
Deferred inflows – pension plan deferments	(1,327,876)	(172,127)
Total net position – governmental activities	$ (2,147,555)	$ (1,590,664)

See notes to basic financial statements

LAURA JEFFREY ACADEMY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	General Fund	Building Company – Special Revenue Fund	Nonmajor Funds	Total Governmental Funds 2018	Total Governmental Funds 2017
Revenue					
Federal sources	$ 48,403	$ –	$ 23,310	$ 71,713	$ 84,286
State sources	1,785,835	–	1,526	1,787,361	1,911,665
Local sources					
Other	112,683	325,620	21,372	459,675	518,898
Total revenue	1,946,921	325,620	46,208	2,318,749	2,514,849
Expenditures					
Current					
Administration	73,925	–	–	73,925	100,796
District support services	157,926	–	–	157,926	170,674
Elementary and secondary regular instruction	403,365	–	–	403,365	488,392
Special education instruction	876,209	–	–	876,209	741,762
Instructional support services	848	–	–	848	3,065
Pupil support services	243,000	–	–	243,000	226,967
Sites and buildings	348,099	238,810	–	586,909	589,092
Fiscal and other fixed cost programs	11,236	–	–	11,236	10,595
Food service	–	–	46,976	46,976	59,677
Community service	–	–	10,509	10,509	16,291
Debt service					
Principal	–	95,960	–	95,960	90,384
Interest and fiscal charges	1,981	3,643	–	5,624	11,602
Total expenditures	2,116,589	338,413	57,485	2,512,487	2,509,297
Excess (deficiency) of revenue over expenditures	(169,668)	(12,793)	(11,277)	(193,738)	5,552
Other financing sources (uses)					
Transfers in	–	–	10,385	10,385	11,698
Transfers (out)	(10,385)	–	–	(10,385)	(11,698)
Total other financing sources (uses)	(10,385)	–	10,385	–	–
Net change in fund balances	(180,053)	(12,793)	(892)	(193,738)	5,552
Fund balances (deficit)					
Beginning of year	271,854	(50,327)	1,821	223,348	217,796
End of year	$ 91,801	$ (63,120)	$ 929	$ 29,610	$ 223,348

See notes to basic financial statements

LAURA JEFFREY ACADEMY

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	2018	2017
Total net change in fund balances – governmental funds	$ (193,738)	$ 5,552
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Depreciation expense	(75,272)	(79,328)
Repayment of long-term debt principal does not affect the change in net position. However, it reduces fund balances.		
Loan payable	95,960	90,384
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	1,548,859	(3,357,057)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – pension plan deferments	(776,951)	2,708,183
Deferred inflows – pension plans deferments	(1,155,749)	66,190
Change in net position – governmental activities	$ (556,891)	$ (566,076)

See notes to basic financial statements

LAURA JEFFREY ACADEMY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Federal sources	$ 53,329	$ 53,286	$ 48,403	$ (4,883)
State sources	1,831,766	1,795,483	1,785,835	(9,648)
Local sources				
Other	122,060	162,350	112,683	(49,667)
Total revenue	2,007,155	2,011,119	1,946,921	(64,198)
Expenditures				
Current				
Administration	102,745	65,761	73,925	8,164
District support services	178,200	169,260	157,926	(11,334)
Elementary and secondary regular instruction	388,849	415,284	403,365	(11,919)
Special education instruction	882,435	855,890	876,209	20,319
Instructional support services	3,060	2,500	848	(1,652)
Pupil support services	147,996	245,775	243,000	(2,775)
Sites and buildings	351,060	349,620	348,099	(1,521)
Fiscal and other fixed cost programs	12,750	10,710	11,236	526
Debt service				
Interest and fiscal charges	–	2,400	1,981	(419)
Total expenditures	2,067,095	2,117,200	2,116,589	(611)
Excess (deficiency) of revenue over expenditures	(59,940)	(106,081)	(169,668)	(63,587)
Other financing (uses)				
Transfers (out)	(12,974)	(16,532)	(10,385)	6,147
Net change in fund balances	$ (72,914)	$ (122,613)	(180,053)	$ (57,440)
Fund balances				
Beginning of year			271,854	
End of year			$ 91,801	

See notes to basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Laura Jeffrey Academy (the Academy) is a gender-focused charter school established in accordance with Minnesota Statutes that aims to provide girls in Grades 5–8 with the experiences and skills that produce self-assurance and personal and academic success. The Academy is required to operate under a charter agreement with an entity that has been approved by the Minnesota Department of Education (MDE) to be a charter school "authorizer." The authorizer monitors and evaluates the Academy's performance, and periodically determines whether to renew the Academy's charter. The Academy is authorized by the Audubon Center of the North Woods, Minnesota (the Authorizer), and is operating under a charter agreement with the Authorizer. Aside from its responsibilities as authorizer, the Authorizer has no authority, control, power, or administrative responsibilities over the Academy. Therefore, the Academy is not considered a component unit of the Authorizer.

The Academy's financial statements include all funds, departments, agencies, boards, commissions, and other organizations for which the Academy is considered to be financially accountable.

Component units are legally separate entities for which the Academy (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there is one organization considered to be a component unit of the Academy. LJA Building Company (the Building Company) is a Minnesota nonprofit organization classified by the Internal Revenue Service (IRS) as a 501(c)(3) tax-exempt organization by reason of its function as a "supporting organization" of the Academy. The Building Company leases the real estate and building that is leased by the Academy for its operations. The building will be leased to the Academy under the terms of a long-term operating lease agreement. All capital assets related to the school site and all long-term debt related to the improvements of the site will be the responsibility of the Building Company. The Internal Revenue Code (IRC) requires that, to be granted tax-exempt status as a "supporting organization," an organization must meet a three-part test. One test is whether the supporting organization is "operated, supervised, or controlled by" the organization it supports. To meet this test, members of the Building Company's Board of Directors are also members of the Academy's Board. Because the two organizations' governing bodies are substantially the same, the Building Company will be reported as a blended component unit of the Academy, with its balances and transactions reported as funds of the Academy. The Building Company does not issue separate financial statements.

Extracurricular student activities, if any, are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, school boards can elect to either control or not control extracurricular activities. The Academy's Board has elected to control extracurricular activities; therefore, the extracurricular student activity accounts are included in the Academy's General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Statement Presentation

As required by state law, the Academy operates as a nonprofit corporation under Minnesota Statutes § 317A. However, state law also requires that the Academy comply with Uniform Financial Accounting and Reporting Standards for Minnesota School Districts, which mandates the use of a governmental fund accounting structure.

C. Entity-Wide Financial Statement Presentation

The entity-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the Academy. Generally, the effect of material interfund activity has been removed from the entity-wide financial statements. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other internally directed revenues are reported instead as general revenues.

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

The Academy applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for the governmental funds. Major governmental funds are reported in separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes (which include state aid funding formulas for specific fiscal years) and accounting principles generally accepted in the United States of America. Federal revenue is recognized when all eligibility requirements imposed by the provider have been met. Other revenue is considered available if collected within 60 days. Proceeds of long-term debt are reported as other financing sources.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for long-term debt and other long-term liabilities, which are recognized as an expenditure to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Description of Funds

The funds used by the Academy to report its activity have been established by the MDE. Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Building Company Special Revenue Fund – This fund was established to account for all activities of the Building Company. This includes the proceeds and uses of resources borrowed to finance the improvement of the school site, the receipt of lease payments from the Academy, and the debt service payments required under the terms of the related long-term capital loans.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to account for the Academy's child nutrition program.

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for intersession services provided to students at the Academy.

F. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Income Taxes

The Academy and Building Company are exempt from federal and state income taxes under IRC § 501(c)(3). The Academy and Building Company are subject to tax on income from any unrelated business.

The Academy and Building Company are subject to the recognition requirements for uncertain income tax positions as required by the Financial Accounting Standards Board Accounting Standards Codification 740-10. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Academy and Building Company have analyzed tax positions taken for filing with the IRS and state jurisdiction where they operate. The Academy and Building Company believe that income tax filing positions will be sustained upon examination and do not anticipate any adjustments that would result in a material adverse effect on their respective financial condition, results of operations, or cash flows. Accordingly, the Academy and Building Company have not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at year-end.

The Academy and Building Company are subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Budgetary Information

Each June, the Board adopts an annual budget for the following year for the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund. No budget is adopted for the Building Company as it follows related lease, construction, and debt agreements. The budget for each fund is prepared on the same basis of accounting as the financial statements.

Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

I. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled balances are allocated to the respective funds on the basis of cash participation by each fund. Building Company Special Revenue Fund cash and investments are not pooled and earnings from investments are allocated directly to that fund. Investments, if any, are reported at fair value. The Academy held no investments at June 30, 2018 or during the year then ended.

J. Receivables

When necessary, the Academy utilizes an allowance for uncollectible accounts to value its receivables. However, the Academy considers all of its current receivables to be collectible.

K. Prepaid Items

Certain payments from vendors reflect costs applicable to future periods and are recorded as prepaid items. Prepaid items are recorded as expenses/expenditures at the time of consumption.

L. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The Academy defines capital assets as those with an initial, individual cost of $500 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add value of the asset or materially extend asset lives is not capitalized.

Capital assets are recorded in the entity-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed by the Academy, no salvage value is taken into consideration for depreciation purposes. Useful lives vary, ranging from 5 years for furniture and equipment to 10 years for leasehold improvements.

M. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities a statement of financial position will sometimes report separate sections for deferred outflows/inflows of resources. These separate financial statement elements represent a consumption/acquisition of net position that applies to a future period, which will not be recognized as an outflow of resources (expense/expenditure) or inflow of resources (revenue) until then. The Academy has one type of item that qualifies for reporting in these categories, deferred outflows/inflows of resources related to pensions, which are reported in the entity-wide Statement of Net Position. These deferred outflows/inflows result from differences between expected and actual experience, changes of assumptions, the difference between projected and actual earnings on pension plan investments, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no long-term liability for unused vacation pay has been recorded. Substantially all employees are entitled to sick leave at various rates. Employees are not compensated for unused sick leave upon termination of employment. Therefore, no long-term liability for unused sick leave has been recorded.

O. Long-Term Obligations

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Both premiums and discounts on debt are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental fund types recognize debt proceeds equal to the par amount of debt issued as other financing sources in the year of issue. Premiums received on debt issuances are reported as additional debt proceeds, while discounts on debt issuances are reported as other financing uses.

P. State-Wide Pension Plans

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

Q. Risk Management

The Academy is exposed to various risks or loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and workers' compensation. The Academy carries commercial insurance for these risks. Settled claims did not exceed coverage during the last three fiscal years. There were no significant reductions in insurance coverage in fiscal 2018.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position

In the entity-wide financial statements, net position represents the residual of all other financial statement elements presented in a Statement of Net Position. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted Net Position** – All other elements of net position that do not meet the definition of "restricted" or "net investment in capital assets."

S. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints that are established by resolution of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as restricted or committed. In the governmental funds, assigned amounts represent intended uses established by the Board itself or by an official to which the governing body delegates the authority. The Academy's Board has authorized the Academy's interim executive director as the official authorized to assign fund balance for a specific purpose.

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the Academy's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Minimum Unassigned Fund Balance

It is the goal of the Academy to achieve and maintain an unassigned fund balance in the General Fund equal to 20.0 percent of expenditures. The Academy considers a balance of less than 5.0 percent to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the goal or has a deficiency, the Academy will increase revenue and cut expenditures. At June 30, 2018, the Academy had a General Fund unassigned fund balance equal to 4.2 percent of expenditures.

U. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

V. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2017, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS

In accordance with Minnesota Statutes, the Academy maintains deposits at depository banks authorized by its Board. The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Academy does not have a deposit policy that further limits depository choices.

At June 30, 2018, the carrying value of the Academy's deposits was $107,836, and the bank balance was $123,816. At June 30, 2018, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the Academy's agent in the Academy's name.

NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the year ended June 30, 2018 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, depreciated				
Academy				
Furniture and equipment	$ 250,703	$ –	$ –	$ 250,703
Building Company				
Leasehold improvements	646,505	–	–	646,505
Total capital assets, depreciated	897,208	–	–	897,208
Less accumulated depreciation for				
Academy				
Furniture and equipment	(236,051)	(8,483)	–	(244,534)
Building Company				
Leasehold improvements	(548,874)	(66,789)	–	(615,663)
Total accumulated depreciation	(784,925)	(75,272)	–	(860,197)
Total capital assets, net	$ 112,283	$ (75,272)	$ –	$ 37,011

Depreciation expense for the year ended June 30, 2018 was charged to the following governmental functions:

Elementary and secondary regular instruction	$ 4,516
Special education instruction	3,802
Sites and buildings	66,789
Food service	165
Total depreciation expense	$ 75,272

NOTE 4 – LINE OF CREDIT PAYABLE

In March 2018, the Academy obtained a $130,000 line of credit, which is available for cash flow purposes, through Propel Nonprofits. The line of credit matures on October 31, 2018. The interest rate on this note payable is 6.5 percent.

Interest expense on the note payable during the year ended June 30, 2018 was $1,981. Activity on the line of credit paid by the General Fund for the year was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Line of credit	$ –	$ 75,000	$ –	$ 75,000

NOTE 5 – LONG-TERM DEBT

A. Loan From Raza Development Fund, Inc.

On August 7, 2008, the Building Company received a $630,000 loan at an interest rate of 6.75 percent from Raza Development Fund, Inc. to complete leasehold improvements at the leased property at 1550 Summit Avenue, St. Paul, Minnesota. On December 31, 2011, the Building Company signed a loan agreement to modify the original loan extending the maturity date to July 1, 2018. The modified loan also decreased the interest rate from 6.75 percent to 6.00 percent. The Academy has pledged certain "adjusted pledged revenues" (consisting of certain state aid revenues) to the Building Company to secure its payments under the loan agreement.

The Academy has entered into an operating lease agreement to rent the school site from the Building Company. Under this agreement, the Academy paid rent of $325,620 to the Building Company during the fiscal year ended June 30, 2018.

B. Future Minimum Debt Payments

The following is a schedule of the minimum future loan principal and interest payments due on the Academy's long-term debt:

Year Ending June 30,	Principal	Interest	Total
2019	$ 8,258	$ 41	$ 8,299

C. Other Long-Term Liabilities

The Academy's employees participate in two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The details of these plans are discussed elsewhere in these notes. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2018:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	$ 223,437	$ 76,509	$ 141,676	$ 3,036
TRA	2,854,539	2,123,425	1,186,200	460,466
Total	$ 3,077,976	$ 2,199,934	$ 1,327,876	$ 463,502

NOTE 5 – LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Debt

	June 30, 2017	Additions	Payments	June 30, 2018	Due Within One Year
Academy					
Net pension liability	$ 4,626,835	$ 33,652	$ 1,582,511	3,077,976	$ –
Building Company					
Loan payable	104,218	–	95,960	8,258	8,258
	$ 4,731,053	$ 33,652	$ 1,678,471	$ 3,086,234	$ 8,258

NOTE 6 – INTERFUND TRANSACTIONS, TRANSFERS, AND FUND BALANCES

The Academy's General Fund had an interfund receivable of $74,880 at June 30, 2018, due from the Building Company Special Revenue Fund, representing costs paid by the General Fund that are to be reimbursed by the Building Company.

During fiscal year 2018, the General Fund transferred $10,385 to the Food Service Special Revenue Fund to finance expenditures in excess of revenues.

Such interfund balances are reported in the fund financial statements and are eliminated in the entity-wide financial statements.

At June 30, 2018, the Building Company Special Revenue Fund had a fund balance deficit of $63,120.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The Academy participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the IRC.

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

All full-time and certain part-time employees of the Academy other than teachers are covered by the GERF. GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the City of St. Paul and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by Minnesota State Colleges and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan administered by MnSCU.

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

- **PERA** – Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90.0 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90.0 percent funded, or have fallen below 80.0 percent, are given 1.0 percent increases.

- **TRA** – Post-retirement benefit increases are provided to eligible benefit recipients each January and are assumed to remain level at 2.0 percent annually through 2018, and 1.0 percent thereafter.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 1.7 percent of average salary for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

2. TRA Benefits

The TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statutes and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Two methods are used to compute benefits for the TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are up to July 1, 2006 or after	1.9 %

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) Three percent per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statutes. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2018; the Academy was required to contribute 7.5 percent for Coordinated Plan members. The Academy's contributions to the GERF for the year ended June 30, 2018, were $13,041. The Academy's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the contribution rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,			
	2017		2018	
	Employee	Employer	Employee	Employer
Basic Plan	11.0 %	11.5 %	11.0 %	11.5 %
Coordinated Plan	7.5 %	7.5 %	7.5 %	7.5 %

The Academy's contributions to the TRA for the plan's fiscal year ended June 30, 2018, were $61,590. The Academy's contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA's Comprehensive Annual Financial Report (CAFR) Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	in thousands
Employer contributions reported in the TRA's CAFR Statement of Changes in Fiduciary Net Position	$ 367,791
Add employer contributions not related to future contribution efforts	810
Deduct the TRA's contributions not included in allocation	(456)
Total employer contributions	368,145
Total nonemployer contributions	35,588
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	$ 403,733

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. The TRA has rounded percentage amounts to the nearest ten thousandths.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2018, the Academy reported a liability of $223,437 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of the PERA's participating employers. The Academy's proportionate share was 0.0035 percent at the end of the measurement period and 0.0044 percent for the beginning of the period.

The Academy's net pension liability reflected a reduction due to the state of Minnesota's contribution of $6 million to the fund. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amount recognized by the Academy as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the Academy were as follows:

Academy's proportionate share of the net pension liability	$ 223,437
State's proportionate share of the net pension liability associated with the Academy	$ 2,842

For the year ended June 30, 2018, the Academy recognized pension expense of $2,956 for its proportionate share of the GERF's pension expense. In addition, the Academy recognized an additional $80 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $6 million to the GERF.

At June 30, 2018, the Academy reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 7,364	$ 19,464
Changes in actuarial assumptions	46,636	22,400
Difference between projected and actual investment earnings	–	3,545
Changes in proportion	9,468	96,267
Academy's contributions to the GERF subsequent to the measurement date	13,041	–
Total	$ 76,509	$ 141,676

A total of $13,041 reported as deferred outflows of resources related to pensions resulting from academy contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	$ (31,830)
2020	$ (17,034)
2021	$ (19,860)
2022	$ (9,484)

2. TRA Pension Costs

At June 30, 2018, the Academy reported a liability of $2,854,539 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The Academy's proportionate share was 0.0143 percent at the end of the measurement period and 0.0179 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to the TRA. The amount recognized by the Academy as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the Academy were as follows:

Academy's proportionate share of the net pension liability	$ 2,854,539
State's proportionate share of the net pension liability associated with the Academy	$ 276,250

For the year ended June 30, 2018, the Academy recognized pension expense of $455,168. It also recognized $5,298 as an increase to pension expense for the support provided by direct aid.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2018, the Academy reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 25,433	$ 20,064
Changes in actuarial assumptions	1,930,895	399,876
Difference between projected and actual investment earnings	6,531	–
Changes in proportion	98,976	766,260
Academy's contributions to the TRA subsequent to the measurement date	61,590	–
Total	$ 2,123,425	$ 1,186,200

A total of $61,590 reported as deferred outflows of resources related to pensions resulting from academy contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	$ 258,277
2020	$ 320,869
2021	$ 290,788
2022	$ 232,785
2023	$ (227,084)

E. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50% per year	
Price inflation		2.50%
Wage growth rate		2.85% for 10 years, and 3.25% thereafter
Active member payroll	3.25% per year	2.85% to 8.85% for 10 years, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	5.12%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.0 percent per year for the GERF through 2044, and then 2.5 percent thereafter, and 2.0 percent per year for all future years for the TRA.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Actuarial assumptions used in the June 30, 2017 valuation for the GERF were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2015.

The following changes in actuarial assumptions occurred in 2017:

1. **GERF**

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2. **TRA**

- The cost of living adjustment (COLA) was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.

- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.

- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.

- The investment return assumption was changed from 8.00 percent to 7.50 percent.

- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.

- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.

- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.

- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

- The single discount rate changed from 4.66 percent to 5.12 percent.

The long-term expected rate of return on pension plan investments is 7.50 percent for the GERF and 5.12 percent for the TRA. The Minnesota State Board of Investment, which manages the investments of the PERA and the TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The target allocation and best-estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	39 %	5.10 %
International stocks	19	5.30 %
Bonds	20	0.75 %
Alternative assets	20	5.90 %
Cash	2	– %
Total	100 %	

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2017 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 5.12 percent. This is an increase from the discount rate at the prior measurement date of 4.66 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2017 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.50 percent) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56 percent was applied to periods on and after 2053, resulting in a SEIR of 5.12 percent. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01 percent).

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

G. Pension Liability Sensitivity

The following table presents the Academy's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
Academy's proportionate share of the GERF net pension liability	$ 346,568	$ 223,437	$ 122,633
TRA discount rate	4.12%	5.12%	6.12%
Academy's proportionate share of the TRA net pension liability	$ 3,767,442	$ 2,854,539	$ 2,084,851

H. Pension Plan Fiduciary Net Position

Pension Benefit Reforms – The 2018 pension bill included a number of reforms to the various defined benefit pension plans across the state, including the plans administered by the PERA and the TRA. The reforms include several changes, including modifications in future COLA and contribution rates.

Detailed information about the GERF's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

Detailed information about the TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at the TRA website at www.MinnesotaTRA.org; by writing to the TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103; or by calling (651) 296-2409 or (800) 657-3669.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. Space Lease

The Building Company has entered into an agreement to lease space at 1550 Summit Avenue, St. Paul, Minnesota. On September 15, 2015, this lease was amended. On July 18, 2017, this lease was amended and extended to June 30, 2021. The Building Company also pays additional rent to cover utilities, taxes, and operating costs. During the year ended June 30, 2018, the Academy had $325,620 in lease expenditures on this lease. Future minimum base lease payments under this amended agreement are as follows:

Year Ending June 30,	Amount
2019	$ 267,385
2020	272,732
2021	287,187
	$ 827,304

B. Federal and State Revenues

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

LAURA JEFFREY ACADEMY

Public Employees Retirement Association Pension Benefits Plan
Schedule of Academy's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2018

Academy Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the Academy's Share of the State of Minnesota's Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.0053%	$ 248,967	$ –	$ 248,967	$ 277,822	89.61%	78.70%
06/30/2016	06/30/2015	0.0060%	$ 310,950	$ –	$ 310,950	$ 335,295	92.74%	78.20%
06/30/2017	06/30/2016	0.0044%	$ 357,258	$ 4,710	$ 361,968	$ 291,833	122.42%	68.90%
06/30/2018	06/30/2017	0.0035%	$ 223,437	$ 2,842	$ 226,279	$ 228,102	97.95%	75.90%

Public Employees Retirement Association Pension Benefits Plan
Schedule of Academy Contributions
Year Ended June 30, 2018

Academy Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 25,290	$ 25,290	$ –	$ 335,295	7.54%
06/30/2016	$ 21,888	$ 21,888	$ –	$ 291,833	7.50%
06/30/2017	$ 17,107	$ 17,107	$ –	$ 228,102	7.50%
06/30/2018	$ 13,041	$ 13,041	$ –	$ 173,882	7.50%

Note: The Academy implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

LAURA JEFFREY ACADEMY

Teachers Retirement Association Pension Benefits Plan
Schedule of Academy's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2018

Academy Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the Academy's Share of the State of Minnesota's Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.0170%	$ 783,348	$ 55,120	$ 838,468	$ 776,472	100.89%	81.50%
06/30/2016	06/30/2015	0.0155%	$ 958,828	$ 117,601	$ 1,076,429	$ 793,070	120.90%	76.80%
06/30/2017	06/30/2016	0.0179%	$ 4,269,577	$ 428,626	$ 4,698,203	$ 915,382	466.43%	44.88%
06/30/2018	06/30/2017	0.0143%	$ 2,854,539	$ 276,250	$ 3,130,789	$ 770,630	370.42%	51.57%

Teachers Retirement Association Pension Benefits Plan
Schedule of Academy Contributions
Year Ended June 30, 2018

Academy Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 59,050	$ 59,050	$ –	$ 793,070	7.45%
06/30/2016	$ 68,654	$ 68,654	$ –	$ 915,382	7.50%
06/30/2017	$ 57,797	$ 57,797	$ –	$ 770,630	7.50%
06/30/2018	$ 61,590	$ 61,590	$ –	$ 821,203	7.50%

Note: The Academy implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2017 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN PLAN PROVISIONS:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

TRA

2017 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The cost of living adjustment (COLA) was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS:

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

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SUPPLEMENTAL INFORMATION

LAURA JEFFREY ACADEMY

Combining Balance Sheet
Nonmajor Governmental Funds
as of June 30, 2018

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 160	$ 929	$ 1,089
Receivables			
Due from other governmental units	2,349	–	2,349
Total assets	$ 2,509	$ 929	$ 3,438
Liabilities and Fund Balances			
Liabilities			
Salary and benefits payable	$ 577	$ –	$ 577
Accounts and contracts payable	1,932	–	1,932
Total liabilities	2,509	–	2,509
Fund balances			
Restricted for community education	–	929	929
Total liabilities and fund balances	$ 2,509	$ 929	$ 3,438

LAURA JEFFREY ACADEMY

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Federal sources	$ 23,310	$ –	$ 23,310
State sources	1,526	–	1,526
Local sources			
Other	11,755	9,617	21,372
Total revenue	36,591	9,617	46,208
Expenditures			
Current			
Food service	46,976	–	46,976
Community service	–	10,509	10,509
Total expenditures	46,976	10,509	57,485
Excess (deficiency) of revenues over expenditures	(10,385)	(892)	(11,277)
Other financing sources			
Transfers in	10,385	–	10,385
Net change in fund balances	–	(892)	(892)
Fund balances			
Beginning of year	–	1,821	1,821
End of year	$ –	$ 929	$ 929

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LAURA JEFFREY ACADEMY

General Fund
Comparative Balance Sheet
as of June 30, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	$ 94,987	$ 237,699
Receivables		
Accounts and interest	3,490	–
Due from other governmental units	92,236	24,354
Due from other funds	74,880	63,153
Prepaid items	2,540	32,944
Total assets	$ 268,133	$ 358,150
Liabilities		
Salaries and benefits payable	$ 68,609	$ 44,226
Accounts and contracts payable	31,155	30,893
Line of credit payable	75,000	–
Unearned revenue	1,568	11,177
Total liabilities	176,332	86,296
Fund balances		
Nonspendable for prepaid items	2,540	32,944
Assigned for subsequent year budget deficit	–	72,915
Unassigned	89,261	165,995
Total fund balances	91,801	271,854
Total liabilities and fund balances	$ 268,133	$ 358,150

LAURA JEFFREY ACADEMY

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Federal sources	$ 53,286	$ 48,403	$ (4,883)	$ 50,004
State sources	1,795,483	1,785,835	(9,648)	1,909,666
Local sources				
Other	162,350	112,683	(49,667)	165,407
Total revenue	2,011,119	1,946,921	(64,198)	2,125,077
Expenditures				
Current				
Administration				
Salaries	43,150	51,435	8,285	70,000
Employee benefits	8,361	11,383	3,022	16,082
Purchased services	14,050	11,088	(2,962)	14,007
Supplies and materials	200	19	(181)	187
Other expenditures	–	–	–	520
Total administration	65,761	73,925	8,164	100,796
District support services				
Salaries	56,143	45,226	(10,917)	59,824
Employee benefits	17,642	13,641	(4,001)	13,837
Purchased services	90,550	89,651	(899)	92,273
Supplies and materials	4,325	9,108	4,783	4,102
Other expenditures	600	300	(300)	638
Total district support services	169,260	157,926	(11,334)	170,674
Elementary and secondary regular instruction				
Salaries	300,162	303,581	3,419	366,133
Employee benefits	71,080	69,824	(1,256)	77,508
Purchased services	26,742	20,731	(6,011)	25,496
Supplies and materials	17,300	9,229	(8,071)	16,489
Other expenditures	–	–	–	2,766
Total elementary and secondary regular instruction	415,284	403,365	(11,919)	488,392
Special education instruction				
Salaries	592,207	602,995	10,788	519,753
Employee benefits	150,507	151,922	1,415	120,510
Purchased services	92,181	102,819	10,638	71,636
Supplies and materials	20,995	18,473	(2,522)	25,952
Other expenditures	–	–	–	3,911
Total special education instruction	855,890	876,209	20,319	741,762

(continued)

LAURA JEFFREY ACADEMY

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Instructional support services				
Purchased services	2,500	848	(1,652)	3,065
Pupil support services				
Purchased services	245,575	242,920	(2,655)	226,811
Supplies and materials	200	80	(120)	156
Total pupil support services	245,775	243,000	(2,775)	226,967
Sites and buildings				
Purchased services	344,620	342,870	(1,750)	343,108
Supplies and materials	5,000	5,229	229	4,971
Total sites and buildings	349,620	348,099	(1,521)	348,079
Fiscal and other fixed cost programs				
Purchased services	10,710	11,236	526	10,595
Debt service				
Interest and fiscal charges	2,400	1,981	(419)	2,385
Total expenditures	2,117,200	2,116,589	(611)	2,092,715
Excess (deficiency) of revenue over expenditures	(106,081)	(169,668)	(63,587)	32,362
Other financing (uses)				
Transfers (out)	(16,532)	(10,385)	6,147	(11,698)
Net change in fund balances	$ (122,613)	(180,053)	$ (57,440)	20,664
Fund balances				
Beginning of year		271,854		251,190
End of year		$ 91,801		$ 271,854

LAURA JEFFREY ACADEMY

Building Company Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	$ 11,760	$ 31,661
Prepaid items	–	8,300
Total assets	$ 11,760	$ 39,961
Liabilities		
Due to other funds	$ 74,880	$ 63,153
Unearned revenue	–	27,135
Total liabilities	74,880	90,288
Fund balances (deficit)		
Nonspendable for prepaid items	–	8,300
Unassigned	(63,120)	(58,627)
Total fund balances (deficit)	(63,120)	(50,327)
Total liabilities and fund balances	$ 11,760	$ 39,961

LAURA JEFFREY ACADEMY

Building Company Special Revenue Fund
Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2018 and 2017

	2018	2017
Revenue		
Local sources		
Lease income	$ 325,620	$ 325,620
Expenditures		
Current		
Sites and buildings		
Purchased services	238,810	241,013
Debt service		
Principal	95,960	90,384
Interest and fiscal charges	3,643	9,217
Total debt service	99,603	99,601
Total expenditures	338,413	340,614
Net change in fund balances	(12,793)	(14,994)
Fund balances (deficit)		
Beginning of year	(50,327)	(35,333)
End of year	$ (63,120)	$ (50,327)

LAURA JEFFREY ACADEMY

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	$ 160	$ 386
Receivables		
Due from other governmental units	2,349	2,742
Total assets	$ 2,509	$ 3,128
Liabilities		
Salaries and benefits payable	$ 577	$ 524
Accounts and contracts payable	1,932	2,604
Total liabilities	$ 2,509	$ 3,128

LAURA JEFFREY ACADEMY

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Federal sources	$ 26,802	$ 23,310	$ (3,492)	$ 34,282
State sources	1,731	1,526	(205)	1,995
Local sources				
Other – primarily meal sales	10,192	11,755	1,563	11,702
Total revenue	38,725	36,591	(2,134)	47,979
Expenditures				
Current				
Salaries and wages	12,015	10,487	(1,528)	7,794
Employee benefits	2,045	2,834	789	1,326
Purchased services	1,450	2,399	949	1,405
Supplies and materials	39,747	31,256	(8,491)	49,144
Other expenditures	–	–	–	8
Total expenditures	55,257	46,976	(8,281)	59,677
Excess (deficiency) of revenue over expenditures	(16,532)	(10,385)	6,147	(11,698)
Other financing sources				
Transfers in	16,532	10,385	(6,147)	11,698
Net change in fund balances	$ –	–	$ –	–
Fund balances				
Beginning of year		–		–
End of year		$ –		$ –

LAURA JEFFREY ACADEMY

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	$ 929	$ 1,821
Fund balances		
Restricted for community service	$ 929	$ 1,821

LAURA JEFFREY ACADEMY

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
State sources	$ –	$ –	$ –	$ 4
Other – primarily program fees	16,619	9,617	(7,002)	16,169
Total revenue	16,619	9,617	(7,002)	16,173
Expenditures				
Current				
Salaries and wages	3,000	2,530	(470)	2,775
Employee benefits	455	433	(22)	421
Purchased services	11,315	6,873	(4,442)	11,261
Supplies and materials	1,850	673	(1,177)	1,830
Other expenditures	–	–	–	4
Total expenditures	16,620	10,509	(6,111)	16,291
Net change in fund balances	$ (1)	(892)	$ (891)	(118)
Fund balances				
Beginning of year		1,821		1,939
End of year		$ 929		$ 1,821

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OTHER REQUIRED REPORTS

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA

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

To the Boards and Management of
Laura Jeffrey Academy and LJA Building Company
St. Paul, Minnesota

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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laura Jeffrey Academy (the Academy) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 18, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Academy'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.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Academy'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.*

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 Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
December 18, 2018

MMKR
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INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the Boards and Management of
Laura Jeffrey Academy and LJA Building Company
St. Paul, Minnesota

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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laura Jeffrey Academy (the Academy) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 18, 2018.

MINNESOTA LEGAL COMPLIANCE

The *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools. Our audit considered both of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the Academy failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Academy's noncompliance with the above referenced provisions.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
December 18, 2018

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LAURA JEFFREY ACADEMY

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2018

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 1,946,921	$ 1,946,923	$ (2)
Total expenditures		$ 2,116,589	$ 2,116,591	$ (2)
Nonspendable				
460	Nonspendable fund balance	$ 2,540	$ 2,540	$ –
Restricted				
403	Staff development	$ –	$ –	$ –
406	Health and safety	$ –	$ –	$ –
407	Capital projects levy	$ –	$ –	$ –
408	Cooperative revenue	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
423	Certain teacher programs	$ –	$ –	$ –
424	Operating capital	$ –	$ –	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ –	$ –	$ –
434	Area learning center	$ –	$ –	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative program	$ –	$ –	$ –
438	Gifted and talented	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
441	Basic skills programs	$ –	$ –	$ –
445	Career and technical programs	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
449	Safe schools levy	$ –	$ –	$ –
450	Pre-Kindergarten	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
459	Basic skills extended time	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
472	Medical Assistance	$ –	$ –	$ –
475	Title VII – Impact Aid	$ –	$ –	$ –
476	PILT	$ –	$ –	$ –
Committed				
418	Committed for separation	$ –	$ –	$ –
461	Committed fund balance	$ –	$ –	$ –
Assigned				
462	Assigned fund balance	$ –	$ –	$ –
Unassigned				
422	Unassigned fund balance	$ 89,261	$ 89,261	$ –
Food Service				
Total revenue		$ 36,591	$ 36,592	$ (1)
Total expenditures		$ 46,976	$ 46,977	$ (1)
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
452	OPEB liability not in trust	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Community Service				
Total revenue		$ 9,617	$ 9,617	$ –
Total expenditures		$ 10,509	$ 10,509	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ –	$ –	$ –
432	ECFE	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
444	School readiness	$ –	$ –	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
464	Restricted fund balance	$ 929	$ 929	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2018

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facility maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Internal Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Debt Service Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

Note 1: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

Note 2: This table reflects only the activity and balances of Laura Jeffrey Academy (the primary government). The activity and balances of LJA Building Company (the blended component unit) are not included.

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