

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Soaring Heights Charter School
1 Romar Avenue
Jersey City, New Jersey**

For the Fiscal Year Ended June 30, 2011

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

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INTRODUCTORY SECTION

November 30, 2011

Honorable Members of the Board of Trustees
Soaring Heights Charter School
Jersey City, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Soaring Heights Charter School for the fiscal year ended June 30, 2011 is hereby submitted. To the best of our knowledge the data presented in this report is accurate in all material respects and is reported in the manner to present fairly the financial position and results of operation of the various funds and account groups of the Charter School.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) Reporting Entity and Its Services

The Soaring Heights Charter School is an independent reporting agency formed by the Founding Members of the Board of Trustees within the criteria adopted by the GASB, Statement No. 14. The Charter School located in the County of Hudson, constitutes the reporting entity.

The Charter School provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education for handicapped youngsters. The Charter School completed the 2010-2011 fiscal year with an enrollment of 218 students.

2) Economic Condition and Outlook

The Charter School will continue to experience full enrollment the student population, due to the waiting list, which is over 500 applicants.

The increase in grades served will continue steadily as per the school's charter. The Charter School continues to operate well in the new location, in a facility specifically designed by the Charter School. The Charter School has successfully been approved by the Commissioner of Education to renew its charter to enroll 250 students until the renewal of its charter in 2016. The Charter School is currently reviewing options to expand the facility at 1 Romar Avenue to accommodate the projected increase.

3) Major Initiatives

Since opening in 1997, the Charter School has continued to encourage high achievement for disadvantaged students through its after-school and Saturday tutoring programs. Special education students are fully included in the general education curriculum. This is achieved through in class support or within a self contained class as indicated in each child's individual education plan.

4) Internal Accounting Controls

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

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

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

5) Budgetary Controls

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

6) Accounting System and Reports

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The District accounting system is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) Debt Administration

As of June 2011, the Charter School had no outstanding debt issues.

8) Cash Management

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) Risk Management

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

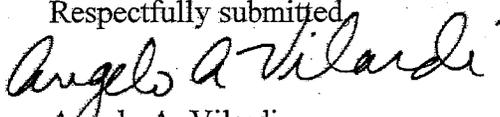
10) Other Information

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of VM Associates, Inc., was selected. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) Acknowledgment

We would like to express our appreciation to the members of the Soaring Heights Charter School Board of Trustees for their commitment in providing fiscal accountability to the citizens and taxpayers of Jersey City and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Angelo A. Vilardi
Business Administrator

Soaring Heights Charter School
Board of Trustees

<u>Name Of Member</u>	<u>Position</u>	<u>Term</u>
Lisa McConagly	President	2013
Mary Golden	Vice President	2014
Jane Mercante	Secretary	2012
Irene Guirguis-Roberts	Trustee	2012
Pat Bennet	Trustee	2012
Brenda Simpson Turner	Trustee	2012
Virginia San Lorenzo	Trustee	2013

Soaring Heights Charter School
Consultants and Advisors

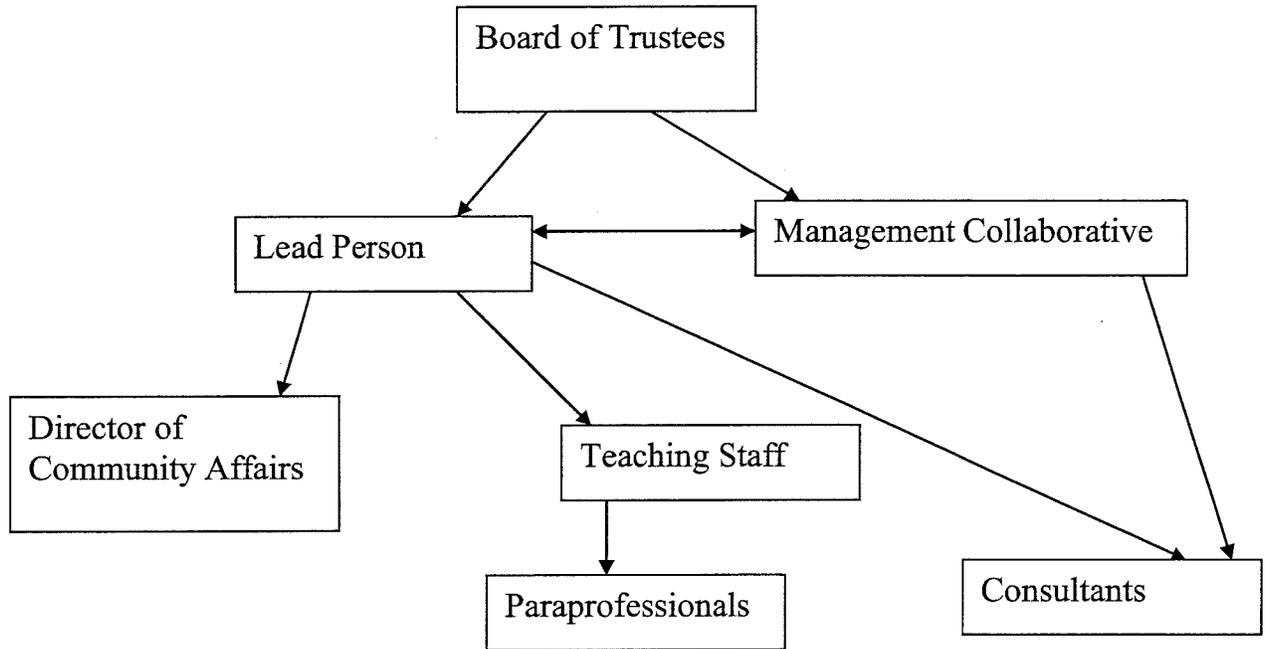
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SBA CONSULTANT
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Morris Plains, New Jersey

OFFICIAL DEPOSITORY
Bank of America
Jersey City, New Jersey

Soaring Heights Charter School Organizational Chart



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Soaring Heights Charter School
County of Hudson, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Soaring Heights Charter School as of and for the year ended June 30, 2011, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Soaring Heights Charter School's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Soaring Heights Charter School as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2011 on our consideration of the Soaring Heights Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis on page 11 through 16 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Soaring Heights Charter School's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

December 1, 2011

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Soaring Heights Charter School financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter on page 1 and the Charter School's financial statements, which begin on page 19.

FINANCIAL HIGHLIGHTS

- The Charter School's net assets increased by \$256,659.57 as a result of this year's operations. Net assets of our business-type activities remained constant with 0% increase, and net assets of our governmental activities increased by \$256,659.57 or 10.07 percent.
- Total cost of all of the Charter School's programs was \$2.414 million in 2010-2011 compared to \$2.663 million in 2009-2010.
- During the year, the Charter School had expenses for Governmental Activities of \$2,414,264.27 or \$256,659.57 less than the \$2,670,923.84 generated in tax and other program revenues.
-

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 19 and 20) provide information about the activities of the Charter School as a whole and present a longer-term view on the Charter School's finances. Fund financial statements start on page 23. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Charter School's operation in more detail than the government-wide statements by providing information about the Charter School's most financially significant funds

Reporting the Charter School as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the Charter School as a whole begins on page 13. One of the most important questions asked about the Charter School's finances is "Is the Charter School as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Charter School as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Charter School's *net assets* and changes in them. You can think of the Charter School's net assets, the difference between assets and liabilities, as one way to measure the Charter School's financial health, or *financial position*. Over time, *increases* or *decreases* in the Charter School's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Charter School's property tax base, and the condition of the Charter School's capital assets to assess the overall *health* of the Charter School.

In the Statement of Net Assets and the Statement of Activities, we divide the Charter School into two kinds of activities:

- **Governmental activities:** most of the Charter School's basic services are reported here, including general administration. Payments from the Jersey City Public School District taxes, state and federal aid finance most of these activities.
- **Business-type-activities:** the Charter School has no proprietary funds as shown on page 26.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Our analysis of the Charter School's major funds begins on page 15. The fund financial statements begin on page 23 and provide detailed information about the most significant funds—not the Charter School as a whole. Some funds are required to be established by State law. The Charter School's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the Charter School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Charter School's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter School's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation on page 25.

Proprietary funds: when the Charter School charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Charter School's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The Charter School as Trustee

Reporting the Charter School's Fiduciary Responsibilities

The Charter School is the trustee, or *fiduciary*, for the Agency Funds. All of the Charter School's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on page 28. We exclude these activities from the Charter School's other financial statements because the Charter School cannot use these assets to finance its operations. The Charter School is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CHARTER SCHOOL AS A WHOLE

The Charter School's *combined* net assets changed from a year ago, *increasing* from \$2,548,488.65 to \$2,805,148.22. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Charter School's governmental and business-type activities as of June 30.

Table 1
Net Assets

	Governmental		Total	
	Activities		Primary Government	
	2011	2010	2011	2010
Current and Other Assets	\$ 575,773.32	\$ 376,768.80	\$ 575,773.32	\$ 376,768.80
Capital Assets	2,231,203.90	2,203,515.80	2,231,203.90	2,203,515.80
Total Assets	<u>2,806,977.22</u>	<u>2,580,284.60</u>	<u>2,806,977.22</u>	<u>2,580,284.60</u>
Other Liabilities	1,829.00	31,795.95	1,829.00	31,795.95
Total Liabilities	<u>1,829.00</u>	<u>31,795.95</u>	<u>1,829.00</u>	<u>31,795.95</u>
Net Assets:				
Invested in Capital Assets, Net				
of Debt	2,231,203.90	2,203,515.80	2,231,203.90	2,203,515.80
Restricted	346,102.50	15,889.06	346,102.50	15,889.06
Unrestricted	<u>227,841.82</u>	<u>329,083.79</u>	<u>227,841.82</u>	<u>329,083.79</u>
Total Net Assets	<u>\$ 2,805,148.22</u>	<u>\$ 2,548,488.65</u>	<u>\$ 2,805,148.22</u>	<u>\$ 2,548,488.65</u>

Net assets of the Charter School's governmental activities increased 10.07 percent. Restricted and unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$228,971.47. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category increased \$27,688.10.

Table 2
Changes in Net Assets

	Governmental		Total	
	Activities		Primary Government	
	2011	2010	2011	2010
<u>Revenues</u>				
Program Revenues:				
Operating Grants and Contributions	\$ 420,642.17	\$ 488,622.69	\$ 420,642.17	\$ 488,622.69
General Revenues:				
Property Taxes	514,251.00	495,252.00	514,251.00	495,252.00
Federal and State Aid	1,735,188.00	1,731,699.00	1,735,188.00	1,731,699.00
Interest and Investment Earnings	74.69	8.70	74.69	8.70
Other General Revenues	<u>767.98</u>	<u>18,319.31</u>	<u>767.98</u>	<u>18,319.31</u>
Total Revenues:	<u>2,670,923.84</u>	<u>2,733,901.70</u>	<u>2,670,923.84</u>	<u>2,733,901.70</u>
<u>Program expenses including indirect expenses</u>				
Instruction:				
Regular	1,476,895.85	1,610,272.65	1,476,895.85	1,610,272.65
Special	60,257.00	77,822.00	60,257.00	77,822.00
Support services:				
Student and Instruction Related Services	141,431.17	167,735.63	141,431.17	167,735.63
General and Business Administrative Service:	336,563.50	342,315.88	336,563.50	342,315.88
Plant Operations and Maintenance	<u>399,116.75</u>	<u>465,073.86</u>	<u>399,116.75</u>	<u>465,073.86</u>
Total Expenses	<u>2,414,264.27</u>	<u>2,663,220.02</u>	<u>2,414,264.27</u>	<u>2,663,220.02</u>
Increase (Decrease) in Net Assets	<u>\$ 256,659.57</u>	<u>\$ 70,681.68</u>	<u>\$ 256,659.57</u>	<u>\$ 70,681.68</u>

THE CHARTER SCHOOL'S FUNDS

Governmental Activities

Table 3

Information below compares revenues and expenditures for all governmental fund types for 2010-2011 and 2009-2010.

<u>Revenues by Source:</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>% Change</u>
Local Tax Levy	\$ 514,251.00	\$ 495,252.00	3.84%
Interest Earned to Investments	74.69	8.70	758.51%
Miscellaneous	<u>767.98</u>	<u>18,319.31</u>	-95.81%
Total - Local Sources	515,093.67	513,580.01	0.29%
State Sources	1,942,492.22	1,916,178.64	1.37%
Federal Sources	<u>213,337.95</u>	<u>304,143.05</u>	-29.86%
Total Revenues	<u>\$ 2,670,923.84</u>	<u>\$ 2,733,901.70</u>	-2.30%

<u>Expenditures by Function:</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>% Change</u>
Current:			
Regular Instruction	\$ 1,160,823.29	\$ 1,317,863.65	-11.92%
Special Education	60,257.00	77,822.00	-22.57%
Support Services and Undistributed Costs:			
Student and Instruction Related Services	103,323.46	132,422.80	-21.97%
General and Business Administrative Services	261,466.84	273,088.64	-4.26%
Plant Operations and Maintenance	324,020.09	395,846.62	-18.15%
Employee Benefits	410,988.33	376,826.83	9.07%
Capital Outlay	<u>121,073.36</u>	<u>421,123.28</u>	-71.25%
Total Expenditures	<u>\$ 2,441,952.37</u>	<u>\$ 2,994,993.82</u>	-18.47%

Business-type Activities

The Charter School does not have any major Enterprise Funds at this time, therefore the basic financial statements for the major funds are not included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, and since they do not apply to the Soaring Heights Charter School, we have not included these funds in Table 4, which typically in other public schools would demonstrate return on ending assets and return on ending net assets.

CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets
Table 5**

**Capital Assets at Year-end
(Net of Depreciation)**

	Governmental Activities		Totals	
	2010-2011	2009-2010	2010-2011	2009-2010
Land Improvements	\$ 2,005,148.55	\$ 1,884,075.19	\$ 2,005,148.55	\$ 1,884,075.19
Buildings	628,032.21	628,032.21	628,032.21	628,032.21
Machinery and Equipment	100,132.75	100,132.75	100,132.75	100,132.75
Subtotal	2,733,313.51	2,612,240.15	2,733,313.51	2,612,240.15
Accumulated Depreciation	(502,109.61)	(408,724.35)	(502,109.61)	(408,724.35)
Totals	\$ 2,231,203.90	\$ 2,203,515.80	\$ 2,231,203.90	\$ 2,203,515.80

This year’s major additions in the Governmental Activities included building renovations and land improvements..

The Charter School’s 2011-2012 capital budget anticipates some major expenditures for capital projects. The renovation and move to the new location is complete, however the facility needs to be expanded to accommodate more students.

More detailed information about the Charter School’s capital assets is presented in Note III:C. to the basic financial statements

DEBT

Charter Schools are not permitted by law to incur debt. Bonds and capital leases for improvement are not permitted, nor are loans other than the first year of a Charter, usually from the Prudential Corporation. All years after the initial year must be fiscally resolved by the end of each year. Table 6 addresses these issues in public school districts, but is omitted in this report because it is not relevant or applicable.

An analysis of Charter School Debt is presented in Note IV:B. to the basic financial statements.

BUDGETS

The significant variances between the originally adopted budget for the school year 2010-2011 and the final budget are reflected on Exhibit C-1.

CONTACTING THE CHARTER SCHOOL’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Charter School’s finances and to show the Charter School’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Angelo Vilardi, at the Soaring Heights Charter School, 1 Romar Avenue, Jersey City, New Jersey. Phone number: 201-400-5210.

BASIC FINANCIAL STATEMENTS

SECTION A
DISTRICT – WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Statement of Net Assets
June 30, 2011**

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 364,155.88	\$ 364,155.88
Receivables, Net	211,617.44	211,617.44
Capital Assets, Net (Note III:C.):	<u>2,231,203.90</u>	<u>2,231,203.90</u>
Total Assets	<u>2,806,977.22</u>	<u>2,806,977.22</u>
LIABILITIES		
Payable to Federal Government	-	-
Deferred Revenue	<u>1,829.00</u>	<u>1,829.00</u>
Total Liabilities	<u>1,829.00</u>	<u>1,829.00</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	2,231,203.90	2,231,203.90
Restricted For:		
Other Purposes	346,102.50	346,102.50
Unrestricted	<u>227,841.82</u>	<u>227,841.82</u>
Total Net Assets	<u>\$ 2,805,148.22</u>	<u>\$ 2,805,148.22</u>

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

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
 Statement of Activities
 For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,476,895.85	\$ -	\$ 207,879.71	\$ -	\$(1,269,016.15)	-	\$(1,269,016.15)
Special Education	60,257.00		195,439.16		135,182.16		135,182.16
Support Services:							
Student and Instruction Related Services	141,431.17		17,323.31		(124,107.86)		(124,107.86)
General and Business Administrative Services	336,563.50				(336,563.50)		(336,563.50)
Plant Operations and Maintenance	399,116.75		-		(399,116.75)		(399,116.75)
Total Governmental Activities	<u>2,414,264.27</u>	<u>-</u>	<u>420,642.17</u>	<u>-</u>	<u>(1,993,622.10)</u>	<u>-</u>	<u>(1,993,622.10)</u>
Total Primary Government	<u>\$ 2,414,264.27</u>	<u>\$ -</u>	<u>\$ 420,642.17</u>	<u>\$ -</u>	<u>\$(1,993,622.10)</u>	<u>\$ -</u>	<u>\$(1,993,622.10)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 514,251.00	-	\$ 514,251.00
Federal and State Aid Not Restricted					1,735,188.00		1,735,188.00
Investment Earnings					74.69		74.69
Miscellaneous Income					1,798.98		1,798.98
Special Item - Reallocation of Prior Year Expenditures					(582.00)		(582.00)
Prior Year Accounts Receivable Canceled					(449.00)		(449.00)
Total General Revenues, Special and Extraordinary Items and Transfers					<u>2,250,281.67</u>	<u>-</u>	<u>2,250,281.67</u>
Change in Net Assets					256,659.57		256,659.57
Net Assets—Beginning					2,548,488.65		2,548,488.65
Net Assets—Ending					<u>\$ 2,805,148.22</u>	<u>\$ -</u>	<u>\$ 2,805,148.22</u>

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

SECTION B
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2011**

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 364,155.88	\$ -	\$ 364,155.88
Interfunds Receivable	198,436.00		198,436.00
Receivables from Other Governments	<u>11,352.44</u>	<u>200,265.00</u>	<u>211,617.44</u>
Total Assets	<u>\$ 573,944.32</u>	<u>\$ 200,265.00</u>	<u>\$ 774,209.32</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfunds payable	\$ -	\$ 198,436.00	\$ 198,436.00
Deferred Revenue		<u>1,829.00</u>	<u>1,829.00</u>
Total Liabilities		<u>200,265.00</u>	<u>200,265.00</u>
Fund Balances:			
Assigned Fund Balance:			
Encumbrances	346,102.50		346,102.50
Unassigned, Reported In:			
General Fund	<u>227,841.82</u>		<u>227,841.82</u>
Total Fund Balances	<u>573,944.32</u>	<u>-</u>	<u>573,944.32</u>
Total Liabilities and Fund Balances	<u>\$ 573,944.32</u>	<u>\$ 200,265.00</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,733,313.51 and the accumulated depreciation is \$502,109.61.

2,231,203.90

\$ 2,805,148.22

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

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	\$ 514,251.00	\$ -	\$ 514,251.00
Interest Earned on Investments	74.69		74.69
Miscellaneous	<u>1,798.98</u>	<u>-</u>	<u>1,798.98</u>
Total - Local Sources	516,124.67	-	516,124.67
State Sources	1,942,492.22	-	1,942,492.22
Federal Sources	<u>-</u>	<u>213,337.95</u>	<u>213,337.95</u>
Total Revenues	<u>2,458,616.89</u>	<u>213,337.95</u>	<u>2,671,954.84</u>
EXPENDITURES			
Current:			
Regular Instruction	1,033,667.29	127,156.00	1,160,823.29
Special Education Instruction		60,257.00	60,257.00
Support Services and Undistributed Costs:			
Student and Instruction Related Services	101,584.51	1,738.95	103,323.46
General and Business Administrative Services	261,466.84		261,466.84
Plant Operations and Maintenance	324,020.09		324,020.09
Pupil Transportation	-		-
Unallocated Benefits	386,802.33	24,186.00	410,988.33
Capital Outlay	<u>121,073.36</u>	<u>-</u>	<u>121,073.36</u>
Total Expenditures	<u>2,228,614.42</u>	<u>213,337.95</u>	<u>2,441,952.37</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>230,002.47</u>	<u>-</u>	<u>230,002.47</u>
OTHER FINANCING (USES):			
Reallocation of Prior Year Expenditures from Fund 20	(582.00)		(582.00)
Prior Year Accounts Receivable Canceled	<u>(449.00)</u>		<u>(449.00)</u>
Total Other Financing (Uses)	<u>(1,031.00)</u>		<u>(1,031.00)</u>
Net Change in Fund Balances	228,971.47		228,971.47
Fund Balance—July 1	<u>344,972.85</u>	<u>-</u>	<u>344,972.85</u>
Fund Balance—June 30	<u>\$ 573,944.32</u>	<u>\$ -</u>	<u>\$ 573,944.32</u>

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

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011**

Total net change in fund balances - governmental funds (from B-2) **\$ 228,971.47**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	\$ (93,385.26)	
	Capital outlays	<u>121,073.36</u>	
			27,688.10

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources.

Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)

-

Change in net assets of governmental activities

\$256,659.57

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

**PROPRIETARY FUNDS
NOT APPLICABLE**

FIDUCIARY FUNDS

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011**

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 148,394.69
Total Assets	<u>\$ 148,394.69</u>
LIABILITIES	
Interfund Accounts Payable	\$ -
Payroll Deductions and Withholdings	<u>148,394.69</u>
Total Liabilities	<u>\$ 148,394.69</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Soaring Heights Charter School (Charter School) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Charter School is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Charter School has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Charter School has chosen not to do so. The more significant accounting policies established in GAAP and used by the Charter School are discussed below.

B. Reporting Entity

The Soaring Heights Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the Charter School. A Charter School Lead Person is appointed by the Board and is responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter School reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. The operations of the Charter School include a elementary, school located in Jersey City. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the Charter School. These statements include the financial activities of the Charter School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Charter School:

General Fund – The general fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

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

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

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

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Charter School programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The Charter School's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Appropriation of prior year encumbrances in the amount of \$15,889.06 was made during the year ended June 30, 2011. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be investments. U.S. Treasury and Agency Obligations and Certificates of Deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

3. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASBS No. 34 requires the Charter School to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and was first effective for fiscal years ending in 2006.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

3. Capital Assets (Continued)

4. Compensated Absences

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note IX)

5. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note I (F) regarding the special revenue fund.

6. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates

H. Recent Accounting Pronouncements

In March 2009, the Governmental Accounting Standards Board (GASB) adopted Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement will become effective for fiscal periods beginning after June 15, 2010. The effective date for the District is the fiscal year beginning July 1, 2010. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing fund balance type definitions.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

At June 30, 2011 the Soaring Heights Charter School's cash and cash equivalent's amounted to \$697,025.22. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$447,025.22 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2011 the Soaring Heights Charter School did not participate in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Soaring Heights Charter School will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2011 none of the Soaring Heights Charter School's cash and cash equivalents of \$697,025.22 was exposed to custodial credit risk.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 40A: 5-15.1) permit the Soaring Heights Charter School to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any Charter School may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Charter School;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school Charter School or bonds or other obligations of local unit or units within which the Charter School is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by Charter School;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Soaring Heights Charter School had no investments as described in Note I:G.1 at June 30, 2011.

B. Interfund Receivables and Payables

As of June 30, 2011, there was an interfund receivable and payable between the general fund and the special revenue fund in the amount of \$211,617.44. This was necessary due to the timing of Federal grant draw downs that were received in July of 2011.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Governmental Activities:				
Land Improvements	\$ 1,884,075.19	\$ 121,073.36	\$ -	\$ 2,005,148.55
Buildings and Improvements	628,032.21		-	628,032.21
Machinery and Equipment	<u>100,132.75</u>	<u>-</u>	<u>-</u>	<u>100,132.75</u>
Totals at Historical Cost	<u>2,612,240.15</u>	<u>121,073.36</u>	<u>-</u>	<u>2,733,313.51</u>
Less Accumulated Depreciation For:				
Land Improvements	(193,989.94)	(68,471.31)		(262,461.25)
Buildings and Improvements	(136,768.52)	(20,934.41)		(157,702.93)
Machinery and Equipment	<u>(77,965.89)</u>	<u>(3,979.54)</u>	<u>-</u>	<u>(81,945.43)</u>
Total Accumulated Depreciation	<u>(408,724.35)</u>	<u>(93,385.26)</u> (1)	<u>-</u>	<u>(502,109.61)</u>
Net Capital Assets Being Depreciated	<u>2,203,515.80</u>	<u>27,688.10</u>	<u>-</u>	<u>2,231,203.90</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,203,515.80</u>	<u>\$ 27,688.10</u>	<u>\$ -</u>	<u>\$ 2,231,203.90</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 65,369.67
Student and Instruction Related Services	9,338.53
General and Business Administrative Services	9,338.53
Plant Operations and Maintenance	<u>9,338.53</u>
	<u>\$ 93,385.26</u>

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has no commitments to lease equipment under operating leases.

B. Long - Term Liabilities

There were no Long - Term liabilities for the year ended June 30, 2011.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note V: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer plan.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

According to the State of New Jersey Management Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports maybe obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

Retirement Benefits

For PERS and TPAF employees, the benefits will be 1/55 of the average of the three highest years compensation for each year of service. However, for PERS and TPAF who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

Significant Legislation

Chapter 89, P.L. 2008, effective November 1, 2008, increased TPAF and PERS retirement age. If a person becomes a member on or after November 1, 2008 that person must be at least 62 years of age in order to retire without a reduction in their retirement allowance.

Chapter 99, P.L. 2009, effective March 17, 2009 gives local PERS employers the option to defer 50% of their contributions in fiscal year 2009 the normal and accrued liability and pay 50 percent of the certified amount as determined by the actuary or pay the full 100% certified amount.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note V: Pension Plans (Continued)

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.50 percent for TPAF and PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the TPAF and PERS.

During the year ended June 30, 2010, for TPAF, annual pension cost equals annual required contribution. For PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Contributions – Actual

The Soaring Heights Charter School's total payroll for the year ended June 30, 2011 was \$1,328,567.19 and covered payroll was \$1,000,008.00 for TPAF and \$253,910.00 for PERS. Contributions to the TPAF and the PERS for the last three years ended June 30 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		<u>TPAF</u>	Percent of Covered <u>Payroll</u>	<u>PERS</u>	Percent of Covered <u>Payroll</u>
Employees	6/30/09	52,237.46	5.88%	14,817.04	6.19%
	6/30/10	56,076.65	5.73%	13,826.66	5.50%
	6/30/11	56,367.84	5.64%	13,965.11	5.50%
Board of Education	6/30/09			\$20,190.00	8.44%
	6/30/10			\$21,860.00	8.32%
	6/30/11			\$29,045.00	11.44%
State of New Jersey	6/30/09	\$54,698.00	6.22%		
	6/30/10	\$56,672.00	5.79%		
	6/30/11	\$58,973.00	5.90%		

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$74,155.22 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(CONTINUED)

Note VI: Post-Retirement Medical Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

Note VII: Risk Management

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

Property and Liability Insurance – The Soaring Heights Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of the CAFR.

Note VIII: Subsequent Events

The Soaring Heights Charter School's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of audit.

**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

SECTION C
BUDGETARY COMPARISON SCHEDULES

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 514,668.00	\$ -	\$ 514,668.00	\$ 514,251.00	\$ (417.00)
Interest Earned on Investments	-	-	-	74.69	74.69
Miscellaneous	-	-	-	1,798.98	1,798.98
Total - Local Sources	514,668.00	-	514,668.00	516,124.67	1,456.67
State Sources:					
Local Tax Levy - State Aid Share	1,595,320.00	-	1,595,320.00	1,659,050.00	63,730.00
Special Education Aid	54,630.00	-	54,630.00	74,176.00	19,546.00
Security Aid	78,446.00	-	78,446.00	76,138.00	(2,308.00)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	58,973.00	58,973.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	74,155.22	74,155.22
Total State Sources	1,728,396.00	-	1,728,396.00	1,942,492.22	214,096.22
Total Revenues	2,243,064.00	-	2,243,064.00	2,458,616.89	215,552.89
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Salaries of Teachers	100-100-101 \$ 930,000.00	\$ (750.00)	\$ 929,250.00	\$ 907,988.86	\$ 21,261.14
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	190-100-106 22,680.00	-	22,680.00	22,680.00	-
Purchased Professional-Educational Services	190-100-320 25,000.00	-	25,000.00	5,573.15	19,426.85
Purchased Technical Services	190-100-390 15,000.00	-	15,000.00	13,564.14	1,435.86
General Supplies	190-100-610 75,000.00	10,888.65	85,888.65	54,227.19	31,661.46
Textbooks	190-100-640 60,000.00	5,000.41	65,000.41	17,661.73	47,338.68
Other Objects	190-100-800 13,000.00	-	13,000.00	11,972.22	1,027.78
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,140,680.00	15,139.06	1,155,819.06	1,033,667.29	122,151.77
Total Instruction	1,140,680.00	15,139.06	1,155,819.06	1,033,667.29	122,151.77
Undist. Expend. - Health Services					
Salaries	000-213-100 60,000.00	-	60,000.00	50,583.01	9,416.99
Total Undistributed Expenditures - Health Services	60,000.00	-	60,000.00	50,583.01	9,416.99
Undist. Expend. - Other Supp. Serv. Students-Special					
Salaries of Other Professional Staff	000-219-104 97,000.00	-	97,000.00	51,001.50	45,998.50
Total Undist. Expend. - Other Supp. Serv. Students-Spl.	97,000.00	-	97,000.00	51,001.50	45,998.50
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	000-230-100 223,493.00	-	223,493.00	212,538.32	10,954.68
Purchased Technical Services	000-230-340 60,000.00	-	60,000.00	31,607.87	28,392.13
Communications/Telephone	000-230-530 28,000.00	-	28,000.00	4,551.86	23,448.14
Other Purchased Services (400-500 series)	000-230-590 10,000.00	-	10,000.00	6,845.31	3,154.69
Supplies and Materials	000-230-600 28,000.00	-	28,000.00	1,513.30	26,486.70
Miscellaneous Expenditures	000-230-890 20,000.00	-	20,000.00	4,410.18	15,589.82
Total Undist. Expend. - Supp. Serv. - General Admin.	369,493.00	-	369,493.00	261,466.84	108,026.16
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Rental	000-262-440 223,380.00	750.00	224,130.00	224,110.00	20.00
Other Purchased Property Services	000-262-490 35,000.00	-	35,000.00	19,078.21	15,921.79
Insurance	000-262-520 40,000.00	-	40,000.00	33,998.45	6,001.55
Miscellaneous Purchased Services	000-262-590 3,000.00	-	3,000.00	2,305.00	695.00
General Supplies	000-262-610 2,000.00	-	2,000.00	1,289.97	710.03
Energy (Energy and Electricity)	000-262-620 45,000.00	-	45,000.00	38,620.05	6,379.95
Other Objects	000-262-800 20,000.00	-	20,000.00	4,618.41	15,381.59
Total Undist. Expend. - Other Oper. & Maint. Of Plant	368,380.00	750.00	369,130.00	324,020.09	45,109.91

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011
(Concluded)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Other Employee Benefits	000-291-290 \$ 270,000.00	\$ -	\$ 270,000.00	\$ 253,674.11	\$ 16,325.89
TOTAL UNALLOCATED BENEFITS	<u>270,000.00</u>	<u>-</u>	<u>270,000.00</u>	<u>253,674.11</u>	<u>16,325.89</u>
On-behalf TPAF pension Contributions (non-budgeted)		-		58,973.00	(58,973.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-		74,155.22	(74,155.22)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,128.22</u>	<u>(133,128.22)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>270,000.00</u>	<u>-</u>	<u>270,000.00</u>	<u>386,802.33</u>	<u>(116,802.33)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>1,164,873.00</u>	<u>750.00</u>	<u>1,165,623.00</u>	<u>1,073,873.77</u>	<u>91,749.23</u>
TOTAL GENERAL CURRENT EXPENSE	<u>2,305,553.00</u>	<u>15,889.06</u>	<u>2,321,442.06</u>	<u>2,107,541.06</u>	<u>213,901.00</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Land and Improvements	000-400-710 60,000.00	-	60,000.00	54,048.36	5,951.64
Lease Purchase Agreements - Principal	000-400-721 130,860.00	-	130,860.00	67,025.00	63,835.00
Total Facilities Acquisition and Construction Services	<u>190,860.00</u>	<u>-</u>	<u>190,860.00</u>	<u>121,073.36</u>	<u>69,786.64</u>
TOTAL CAPITAL OUTLAY	<u>190,860.00</u>	<u>-</u>	<u>190,860.00</u>	<u>121,073.36</u>	<u>69,786.64</u>
TOTAL EXPENDITURES	<u>2,496,413.00</u>	<u>15,889.06</u>	<u>2,512,302.06</u>	<u>2,228,614.42</u>	<u>283,687.64</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(253,349.00)	(15,889.06)	(269,238.06)	230,002.47	499,240.53
Other Financing Sources (Uses):					
Operating Transfer Out:					
Prior Year Accounts Receivable Canceled				(449.00)	(449.00)
Reallocation of Prior Year Expenditures from Fund 20				(582.00)	(582.00)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,031.00)</u>	<u>(1,031.00)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(253,349.00)	(15,889.06)	(269,238.06)	228,971.47	498,209.53
Fund Balance, July 1	<u>344,972.85</u>	<u>-</u>	<u>344,972.85</u>	<u>344,972.85</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 91,623.85</u>	<u>\$ (15,889.06)</u>	<u>\$ 75,734.79</u>	<u>\$ 573,944.32</u>	<u>\$ 498,209.53</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):					
Adjustment for Prior Year Encumbrances	\$ -	\$ (15,889.06)	\$ (15,889.06)	\$ (15,889.06)	\$ -
Budgeted Fund Balance	<u>(253,349.00)</u>	<u>-</u>	<u>(253,349.00)</u>	<u>244,860.53</u>	<u>498,209.53</u>
Total	<u>\$ (253,349.00)</u>	<u>\$ (15,889.06)</u>	<u>\$ (269,238.06)</u>	<u>\$ 228,971.47</u>	<u>\$ 498,209.53</u>
Analysis of Fund Balance June 30, 2011:					
Assigned Fund Balance:					
Encumbrances				\$ 346,102.50	
Unassigned Fund Balance				<u>227,841.82</u>	
				<u>\$ 573,944.32</u>	

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
REVENUES:					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	195,111.00	20,100.95	215,211.95	213,382.95	1,829.00
Local Sources	-	-	-	-	-
Total Revenues	<u>195,111.00</u>	<u>20,100.95</u>	<u>215,211.95</u>	<u>213,382.95</u>	<u>1,829.00</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries	132,258.00	2,519.00	134,777.00	134,777.00	-
Purchased Professional and Technical Services	14,181.00	19,329.00	33,510.00	31,810.00	1,700.00
General Supplies	255.00	1,093.00	1,348.00	1,348.00	-
Total Instruction	<u>146,694.00</u>	<u>22,941.00</u>	<u>169,635.00</u>	<u>167,935.00</u>	<u>1,700.00</u>
Support Services					
Personal Services - Employee Benefits	22,282.00	1,904.00	24,186.00	24,186.00	-
Purchased Professional and Technical Services	20,000.00	(98.05)	19,901.95	19,772.95	129.00
Purchased Professional - Educational Services	6,135.00	(4,646.00)	1,489.00	1,489.00	-
Total Support Services	<u>48,417.00</u>	<u>(2,840.05)</u>	<u>45,576.95</u>	<u>45,447.95</u>	<u>129.00</u>
Total Expenditures	<u>\$ 195,111.00</u>	<u>\$ 20,100.95</u>	<u>\$ 215,211.95</u>	<u>\$ 213,382.95</u>	<u>\$ 1,829.00</u>

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2011

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>Exhibit</u>	General <u>Fund</u>	Special Revenue <u>Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1&C-2]	\$ 2,458,616.89	\$ 213,382.95
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		-	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	(45.00)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 2,458,616.89</u>	<u>\$ 213,337.95</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1&C-2]	2,228,614.42	\$ 213,382.95
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			(45.00)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	\$ -		
Net transfers (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 2,228,614.42</u>	<u>\$ 213,337.95</u>

OTHER SUPPLEMENTARY INFORMATION

SECTION D

SCHOOL LEVEL SCHEDULES
NOT APPLICABLE

SECTION E
SPECIAL REVENUE FUND

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Special Revenue Fund**

**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011**

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES				
State Sources	\$ -	\$ -	\$ -	\$ -
Federal Sources	213,382.95	-	213,382.95	-
Local Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>213,382.95</u>	<u>-</u>	<u>213,382.95</u>	<u>-</u>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries 100-100	134,777.00		134,777.00	
Purchased Professional and Technical Services 100-300	31,810.00		31,810.00	
General Supplies 100-610	<u>1,348.00</u>		<u>1,348.00</u>	
Total Instruction	<u>167,935.00</u>		<u>167,935.00</u>	
Support Services:				
Personal Services - Employee Benefits 200-200	24,186.00		24,186.00	-
Purchased Professional and Technical Services 200-300	19,772.95	-	19,772.95	-
Purchased Professional - Educational Services 200-320	1,489.00	-	1,489.00	-
Supplies and Materials 200-600	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support Services	<u>45,447.95</u>	<u>-</u>	<u>45,447.95</u>	<u>-</u>
Facilities Acquisition and Const. Serv.:				
Instructional Equipment 400-731	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Facilities Acquisition and Const. Serv.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 213,382.95</u>	<u>\$ -</u>	<u>\$ 213,382.95</u>	<u>\$ -</u>

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
 Special Revenue Fund
 Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011

	<u>Total</u>	<u>E.S.E.A.</u>			<u>I.D.E.A. Part B</u>	
		<u>Title I</u>	<u>Title II</u>	<u>Title IV</u>	<u>Basic</u>	<u>Basic ARRA</u>
REVENUES						
Federal Sources	\$ 213,382.95	\$ 137,116.00	\$ 14,271.00	\$ 1,738.95	\$ 44,957.00	\$ 15,300.00
Total Federal Revenues	<u>213,382.95</u>	<u>137,116.00</u>	<u>14,271.00</u>	<u>1,738.95</u>	<u>44,957.00</u>	<u>15,300.00</u>
EXPENDITURES:						
Instruction:						
100-100 Personal Services - Salaries	134,777.00	109,777.00			25,000.00	
100-300 Purchased Professional and Technical Services	31,810.00	3,728.00	12,782.00			15,300.00
100-610 General Supplies	1,348.00	-	-	1,348.00	-	-
Total Instruction	<u>167,935.00</u>	<u>113,505.00</u>	<u>12,782.00</u>	<u>1,348.00</u>	<u>25,000.00</u>	<u>15,300.00</u>
Support Services:						
200-200 Personal Services - Employee Benefits	24,186.00	14,229.00			9,957.00	
200-300 Purchased Professional and Technical Services	19,772.95	9,382.00		390.95	10,000.00	
200-320 Purchased Professional - Educational Services	1,489.00	-	1,489.00			
200-600 Supplies and Materials	-	-	-	-	-	-
Total Support Services	<u>45,447.95</u>	<u>23,611.00</u>	<u>1,489.00</u>	<u>390.95</u>	<u>19,957.00</u>	<u>-</u>
Total Expenditures	<u>\$ 213,382.95</u>	<u>\$ 137,116.00</u>	<u>\$ 14,271.00</u>	<u>\$ 1,738.95</u>	<u>\$ 44,957.00</u>	<u>\$ 15,300.00</u>

SECTION F
CAPITAL PROJECTS FUND
NOT APPLICABLE

SECTION G
PROPRIETARY FUNDS
NOT APPLICABLE

ENTERPRISE FUND
NOT APPLICABLE

INTERNAL SERVICE FUND
NOT APPLICABLE

SECTION H
FIDUCIARY FUND

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011**

	<u>Balance June 30, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
Net Salaries and Wages and Payroll Deductions and Withholdings	<u>\$ 215,138.26</u>	<u>\$ 1,357,474.99</u>	<u>\$ 1,424,218.56</u>	<u>\$ 148,394.69</u>

SECTION I

LONG – TERM DEBT
NOT APPLICABLE

STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

Debt Capacity

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30, 2005.

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,						
	2011	2010	2009	2008	2007	2006	2005
Governmental Activities							
Invested in Capital Assets, Net of Related Debt Restricted	\$ 2,231,203.90	\$ 2,203,515.80	\$ 1,871,742.00	\$ 1,593,746.84	\$ 1,300,881.05	\$ 990,549.74	\$ 450,273.10
Unrestricted	346,102.50	15,889.06	300,000.00	-	-	-	2,573.03
Total Governmental Activities Net Assets	<u>\$ 2,805,148.22</u>	<u>\$ 2,548,488.65</u>	<u>\$ 2,477,806.97</u>	<u>\$ 2,165,327.45</u>	<u>\$ 1,748,305.12</u>	<u>\$ 1,479,699.72</u>	<u>\$ 732,542.71</u>
District-Wide							
Invested in Capital Assets, Net of Related Debt Restricted	\$ 2,231,203.90	\$ 2,203,515.80	\$ 1,871,742.00	\$ 1,593,746.84	\$ 1,300,881.05	\$ 990,549.74	\$ 450,273.10
Unrestricted	346,102.50	15,889.06	300,000.00	-	-	-	2,573.03
Total District Net Assets	<u>\$ 2,805,148.22</u>	<u>\$ 2,548,488.65</u>	<u>\$ 2,477,806.97</u>	<u>\$ 2,165,327.45</u>	<u>\$ 1,748,305.12</u>	<u>\$ 1,479,699.72</u>	<u>\$ 732,542.71</u>

Source: District Records

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,						
	2011	2010	2009	2008	2007	2006	2005
Expenses							
Governmental Activities							
Instruction							
Regular	\$ 1,476,895.85	\$ 1,610,272.65	\$ 1,398,391.16	\$ 1,359,589.47	\$ 1,242,320.80	\$ 1,086,649.90	\$ 1,017,365.19
Special Education	60,257.00	77,822.00	44,579.00	41,912.69	43,210.22	36,915.58	40,435.14
Support Services:							
Student and Instruction Related Services	141,431.17	167,735.63	158,910.43	128,708.84	148,720.93	121,289.15	95,036.45
General and Business Administrative Services	336,563.50	342,315.88	353,314.58	322,098.89	360,535.50	288,908.98	265,118.12
Plant Operations and Maintenance	399,116.75	465,073.86	359,561.69	362,612.02	293,547.25	286,493.85	275,112.64
Pupil Transportation	-	-	1,295.00	1,025.00	1,870.00	1,875.00	400.00
Total Governmental Activities Expenses	2,414,264.27	2,663,220.02	2,316,051.86	2,215,946.91	2,090,204.70	1,822,132.46	1,693,467.54
Total District-Wide Expenses	2,414,264.27	2,663,220.02	2,316,051.86	2,215,946.91	2,090,204.70	1,822,132.46	1,693,467.54
Program Revenues							
Governmental Activities:							
Operating Grants and Contributions	420,642.17	488,622.69	367,307.55	198,722.00	499,741.73	256,281.76	232,880.95
Total Governmental Activities Program Revenues	420,642.17	488,622.69	367,307.55	198,722.00	499,741.73	256,281.76	232,880.95

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,						
	2011	2010	2009	2008	2007	2006	2005
Total District-Wide Program Revenues	\$ 420,642.17	\$ 488,622.69	\$ 367,307.55	\$ 198,722.00	\$ 499,741.73	\$ 256,281.76	\$ 232,880.95
Net (Expense)/Revenue	(1,993,622.10)	(2,174,597.33)	(1,948,744.31)	(2,017,224.91)	(1,590,462.97)	(1,565,850.70)	(1,480,586.59)
Governmental Activities							
Business-Type Activities							
Total District-Wide Net Expense	(1,993,622.10)	(2,174,597.33)	(1,948,744.31)	(2,017,224.91)	(1,590,462.97)	(1,565,850.70)	(1,480,586.59)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes:							
Property Taxes, Levied for General Purposes	514,251.00	495,252.00	436,531.00	619,541.00	478,366.00	405,800.00	452,530.00
Federal and State Aid Not Restricted	1,735,188.00	1,731,699.00	1,793,582.00	1,747,110.46	1,357,129.00	1,513,276.00	1,366,203.95
Investment Earnings	74.69	8.70	1,879.67	8,249.15	11,014.45	11,510.39	4,369.07
Miscellaneous Income	1,798.98	18,319.31	29,231.16	4,130.10	12,558.92	5,933.99	13,970.90
Special Item - Reallocation of Prior Year Expenditures	(582.00)	-	-	55,216.53	-	-	-
Prior Year Accounts Receivable Canceled	(449.00)	-	-	-	-	-	-
Total Governmental Activities	2,250,281.67	2,245,279.01	2,261,223.83	2,434,247.24	1,859,068.37	1,936,520.38	1,837,073.92
Total District-Wide General Revenues	2,250,281.67	2,245,279.01	2,261,223.83	2,434,247.24	1,859,068.37	1,936,520.38	1,837,073.92
Change in Net Assets							
Governmental Activities	256,659.57	70,681.68	312,479.52	417,022.33	268,605.40	370,669.68	376,487.33
Total District-Wide Change in Net Assets	\$ 256,659.57	\$ 70,681.68	\$ 312,479.52	\$ 417,022.33	\$ 268,605.40	\$ 370,669.68	\$ 376,487.33

Source: District Records

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Fund Balances - Governmental Funds,
Last Seven Fiscal Years
(modified accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,						
	2011	2010	2009	2008	2007	2006	2005
General Fund							
Reserved	\$ 346,102.50	\$ 15,889.06	\$ 300,000.00	\$ -	\$ -	\$ -	\$ -
Unreserved	227,941.82	329,083.79	306,064.97	571,580.61	447,424.07	489,149.98	442,813.58
Total General Fund	<u>\$ 573,944.32</u>	<u>\$ 344,972.85</u>	<u>\$ 606,064.97</u>	<u>\$ 571,580.61</u>	<u>\$ 447,424.07</u>	<u>\$ 489,149.98</u>	<u>\$ 442,813.58</u>
Total Fund Balances	<u>\$ 573,944.32</u>	<u>\$ 344,972.85</u>	<u>\$ 606,064.97</u>	<u>\$ 571,580.61</u>	<u>\$ 447,424.07</u>	<u>\$ 489,149.98</u>	<u>\$ 442,813.58</u>

Source: District Records

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Changes in Fund Balances - Governmental Funds,
Last Seven Fiscal Years
(modified accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,						
	2010	2010	2009	2008	2007	2006	2005
Revenues							
Tax Levy	\$ 514,251.00	\$ 495,252.00	\$ 436,531.00	\$ 619,541.00	\$ 478,366.00	\$ 405,800.00	\$ 452,530.00
Interest Earnings	74.69	8.70	1,879.67	8,249.15	11,014.45	11,510.39	4,369.07
Miscellaneous	1,798.98	18,319.31	29,231.16	4,130.10	12,558.92	5,933.99	13,970.90
State Sources	1,942,492.22	1,916,178.64	1,967,334.38	1,747,110.46	1,640,882.70	1,574,986.59	1,382,792.79
Federal Sources	213,337.95	304,143.05	193,555.17	198,722.00	215,988.03	194,571.17	216,292.11
Total Revenues	2,671,954.84	2,733,901.70	2,628,531.38	2,577,752.71	2,358,810.10	2,192,802.14	2,069,954.87
Expenditures							
Instruction							
Regular Instruction	1,160,823.29	1,317,863.65	1,138,065.55	1,133,717.15	1,044,569.11	899,933.49	849,329.41
Special education instruction	60,257.00	77,822.00	44,579.00	35,700.00	37,916.00	31,328.20	34,510.14
Support Services:							
Student and Instruction Related Services	103,323.46	132,422.80	127,610.00	100,879.00	124,252.28	99,631.19	81,059.84
General and Business Administrative Services	261,466.84	273,088.64	291,097.15	266,311.95	312,242.83	242,236.86	229,167.68
Plant Operations and Maintenance	324,020.09	395,846.62	297,344.26	306,825.08	245,254.59	240,086.79	272,122.94
Pupil Transportation	-	-	1,295.00	1,025.00	1,870.00	1,875.00	400.00
Employee Benefits	410,988.33	376,826.83	343,522.23	310,634.52	264,711.20	266,065.73	196,980.50
Capital Outlay	121,073.36	421,123.28	350,533.83	353,720.00	369,720.00	365,309.48	245,940.39
Total Expenditures	2,441,952.37	2,994,993.82	2,594,047.02	2,508,812.70	2,400,536.01	2,146,465.74	1,909,410.90
Excess (Deficiency) of Revenues Over (Under) Expenditures	230,002.47	(261,092.12)	34,484.36	68,940.01	(41,725.91)	46,336.40	160,543.97
Net Change in Fund Balances	\$ 230,002.47	\$ (261,092.12)	\$ 34,484.36	\$ 68,940.01	\$ (41,725.91)	\$ 46,336.40	\$ 160,543.97
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited**

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Interest</u>	<u>Prior Year Refunds</u>	<u>Local Projects</u>	<u>Donations</u>	<u>Miscellaneous</u>
2002	\$ -					
2003	-					
2004	6,128.63	686.87				5,441.76
2005	18,339.97	4,369.07	4,297.72			9,673.18
2006	17,444.38	11,510.39	5,933.99			
2007	23,573.37	11,014.45	10,926.09			1,632.83
2008	12,379.25	8,249.15	4,130.10			
2009	31,110.83	1,879.67	4,231.16	25,000.00		
2010	18,328.01	8.70	3,492.11	9,000.00		5,827.20
2011	1,873.67	74.69				1,798.98

Source: District Records

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended December 31,	Assessed Value					Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
	Vacant Land	Residential	Farm	Commercial	Industrial					
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		

NOT APPLICABLE

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**
(rate per \$100 of assessed value)
Unaudited

<u>Fiscal Year Ended December 31,</u>	<u>School District Direct Rate</u>	<u>Overlapping Rates</u>	<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>Municipality</u> <u>County</u>	
	<u>Total Direct School Tax Rate</u>		

NOT APPLICABLE

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy

NOT APPLICABLE

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities					Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)				

NOT APPLICABLE

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Net General Bonded Debt Outstanding		

NOT APPLICABLE

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Direct and Overlapping Governmental Activities Debt
As of December 31, 2010
Unaudited**

NOT APPLICABLE

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

NOT APPLICABLE

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
-------------	-------------------	----------------------------	---	------------------------------

NOT APPLICABLE

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program

NOT AVAILABLE

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	Senior High School				

NOT AVAILABLE

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

School Building Information
Last Ten Fiscal Years
Unaudited

District Building

NOT APPLICABLE

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited**

Undistributed Expenditures--Required
Maintenance for School Facilities
11-000-261-xxx

<u>*School Facility</u>	<u>Pending Projects (w/DOE Project #)</u>	<u>Gross Building Area (SF)</u>
-------------------------	---	---

NOT APPLICABLE

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

Source: District records

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**

**Insurance Schedule
As of June 30, 2011
Unaudited**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy - N.J. School Boards Association Insurance Group		
Property - Blanket Building & Contents	\$ 11,350,337,221.00	\$ 1,000.00
Comprehensive General Liability	16,000,000.00	
Comprehensive Automotive Liability	16,000,000.00	
Comprehensive		1,000.00
Collision		1,000.00
Computer & Scheduled Equipment	37,000.00	1,000.00
Boiler & Machinery	100,000,000.00	1,000.00
School Boards Legal Liability - N.J. School Boards	16,000,000.00	5,000.00
Workers Compensation - N.J. School Boards Assoc.	5,000,000.00	
Employers Liability Insurance		
Bodily Injury by Accident	2,000,000.00	each accident
Bodily Injury by Disease	2,000,000.00	each employee
Bodily Injury by Disease	2,000,000.00	policy limit
Flood Insurance - N.J. School Boards		
Buildings	50,000,000.00	500,000.00
Contents	1,000,000.00	500,000.00
Faithful Performance Bond	50,000.00	500.00

Source: District records

SINGLE AUDIT SECTION

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

K-1
Sheet 1

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"

The Honorable President
Members of the Board of Education
Soaring Heights Charter School
County of Hudson, New Jersey

We have audited the basic financial statements of the Soaring Heights Charter School as of and for the year ended June 30, 2011, and have issued our report thereon dated December 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Soaring Heights Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Soaring Heights Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Soaring Heights Charter School's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, the Soaring Heights Charter School and the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties..



Vincent M. Montanino
Registered Municipal Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

December 1, 2011

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

K-2
Sheet 1

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President
Members of the Board of Education
Soaring Heights Charter School
County of Hudson, New Jersey

Compliance

We have audited the compliance of the Soaring Heights Charter School with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grants Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2011. Soaring Heights Charter School major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Soaring Heights Charter School's management. Our responsibility is to express an opinion on Soaring Heights Charter School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey Office of Management and Budget Circular Letter 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey's OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Soaring Heights Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Soaring Heights Charter School's compliance with those requirements.

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In our opinion, the Board of Education of the Soaring Heights Charter School, in the County of Hudson, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Soaring Heights Charter School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Soaring Heights Charter School's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey's OMB's Circular Letter 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Soaring Heights Charter School's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Soaring Heights Charter School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Soaring Heights Charter School, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

December 1, 2011

**BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL**
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2011 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable Encumbrances					
U.S. Department of Education Passed - Through State Department of Education:													
N.C.L.B. Title I	84.010A	9/1/10-8/31/11	\$ 124,006.00	\$ -	\$ -	\$ -	\$ 124,006.00	\$ -	\$ 124,006.00	\$ -	\$ (124,006.00)	\$ -	\$ -
N.C.L.B. Title I-ARRA	84.399	9/1/09-8/31/11	78,485.00	(96,272.00)	-	49,382.00	13,110.00	-	13,110.00	-	-	-	-
N.C.L.B. Title I	84.010A	9/1/09-8/31/10	133,065.00	(23,560.00)	-	23,560.00	-	-	-	-	-	-	-
N.C.L.B. Title IIA	84.367A	9/1/10-8/31/11	13,989.00	-	-	-	13,989.00	-	13,989.00	(13,989.00)	-	-	-
N.C.L.B. Title IID	84.281A	9/1/10-8/31/11	282.00	-	-	-	282.00	-	282.00	(282.00)	-	-	-
N.C.L.B. Title IID	84.281A	9/1/09-8/31/10	1,332.00	(582.00)	582.00	-	-	-	-	-	-	98.00	-
N.C.L.B. Title IV	84.186A	9/1/09-8/31/10	1,837.00	1,199.95	(1,200.00)	1,837.00	-	-	1,736.95	-	-	-	-
N.C.L.B. Title IV	84.186A	9/1/08-8/31/09	1,888.00	(1,200.00)	1,200.00	-	-	-	-	-	-	-	-
I.D.E.A. Part B, Basic	84.027A	9/1/10-8/31/11	44,957.00	(15,000.00)	-	15,000.00	44,957.00	-	44,957.00	(44,957.00)	-	-	-
I.D.E.A. Part B, Basic	84.027A	9/1/09-8/31/10	44,284.00	(2,500.00)	-	2,500.00	15,300.00	-	15,300.00	(17,031.00)	1,731.00	-	-
I.D.E.A. Part B, Basic-ARRA	84.391	9/1/09-8/31/11	59,853.00	(77,914.05)	582.00	92,279.00	213,392.95	-	213,392.95	(200,265.00)	1,829.00	-	-
Total U.S. Department of Education					\$ 582.00	(1) \$ 92,279.00	\$ 213,382.95	\$ -	\$ 213,382.95	\$ -	\$ (200,265.00)	\$ 1,829.00	\$ -
Total Federal Financial Assistance					\$ (77,914.05)	\$ 92,279.00	\$ 213,382.95	\$ -	\$ 213,382.95	\$ -	\$ (200,265.00)	\$ 1,829.00	\$ -

(1) - Reallocation of Prior Years Expenditures to General Fund.

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

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustments	Cash Received	Disbursements	BUDGETARY EXPENDITURES		Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2011 Deferred Revenue	Due to Grantor
								Accounts Payable	Encumbrances					
State Department of Education:														
General Funds:														
Local Tax Levy - State Aid Share	11-495-034-5120-022	7/1/10-6/30/11	\$ 1,659,050.00	\$ -	\$ -	\$ 1,659,050.00	\$ 1,659,050.00	\$ -	\$ -	\$ 1,659,050.00	\$ -	\$ -	\$ -	\$ -
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	74,176.00	-	-	74,176.00	74,176.00	-	-	74,176.00	-	-	-	-
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	76,138.00	-	-	76,138.00	76,138.00	-	-	76,138.00	-	-	-	-
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	74,155.22	-	-	62,802.78	74,155.22	-	-	74,155.22	-	(11,352.44)	-	-
Reimbursed TPAF Social Security Contribution	10-495-034-5095-002	7/1/09-6/30/10	76,479.64	(12,132.40)	449.00	11,683.40	-	-	-	58,973.00	-	-	-	-
On-Behalf TPAF Pension Contributions	11-495-034-5095-001	7/1/10-6/30/11	58,973.00	(12,132.40)	449.00	58,973.00	58,973.00	-	-	58,973.00	-	-	-	-
Total General Funds						1,942,823.18	1,942,492.22	-	-	1,942,492.22	-	(11,352.44)	-	-
Total All Funds				\$ (12,132.40)	\$ 449.00	(1) \$ 1,942,823.18	\$ 1,942,492.22	\$ -	\$ -	\$ 1,942,492.22	\$ -	\$ (11,352.44)	\$ -	\$ -

(1) - Prior Year Accounts Receivable Cancelled.

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

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Soaring Heights Charter School Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent year due to the state deferral and recording of one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0.00 for the general fund and \$45.00 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 1,942,492.22	\$1,942,492.22
Special Revenue Fund	<u>213,337.95</u>	<u>0.00</u>	<u>213,337.95</u>
Total Awards and Financial Assistance	<u>\$213,337.95</u>	<u>\$ 1,942,492.22</u>	<u>\$2,155,830.17</u>

Note 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the charter school for post-retirement medical benefits for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditor’s report issued: Unqualified
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified
that were not considered to be material
weaknesses? yes X no
- C) Noncompliance material to basic
financial statements noted? yes X no

Federal Awards Section Not Applicable

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results (Continued)

State Financial Assistance Section

- D) Dollar threshold used to determine Type A Programs \$300,000.00
- E) Auditee qualified as low-risk auditee? ___ yes X no ___ n/a
- F) Type of auditor’s report on compliance for major programs: ___ Unqualified ___
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? ___ yes ___ X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ yes ___ X no
- H) Any audit findings disclosed that are required To be reported in accordance with N.J, OMB Circular 04-04? ___ yes ___ X no

I) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>10-495-034-5120-022</u>	<u>Local Tax Levy-State Share</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Not Applicable

BOARD OF EDUCATION
SOARING HEIGHTS CHARTER SCHOOL

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2011

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Not Applicable