

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Soaring Heights Charter School  
Jersey City, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by**

**Soaring Heights Charter School  
Finance Department**

**BOARD OF EDUCATION**  
**SOARING HEIGHTS CHARTER SCHOOL**

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## **INTRODUCTORY SECTION**

December 7, 2015

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, 2015 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 2014-2015 fiscal year with an enrollment of 246 students.

**2) Economic Condition and Outlook**

The Charter School will continue to experience full enrollment. The student population will can be maintained 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 its current location, but is currently exploring the possibility of expansion due to the demand for placements. The Charter School has recently completing the charter renewal process which includes a request to increase enrollment to 500 students.

### **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 reappropriated are reported as reservations of fund balance at June 30, 2015.

**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 2015, the Charter School had no outstanding debt issued.

**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.

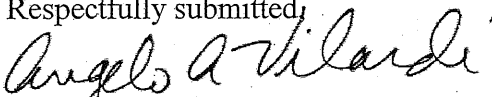
**10) Other Information**

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	2017
Mary Golden	Vice President	2018
Jane Mercante	Secretary	2016
Irene Guirguis-Roberts	Trustee	2016
JoAnn D'Auria	Trustee	2018
Adama Diallo	Trustee	2016
Cheryll Ignacio	Trustee	2015

## Soaring Heights Charter School Consultants and Advisors

### AUDIT FIRM

Vincent M. Montanino  
VM Associates, Inc.  
Mt. Arlington, New Jersey

### ATTORNEY

Paul Green  
Schenck, Price, Smith & King, LLP  
PO Box 991  
Florham Park, NJ 07932

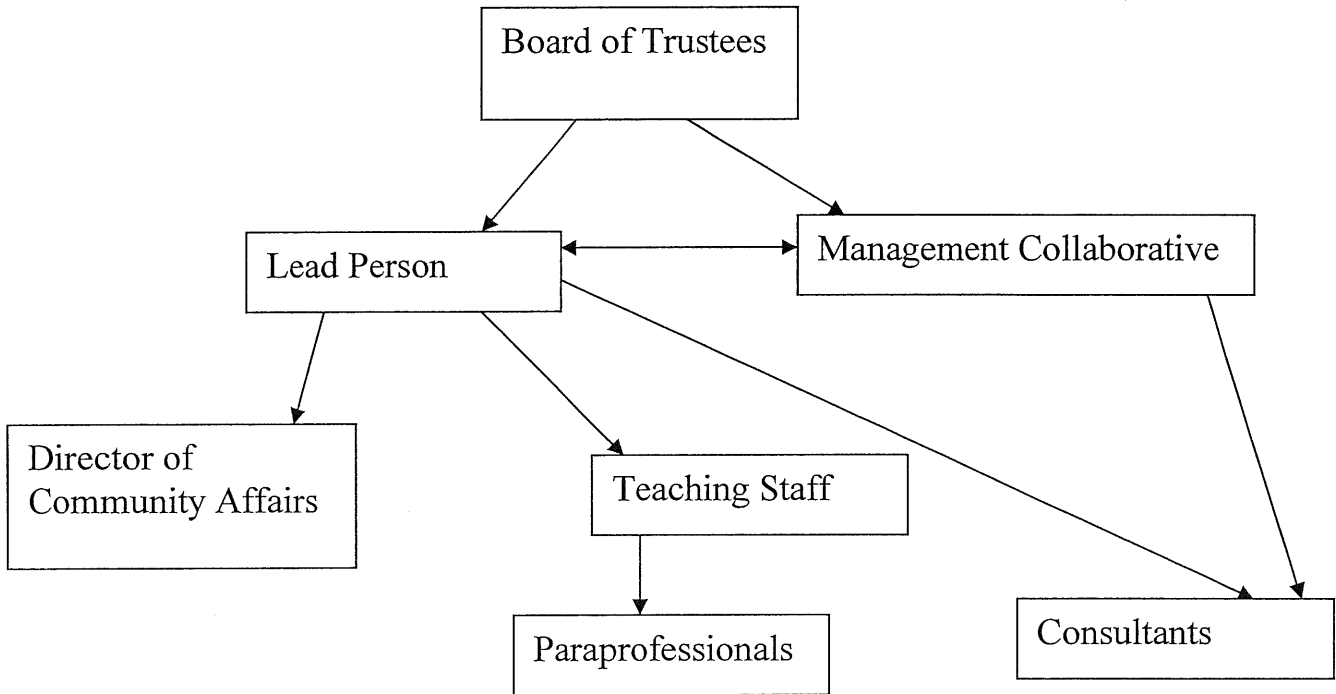
### SBA CONSULTANT

Angelo A. Vilardi  
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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Soaring Heights Charter School as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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## *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, 2015, 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.

## *Emphasis of Matter*

As discussed in Note V to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note VII to the basic financial statements.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on Schedules C-1 and C-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Soaring Heights Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance, 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 other information such as the introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

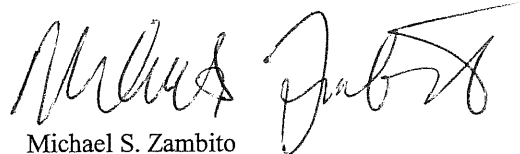
The combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material aspects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards and the Division of Finance,  
Department of Education, State of New Jersey**

In accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated December 7, 2015 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 the Division of Finance, Department of Education, State of New Jersey in considering Soaring Heights Charter School's internal control over financial reporting and analysis.



Vincent M. Montanino  
Public School Accountant  
License No. CS000495



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

December 7, 2015

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART I**

**SOARING HEIGHTS CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**(UNAUDITED)**

The discussion and analysis of the Soaring Heights Charter School's (the "Charter School") financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required and Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments."

**Financial Highlights**

- The assets of the Soaring Heights Charter School exceeded its liabilities at the close of the most recent fiscal year by \$148,028.47 (net position).
- The Charter School's total net position decreased \$38,684.24. The decrease is attributable to depreciation and program expenses exceeding current year operations and the net changes to pension liability and deferred inflows and outflows.
- General revenues accounted for \$2,571,086.01 in revenue or 71.7 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$1,013,574.80 or 28.3 percent of total revenues of \$3,584,660.81.
- The Charter School had \$3,623,345.05 in expenses related to governmental activities; only \$1,013,574.80 was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,571,086.01 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$2,852,772.81 in revenues and \$2,878,617.33 in expenditures. The General Fund's fund balance decreased \$25,844.52 from the June 30, 2014 fund balance.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities 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 provide the next level of detail. For governmental funds, 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.

### Government-Wide Financial Statements

#### The Statement of Net Position and the Statement of Activities

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 Position 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 position* and changes in them. You can think of the Charter School's net position, 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 position 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 enrollment, funding sources and the condition of the Charter School's capital assets to assess the overall *health* of the Charter School.

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

- Governmental Activities: Most of the Charter School's basic programs and services are reported here, including general administration. Payments from the Jersey City Public School District taxes and state and federal aid finance most of these activities.
- Business-Type Activities: The Charter School has no proprietary funds.

## Reporting the Charter School's Most Significant Funds

### Fund Financial Statements

The fund financial statements 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 be readily 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 than can be spent in the near future to finance the Charter School's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

*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 Position 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 Position and Changes in Fiduciary Net Position. 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.

**Notes to the Basic Financial Statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information:** The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements.



Figure A-1 summarizes the major features of the Charter School’s financial statements, including the portion of the Charter School’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Major Features of Soaring Heights Charter School’s  
Government-Wide and Fund Financial Statements  
(Figure A-1)**

Scope	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Charter School (except fiduciary funds)	The activities of the Charter School that are not proprietary or fiduciary, such as food service and student activities	Activities the Charter School operates similar to private businesses; N/A	Instances in which the Charter School is the trustee or agent for someone else’s resources, such as payroll agency and student activities.
Required financial statements	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures, and changes in fund balance	Statement of net position  Statement of revenues, expenses, and changes in net position  Statement of cash flows	Statement of fiduciary net position  Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

## Financial Analysis of the Charter School as a Whole

The Charter School's *combined* net position changed from a year ago, *decreasing* from \$158,524.71 to \$119,266.47. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Charter School's governmental and business-type activities as of June 30.

**Table 1**

### Net Position

	Governmental Activities		Total Primary Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 743,482.63	\$ 735,471.15	\$ 743,482.63	\$ 735,471.15
Capital Assets	<u>7,663.84</u>	<u>12,090.56</u>	<u>7,663.84</u>	<u>12,090.56</u>
Total Assets	<u>751,146.47</u>	<u>747,561.71</u>	<u>751,146.47</u>	<u>747,561.71</u>
Deferred Outflows	<u>76,102.00</u>	<u>26,832.00</u>	<u>76,102.00</u>	<u>26,832.00</u>
Net Pension Liability	609,067.00	587,681.00	609,067.00	587,681.00
Other Liabilities	<u>33,856.00</u>	<u>-</u>	<u>33,856.00</u>	<u>-</u>
Total Liabilities	<u>642,923.00</u>	<u>587,681.00</u>	<u>642,923.00</u>	<u>587,681.00</u>
Deferred Inflows	<u>36,297.00</u>	<u>-</u>	<u>36,297.00</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	7,663.84	12,090.56	7,663.84	12,090.56
Restricted	421,039.74	407,518.58	421,039.74	407,518.58
Unrestricted	<u>(280,675.11)</u>	<u>(232,896.43)</u>	<u>(280,675.11)</u>	<u>(232,896.43)</u>
Total Net Position	<u>\$ 148,028.47</u>	<u>\$ 186,712.71</u>	<u>\$ 148,028.47</u>	<u>\$ 186,712.71</u>

- Net position of the Charter School's governmental activities decreased by 20.72 percent.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operation without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by \$47,778.68.
- Restricted net position, those restricted mainly for encumbrances and reserves increased by \$13,521.16.
- The change in net position resulted from reservation of funds for potential facility expansion to accommodate the demand for increased student enrollment from the community the charter school serves.
- The net investment in capital assets decreased by \$4,426.72 due to depreciation.

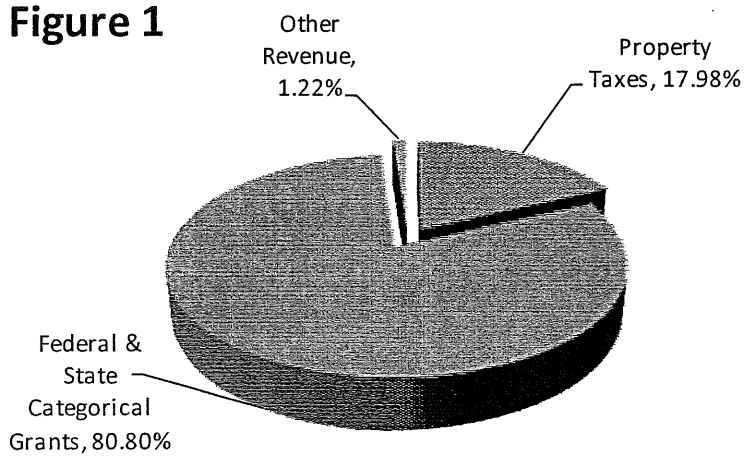
Table 2

Changes in Net Position

	Governmental		Total	
	Activities		Primary Government	
	2015	2014	2015	2014
<u>Revenues</u>				
Program Revenues:				
Operating Grants and Contributions	\$ 1,013,574.80	\$ 419,797.19	\$ 1,013,574.80	\$ 419,797.19
General Revenues:				
Property Taxes	644,500.00	624,532.00	644,500.00	624,532.00
Federal and State Aid	1,882,842.00	1,800,985.00	1,882,842.00	1,800,985.00
Interest and Investment Earnings	27.08	-	27.08	-
Other General Revenues	43,716.93	5,294.93	43,716.93	5,294.93
Total Revenues:	<u>3,584,660.81</u>	<u>2,850,609.12</u>	<u>3,584,660.81</u>	<u>2,850,609.12</u>
<u>Program Expenses Including Indirect Expenses</u>				
Instruction:				
Regular	2,165,589.95	1,803,144.96	2,165,589.95	1,803,144.96
Special	25,500.00	28,066.00	25,500.00	28,066.00
Support Services:				
Student and Instruction Related Services	254,284.39	188,031.14	254,284.39	188,031.14
General and Business Administrative Services	554,162.59	434,651.75	554,162.59	434,651.75
Plant Operations and Maintenance	621,952.37	519,056.79	621,952.37	519,056.79
Pupil Transportation	1,855.75	2,870.00	1,855.75	2,870.00
Total Expenses	<u>3,623,345.05</u>	<u>2,975,820.64</u>	<u>3,623,345.05</u>	<u>2,975,820.64</u>
Increase/(Decrease) in Net Position	(38,684.24)	(125,211.52)	(38,684.24)	(125,211.52)
Net Position-Beginning 7/1	186,712.71	311,924.23	186,712.71	311,924.23
Net Position-Ending 6/30	<u>\$ 148,028.47</u>	<u>\$ 186,712.71</u>	<u>\$ 148,028.47</u>	<u>\$ 186,712.71</u>

## Governmental Activities

*Revenue Sources.* The Charter School's total revenue for the 2014/2015 school year was \$3,584,660.81 (See Table 2). Local taxes accounted for \$644,500.00 of the total, or 17.98 percent (See Figure 1). State formula aid and categorical grants accounted for most of the Charter School's revenue accounting for 80.80 percent and the remainder was from other miscellaneous sources. The Soaring Heights Charter School primarily conducts its operations from the revenue it receives from the Jersey City Public School District.



The total cost of all programs and services was \$3,623,345.05. The Charter School's expenses are predominantly related to instructing, caring for (pupil and instruction services) (67.49 percent) (See Figure 2). The Charter School's administrative and maintenance activities accounted for 32.46 percent of total costs. It is important to note that depreciation of \$4,426.72 is included in expenses for the year.

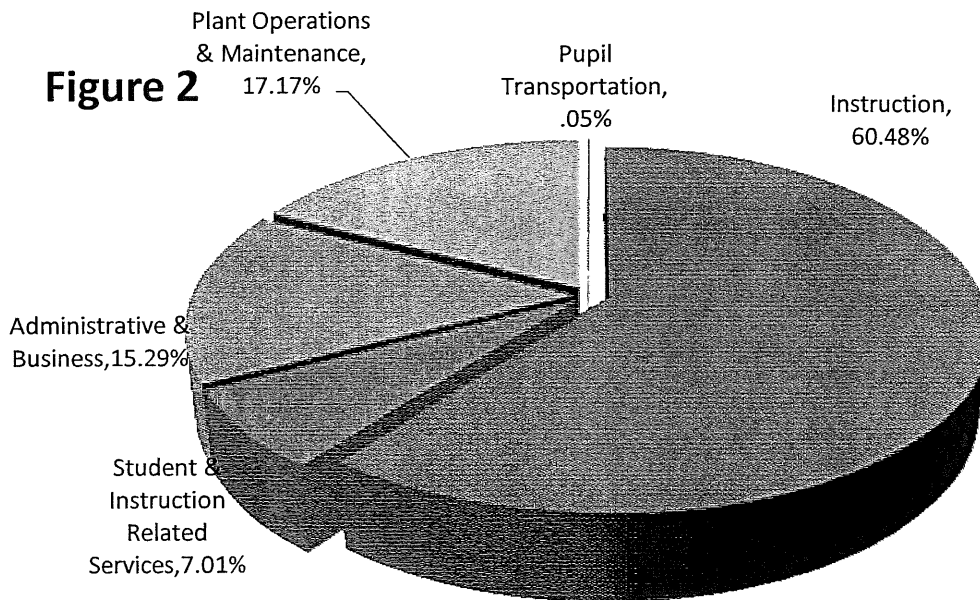


Table 3 presents the cost of the Charter School’s major activities. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the Charter School’s taxpayers by each of these functions:

**Table 3**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014/2015	2013/2014	2014/2015	2013/2014
Instruction	\$ 2,191,089.95	\$ 1,831,210.96	\$ 1,418,323.75	\$ 1,429,873.73
Student and Instruction Services	254,284.39	188,031.14	195,078.67	169,571.18
Administrative and Business	554,162.59	434,651.75	463,361.15	434,651.75
Maintenance and Operations	621,952.37	519,056.79	531,150.93	519,056.79
Transportation	<u>1,855.75</u>	<u>2,870.00</u>	<u>1,855.75</u>	<u>2,870.00</u>
	<u>\$ 3,623,345.05</u>	<u>\$ 2,975,820.64</u>	<u>\$ 2,609,770.25</u>	<u>\$ 2,556,023.45</u>

- The cost of all governmental activities this year was \$3,623,345.05.
- The federal and state governments subsidized certain programs with grants and contributions.
- Most of the Charter School’s costs, however, were financed by the monies it receives from the Jersey City School District based on the CEIFA formula.
- A portion of governmental activities was financed with state aid.
- The remainder of governmental activities funding came from local grants, investment earnings and miscellaneous revenue.

**THE CHARTER SCHOOL’S FUNDS**

The Charter School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The Charter School’s governmental fund is comprised of the general fund and special revenue fund and is accounted for using the modified accrual basis of accounting.

The focus of the Charter School’s governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Charter School’s financing requirements. The unrestricted fund balance is divided between assigned to and unassigned balances. The Charter School has assigned portions of the unrestricted fund balance to earmark resources for the payment of certain government-wide liabilities that are not recognized in the governmental funds.

*General Fund:* The general fund is the main operating fund of the Charter School. At the end of the current fiscal year, unassigned fund balance was \$288,586.89, while total fund balance was \$709,623.63.

As demonstrated by the various statements, the Charter School maintains a sound financial position. The information below compares revenues for 2014-2015 and 2013-2014.

**Table 4**

Revenues by Source:	2014-2015	2013-2014	% Change
Local Tax Levy	\$ 644,500.00	\$ 624,532.00	3.20%
Interest Earned to Investments	27.08	-	100.00%
Miscellaneous	43,716.93	5,294.93	725.64%
Total - Local Sources	688,244.01	629,826.93	9.28%
State Sources	2,164,528.80	2,054,075.88	5.38%
Federal Sources	164,379.00	166,706.31	-1.40%
Total Revenues	<u>\$ 3,017,151.81</u>	<u>\$ 2,850,609.12</u>	5.84%

The increase in local sources is mainly attributable to an increase in local tax levy.

The increase of \$110,452.92 or 5.38% is a result of the State of New Jersey permitting the restructuring of allocations provided by the public school district. This trend is statewide and is prompting New Jersey’s Charter schools to form a coalition to appeal to the State of New Jersey to restore funding levels providing by local districts to 2011-12 levels.

The decrease of \$2,327.31 of Federal sources in 2014-2015 is primarily due to the Charter School receiving less entitlements.

**THE CHARTER SCHOOL'S FUNDS (Continued)**

**Governmental Activities (Continued)**

The information below compares expenditures for 2014-2015 and 2013-2014:

**Table 5**

Expenditures by Function:	2014-2015	2013-2014	% Change
Current:			
Regular Instruction	\$ 1,467,395.78	\$ 1,478,864.83	-0.78%
Special Education	25,500.00	28,066.00	-9.14%
Support Services and Undistributed Costs:			
Student and Instruction Related Services	174,076.67	150,731.59	15.49%
General and Business Administrative Services	371,399.80	349,964.77	6.12%
Plant Operations and Maintenance	439,189.58	434,369.81	1.11%
Pupil Transportation	1,855.75	2,870.00	-35.34%
Employee Benefits	563,578.75	526,526.92	7.04%
Capital Outlay	-	5,665.00	-100.00%
Total Expenditures	<u>\$ 3,042,996.33</u>	<u>\$ 2,977,058.92</u>	2.21%

The Pupil Transportation expenditure decreased due to fewer field trips.

Special Education expenditures decreased as a result of decreases related services as specified in students' IEPs .

All other fluctuations are within the normal range of plus or minus 10% and therefore further explanation is not provided.

**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 6, which typically in other public schools would demonstrate return on ending assets and return on ending net position.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

**Table 6**

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

	Governmental		Totals	
	Activities			
	2015	2014	2015	2014
Machinery and Equipment	\$ 105,797.75	\$ 105,797.75	\$ 105,797.75	\$ 105,797.75
Subtotal	105,797.75	105,797.75	105,797.75	105,797.75
Accumulated Depreciation	(98,133.91)	(93,707.19)	(98,133.91)	(93,707.19)
Totals	\$ 7,663.84	\$ 12,090.56	\$ 7,663.84	\$ 12,090.56

There were no major additions in the Governmental Activities for the 2014-2015 school year.

The 2015-2016 budget calls for no capital outlay expenditures.

More detailed information about the Charter School capital assets is presented in the notes 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 7 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 the notes to the basic financial statements.

**BUDGETS**

The Charter School’s budget is prepared according to New Jersey Department of Education guidelines. The most significant budgetary fund is the General Fund. Revisions in the general fund budget were made through budget transfers to prevent over commitments in specific line item accounts. These transfers were made by a resolution of the Board of Education pursuant to N.J.S.A. 18A:22-8.1.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed necessary.



### **Revenues**

There were no revenue fluctuations between the original and modified budgets.

### **Expenditures**

The modified budget for operation of plant - rental increased by \$65,000.00 due to a reclassification of budget line items to pay property taxes.

The modified budget for general administration - purchased technical services increased by \$71,125.00 due to the need to expand technology capacity for PARCC.

The modified budget for general administration – miscellaneous expenditures decreased by \$14,500.00 to offset various increases to other line items.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budget amounts differ from the actual budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed necessary.

### **Revenues**

Actual local tax levy was less than the final budget by \$4,762.00 as a result of revisions for original estimates to actuals.

Actual equalization aid was less than the final budget by \$12, 982.00 as a result of the State's reduction in aid.

Actual special education aid was less than the final budget by \$15,216.00 as a result of changes in student IEP.

Actual adjustment aid was less than the final budget by \$57, 643.00 as a result of the State's reduction in aid.

### **Expenditures**

The actual amounts expended for regular programs instruction – salaries of teachers were less than the final budget by \$118,551.81 as a result of the outsourcing of professional services.

The actual amounts expended for undistributed instruction – purchased technical services was less than the final budget by \$56,500.19 as a result of the outsourcing of services.

The actual amounts expended for other employee benefits was less than the final budget by \$22,252.05 as a result of crediting the account based on required employee contributions for benefits.

## **FACTORS BEARING ON THE CHARTER SCHOOL'S FUTURE**

In preparing the 2015-2016 budget, the primary goal of the Board was to develop a budget that would meet the Charter School's educational priorities, provide accountability to the taxpaying community, and comply with the stringent restrictions placed on charter school budgets by the new legislation. This legislation put a "2% cap" on the local tax levy; therefore, limiting the amount of funds a Charter School can raise to support its budget. During the preparation of the 2015-2016 budget, the Charter School continued to utilize banked cap, and plans to continue to utilize it in the future. The Charter School generated banked cap from enrollment adjustments and health benefits adjustments.

Looking ahead to the development of the 2016-2017 budget, the new budget law put into effect by the State of New Jersey Department of Education will have a significant impact. The law goes beyond the capping of revenues for the budget but it also authorizes the Executive County Superintendent to look into the budget and challenge the Charter School in their expenditure decisions. The level of funding, which is currently being reviewed by the legislature, may impact future funding formulas which may diminish the resources available to charter school in general and Soaring Heights in particular.

## **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 Position  
June 30, 2015**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 692,369.39	\$ 692,369.39
Receivables, Net	51,113.24	51,113.24
Capital Assets, Net		
Equipment Being Depreciated	<u>7,663.84</u>	<u>7,663.84</u>
Total Assets	<u>751,146.47</u>	<u>751,146.47</u>
<b>DEFERRED OUTFLOWS</b>		
Pension Deferred Outflows	<u>76,102.00</u>	<u>76,102.00</u>
<b>LIABILITIES</b>		
Net Pension Liability	609,067.00	609,067.00
Unearned Revenue	<u>33,856.00</u>	<u>33,856.00</u>
Total Liabilities	<u>642,923.00</u>	<u>642,923.00</u>
<b>DEFERRED INFLOWS</b>		
Pension Deferred Inflows	<u>36,297.00</u>	<u>36,297.00</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	7,663.84	7,663.84
Assigned Fund Balance:		
Encumbrances	346,039.74	346,039.74
Mandated Reserve Fund	75,000.00	75,000.00
Unassigned/Unrestricted	<u>(280,675.11)</u>	<u>(280,675.11)</u>
Total Net Position	<u>\$ 148,028.47</u>	<u>\$ 148,028.47</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, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 2,165,589.95	\$ -	\$ 579,941.57	\$ -	\$(1,585,648.38)	-	\$(1,585,648.38)
Special Education	25,500.00		192,824.63		167,324.63		167,324.63
Support Services:							
Student and Instruction Related Services	254,284.39		59,205.72		(195,078.67)		(195,078.67)
General and Business Administrative Services	554,162.59		90,801.44		(463,361.15)		(463,361.15)
Plant Operations and Maintenance	621,952.37		90,801.44		(531,150.93)		(531,150.93)
Pupil Transportation	1,855.75		-		(1,855.75)		(1,855.75)
Total Governmental Activities	<u>3,623,345.05</u>	<u>-</u>	<u>1,013,574.80</u>	<u>-</u>	<u>(2,609,770.25)</u>	<u>-</u>	<u>(2,609,770.25)</u>
Total Primary Government	<u>\$ 3,623,345.05</u>	<u>\$ -</u>	<u>\$ 1,013,574.80</u>	<u>\$ -</u>	<u>\$ (2,609,770.25)</u>	<u>\$ -</u>	<u>\$ (2,609,770.25)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 644,500.00	-	\$ 644,500.00
Federal and State Aid Not Restricted					1,882,842.00		1,882,842.00
Investment Earnings					27.08		27.08
Miscellaneous Income					43,716.93		43,716.93
Total General Revenues					<u>2,571,086.01</u>		<u>2,571,086.01</u>
Change in Net Position					(38,684.24)		(38,684.24)
Net Position—Beginning (Restated)					186,712.71		186,712.71
Net Position—Ending					<u>\$ 148,028.47</u>		<u>\$ 148,028.47</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, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 739,461.39	\$(47,092.00)	\$ 692,369.39
Receivables from Other Governments	<u>4,021.24</u>	<u>47,092.00</u>	<u>51,113.24</u>
Total Assets	<u>\$ 743,482.63</u>	<u>\$ -</u>	<u>\$ 743,482.63</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred Revenue	<u>\$ 33,856.00</u>	<u>\$ -</u>	<u>\$ 33,856.00</u>
Total Liabilities	<u>33,856.00</u>	<u>-</u>	<u>33,856.00</u>
Fund Balances:			
Assigned Fund Balance:			
Encumbrances	346,039.74		346,039.74
Mandated Reserve Account	75,000.00		75,000.00
Unassigned, Reported In:			
General Fund	<u>288,586.89</u>		<u>288,586.89</u>
Total Fund Balances	<u>709,626.63</u>	<u>-</u>	<u>709,626.63</u>
Total Liabilities and Fund Balances	<u>\$ 743,482.63</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$105,797.75 and the accumulated depreciation is \$98,133.91.	7,663.84
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements.	76,102.00
Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements.	(36,297.00)
Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(609,067.00)</u>
Net Position of Governmental Activities	<u>\$ 148,028.47</u>

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, 2015**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Local Sources:			
Local Tax Levy	\$ 644,500.00	\$ -	\$ 644,500.00
Interest Earned on Investments	27.08		27.08
Miscellaneous	<u>43,716.93</u>	<u>-</u>	<u>43,716.93</u>
Total - Local Sources	688,244.01	-	688,244.01
State Sources	2,164,528.80	-	2,164,528.80
Federal Sources	<u>-</u>	<u>164,379.00</u>	<u>164,379.00</u>
Total Revenues	<u>2,852,772.81</u>	<u>164,379.00</u>	<u>3,017,151.81</u>
<b>EXPENDITURES</b>			
Current:			
Regular Instruction	1,373,077.78	94,318.00	1,467,395.78
Special Education Instruction		25,500.00	25,500.00
Support Services and Undistributed Costs:			
Student and Instruction Related Services	145,123.67	28,953.00	174,076.67
General and Business Administrative Services	371,399.80		371,399.80
Plant Operations and Maintenance	439,189.58		439,189.58
Pupil Transportation	1,855.75		1,855.75
Unallocated Benefits	547,970.75	15,608.00	563,578.75
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,878,617.33</u>	<u>164,379.00</u>	<u>3,042,996.33</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>(25,844.52)</u>	<u>-</u>	<u>(25,844.52)</u>
Net Change in Fund Balances			
Fund Balance—July 1	<u>735,471.15</u>	<u>-</u>	<u>735,471.15</u>
Fund Balance—June 30	<u>\$ 709,626.63</u>	<u>\$ -</u>	<u>\$ 709,626.63</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, 2015**

**Total net change in fund balances - governmental funds (from B-2)** **\$ (25,844.52)**

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	\$ (4,426.72)	
	Capital outlays	<u>                    -</u>	
			(4,426.72)

Pension contributions are reported in governmental funds as expenditures. However in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns and experience or assumptions.

This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (8,413.00)

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 position will differ from the change in fund balance by the cost of the asset removed. (-)

-

**Change in net position of governmental activities** **\$ (38,684.24)**

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 Position**  
**Fiduciary Funds**  
**June 30, 2015**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 169,728.79</u>
Total Assets	<u>\$ 169,728.79</u>
<b>LIABILITIES</b>	
Interfund Accounts Payable	\$ -
Payroll Deductions and Withholdings	<u>169,728.79</u>
Total Liabilities	<u>\$ 169,728.79</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, 2015  
(CONTINUED)

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 position 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, 2015  
(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 position and changes in net position 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, 2015  
(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.

All budget amendments must be approved by Board resolution. Appropriation of prior year encumbrances in the amount of \$332,518.58 was made during the year ended June 30, 2015. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1. For the year ended June 30, 2015, there were no expenditures that exceeded appropriations in the General Fund.

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 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 unearned 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, 2015  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, Net Position 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. Receivables from other Governments

The following is an analysis of receivables from Federal and State Governments (See Schedule of Expenditures of Federal and State Financial Assistance, Schedule A and B for Analysis):

B. Fund 10 - State Aid - \$4,021.24  
A. Fund 20 - Federal Aid - \$47,092.00

4. 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, 2015  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

5. 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.

6. Unearned Revenue

Unearned 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.

7. 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.

8. 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

9. Net Position/Fund Balance

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

9. Net Position/Fund Balance (Continued)

Net Investment in Capital Assets-Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position- reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position- any portion of net position not already classified as either net investment in capital assets or net position-restricted.

H. Fund Balance Reserves

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable-includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted- includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

- Reserved Excess Surplus- this restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2015/2016 original budget certified for taxes. The District has no restricted excess surplus at June 30, 2015.

Committed- includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned- includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Intent is expressed by either the Board of Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes.

- Year-End Encumbrances- Represents outstanding purchase orders for goods or service approved by management for specific purposes from available resources of the current year for which the goods and services have not yet been received or rendered at June 30.

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

H. Fund Balance Reserves (Continued)

Unassigned- includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

I. Recent Accounting Pronouncements

During fiscal year 2015, the District adopted the following GASB statements:

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

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

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

GASB 73, "Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans", will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Position

"Total fund balances" of the District's governmental funds in B-1 differs from "net position" of governmental activities reported in the statement of net position in A-1. This difference primarily results from the long - term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

	<u>Balance Sheet/Statement of Net Position</u>			Statement of Net Position Totals
<u>Assets</u>	Total Governmental Funds	Long - term Assets Liabilities (1)	Reclassifications and Eliminations	
Cash and Cash Equivalents	\$ 692,369.39	\$ -	\$ -	\$ 692,369.39
Receivables, Net			51,113.24	51,113.24
Receivables from Other Governments	51,113.24		(51,113.24)	-
Capital Assets, Net	-	7,663.84	-	7,663.84
Total Assets	743,482.63	7,663.84	-	751,146.47
Deferred Outflows				
Pension Deferred Outflows	76,102.00			76,102.00
Total Assets and Deferred Outflows	819,584.63	7,663.84	-	827,248.47
<u>Liabilities</u>				
Net Pension Liability	609,067.00			609,067.00
Deferred Revenue	33,856.00	-	-	33,856.00
Total Liabilities	642,923.00	-	-	642,923.00
Deferred Inflows				
Pension Deferred Inflows	36,297.00			36,297.00
<u>Fund Balances/Net Position</u>				
Net Invested in Capital Assets		7,663.84		7,663.84
Assigned Fund Balance:				
Encumbrances	346,039.74			346,039.74
Mandated Reserve Account	75,000.00			75,000.00
Unassigned/Unrestricted	(280,675.11)	-	-	(280,675.11)
Total Fund Balances/Net Position	140,364.63	7,663.84	-	148,028.47
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 819,584.63	\$ 7,663.84	\$ -	\$ 827,248.47

1. When Capital Assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of Capital Assets	\$ 105,797.75
Accumulated Depreciation	(98,133.91)
	\$ 7,663.84

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "net change in fund balances" for governmental funds in B-2 differs from the "change in net position" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

<u>Revenues and Other Sources</u>	Total Governmental Funds	Long - term Revenue, Expenses (2)	Capital Related Items (3)	Reclassifications and Eliminations (5)	Statement of Activities Totals
Local Tax Levy	\$ 644,500.00	\$ -	\$ -	\$ -	\$ 644,500.00
Interest Earned on Investments	27.08				27.08
Miscellaneous	43,716.93				43,716.93
State Sources	2,164,528.80	567,509.00			2,732,037.80
Federal Sources	164,379.00	-	-	-	164,379.00
Total	<u>3,017,151.81</u>	<u>567,509.00</u>	<u>-</u>	<u>-</u>	<u>3,584,660.81</u>
 <u>Expenditures</u>					
Current:					
Regular Instruction	1,467,395.78	346,180.49	3,098.71	348,914.97	2,165,589.95
Special Education	25,500.00				25,500.00
Support Services and Undistributed Costs:					
Student and Instruction Related Services	174,076.67	39,725.63	442.67	40,039.42	254,284.39
General and Business Administrative Services	371,399.80	90,801.44	442.67	91,518.68	554,162.59
Plant Operations and Maintenance	439,189.58	90,801.44	442.67	91,518.68	621,952.37
Pupil Transportation	1,855.75				1,855.75
Unallocated Benefits	563,578.75			(563,578.75)	-
Special Schools					-
Pension Contributions					-
Capital Outlay	-	-	-	-	-
Total	<u>3,042,996.33</u>	<u>567,509.00</u>	<u>4,426.72</u>	<u>8,413.00</u>	<u>3,623,345.05</u>
Net Change for the Year	<u>\$ (25,844.52)</u>	<u>\$ -</u>	<u>\$ (4,426.72)</u>	<u>\$ (8,413.00)</u>	<u>\$ (38,684.24)</u>

3. 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 which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (4,426.72)
Capital Outlays	-
	<u>\$ (4,426.72)</u>

5. Allocate Benefits and Pension Contributions expenditures



BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note III: 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, 2015 the Soaring Heights Charter School's cash and cash equivalent's amounted to \$874,758.43. Of this amount, \$500,000.00 was covered by federal depository insurance (F.D.I.C.) and \$374,758.43 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2015 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, 2015 none of the Soaring Heights Charter School's cash and cash equivalents of \$874,758.43 was exposed to custodial credit risk.

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BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note III: 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, 2015.

B. Interfund Receivables and Payables

As of June 30, 2015, there were no interfund receivables or payables.

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Restated</u> <u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Machinery and Equipment	\$ 105,797.75	\$ -	\$ -	\$ 105,797.75
Totals at Historical Cost	<u>105,797.75</u>	<u>-</u>	<u>-</u>	<u>105,797.75</u>
Less Accumulated Depreciation For:				
Machinery and Equipment	<u>(93,707.19)</u>	<u>(4,426.72)</u>	<u>-</u>	<u>(98,133.91)</u>
Total Accumulated Depreciation	<u>(93,707.19)</u>	<u>(4,426.72) (1)</u>	<u>-</u>	<u>(98,133.91)</u>
Net Capital Assets Being Depreciated	<u>12,090.56</u>	<u>(4,426.72)</u>	<u>-</u>	<u>7,663.84</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,090.56</u>	<u>\$ (4,426.72)</u>	<u>\$ -</u>	<u>\$ 7,663.84</u>

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

Instruction	\$ 3,098.71
Student and Instruction Related Services	442.67
General and Business Administrative Services	442.67
Plant Operations and Maintenance	<u>442.67</u>
	<u>\$ 4,426.72</u>

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>	
Governmental activities:				
Other liabilities:				
Net Pension Liability	\$ -	\$ 609,067.00	\$ 609,067.00	(1)
Governmental activities				
long - term liabilities	<u>-</u>	<u>609,067.00</u>	<u>609,067.00</u>	

(1) Paid by General Fund

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(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.

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 may be 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.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The TPAF is considered a cost-sharing multiple-employer plan with special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies-

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflow or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$5,779,021 as measured on June 30, 2014 and \$5,211,512 as measured on June 30, 2013.

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note V: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-(Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$310,966 and revenue of \$310,966 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.

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

	<u>6/30/13</u>	<u>6/30/14</u>
Collective Deferred Outflows of Resources	\$ 0.00	\$2,306,623,861
Collective Deferred Inflows of Resources	0.00	1,763,205,593
Collective Net Pension Liability (Nonemployer-State of NJ)	50,539,213,484	53,446,745,367
State's Portion of the Net Pension Liability that was associated with the District	5,211,512	5,779,021
State's Portion of the Net Pension Liability that was associated with the District as a percentage of the Collective Net Pension Liability	0.0103118%	0.0108127%

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.5%
Salary Increases	Varies based on experience
Investment Rate of Return	7.90%

BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note V: Pension Plans (Continued)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Fixed Income	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note V: Pension Plans (Continued)

Discount Rate

The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit pay.

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

Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

Pension Plan Fiduciary Net Position

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

**Public Employees' Retirement System (PERS)**

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies-

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



BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note V: Pension Plans (Continued)

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

At June 30, 2015, the District reported a liability of \$609,067 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the District's proportion was 0.00325%, which was an increase of 0.00018% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$36,601. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between Expected and Actual Experience		
Changes of Assumptions	\$19,152.00	
Net difference between Projected and Actual Earnings on Pension Plan Investments		\$36,297.00
Changes in proportion and differences between District Contributions and Proportionate Share of Contributions	28,762.00	0.00
District Contributions Subsequent to the Measurement Date	<u>28,188.00</u>	<u>0.00</u>
Total	<u>\$76,102.00</u>	<u>\$36,297.00</u>

\$28,188 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net position liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2015	\$3,763.04
2016	3,763.04
2017	3,763.04
2018	3,763.04
2019	(2,385.53)
Thereafter	<u>(1,049.63)</u>
Total	<u>\$11,617.00</u>

BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note V: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	<u>6/30/13</u>	<u>6/30/14</u>
Collective Deferred Outflows of Resources		\$ 952,194,675.00
Collective Deferred Inflows of Resources		1,479,224,662.00
Collective Net Pension Liability (Non-State-Local Group)	\$19,111,986,911.00	18,722,735,003.00
District's Portion of Net Pension Liability	587,681.00	609,607.00
District's Proportion %	0.00307%	0.00325%

Actuarial Assumptions

The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.01%
Salary Increases:	
2012-2013	2.15%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note V: Pension Plans (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PER's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note V: Pension Plans (Continued)

Sensitivity of the Districts Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
District's proportionate share of the net pension liability	\$766,227.00	\$609,067.00	\$477,093.00

Pension Plan Fiduciary Net Position

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

**Defined Contribution Retirement Plan (DCRP)**

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, "P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system: however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**PERS and TPAF Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% or related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members'

BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note V: Pension Plans (Continued)

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the PERS operates and to the benefit provisions. New members of the PERS hire on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1 % for each month that the member is under age 65. The eligibility age to qualify for service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. PERS and TPAF employee contribution rates will increase from 5.5% to 6.5% of salary effective October 2011. The second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

Under a provision of Chapter 78, P.L. 2011, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. Employees are required to contribute a certain percentage of the cost of health benefits. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. In addition, this new legislation changes the method of amortizing the pension systems' unfunded accrued liability from a level percent of pay method to level dollar of pay.

Contribution Requirements – Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contribution employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 6.50 percent for TPAF and PERS and 5.5% for DCRP 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. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013, for TPAF, annual pension cost differs from the annual required contribution. For PERS, the annual pension cost equals the annual required contribution made. For TPAF employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, member contributions are matched by a 3% employer contribution.

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BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note V: Pension Plans (Continued)

Contributions – Actual

The Soaring Heights Charter School's total payroll for the year ended June 30, 2015 was \$1,690,840.67 and covered payroll was \$1,057,990.00 for TPAF and \$236,590.00 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	6/30/13	\$69,553.89	6.64%	\$14,938.00	6.64%
	6/30/14	\$72,866.68	6.78%	\$16,034.24	6.87%
	6/30/15	\$73,212.88	6.92%	\$16,372.07	6.92%
Board of Education	6/30/13			\$29,763.00	13.23%
	6/30/14			\$24,508.00	10.51%
	6/30/15			\$28,188.00	11.91%
State of New Jersey	6/30/13	\$ 146,417.00	13.98%		
	6/30/14	\$ 123,711.00	11.51%		
	6/30/15	\$ 145,960.00	13.80%		

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$339,648.54 during the year ended June 30, 2015 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. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB No. 68.

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, 2014 there were 103,432 retirees eligible for post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(CONTINUED)

Note VI: Post-Retirement Medical Benefits (Continued)

The Reporting and Disclosure Requirements Promulgated by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefit Plans Other Than Pension Plans* are not applicable for the District.

The District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf).

Note VII: Subsequent Events

The 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.

Note VII: Retroactive Restatement of Net Position

The District adopted GASB No. 68 - Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014 (as described in Note 8), the restatement adjustments to Net Position relate to the beginning net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date, The district restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Governmental Activities Net Position

Net Position (per A-1), June 30, 2014	\$747,561.71
Restatement of Net Pension Liability	(587,681.00)
Restatement of Deferred Outflows – Pension	<u>26,832.00</u>
Net Position (per A-1), June 30, 2014, as Restated	<u>\$186,712.71</u>

**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, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 649,262.00	\$ -	\$ 649,262.00	\$ 644,500.00	\$ (4,762.00)
Interest Earned on Investments	-	-	-	27.08	27.08
Miscellaneous	-	-	-	43,716.93	43,716.93
<b>Total - Local Sources</b>	<u>649,262.00</u>	<u>-</u>	<u>649,262.00</u>	<u>688,244.01</u>	<u>38,982.01</u>
State Sources:					
Equalization Aid	1,769,926.00	-	1,769,926.00	1,756,944.00	(12,982.00)
Special Education Aid	71,680.00	-	71,680.00	56,464.00	(15,216.00)
Security Aid	87,243.00	-	87,243.00	78,745.00	(8,498.00)
Adjustment Aid	104,796.00	-	104,796.00	47,153.00	(57,643.00)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	89,550.00	89,550.00
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	56,410.00	56,410.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	79,262.80	79,262.80
<b>Total State Sources</b>	<u>2,033,645.00</u>	<u>-</u>	<u>2,033,645.00</u>	<u>2,164,528.80</u>	<u>130,883.80</u>
<b>Total Revenues</b>	<u>\$ 2,682,907.00</u>	<u>\$ -</u>	<u>\$ 2,682,907.00</u>	<u>\$ 2,852,772.81</u>	<u>\$ 169,865.81</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Salaries of Teachers	100-100-101 \$ 1,340,000.00	\$ (2,100.00)	\$ 1,337,900.00	\$ 1,219,348.19	\$ 118,551.81
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	190-100-106 25,272.00	-	25,272.00	25,272.00	-
Purchased Professional-Educational Services	190-100-320 50,000.00	2,000.00	52,000.00	50,181.50	1,818.50
Purchased Technical Services	190-100-390 17,000.00	-	17,000.00	12,920.00	4,080.00
General Supplies	190-100-610 70,000.00	1,790.06	71,790.06	43,250.77	28,539.29
Textbooks	190-100-640 40,000.00	5,103.52	45,103.52	8,163.59	36,939.93
Other Objects	190-100-800 16,000.00	-	16,000.00	13,941.73	2,058.27
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>1,558,272.00</u>	<u>6,793.58</u>	<u>1,565,065.58</u>	<u>1,373,077.78</u>	<u>191,987.80</u>
<b>Total Instruction</b>	<u>1,558,272.00</u>	<u>6,793.58</u>	<u>1,565,065.58</u>	<u>1,373,077.78</u>	<u>191,987.80</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	000-213-100 62,000.00	(4,500.00)	57,500.00	57,296.01	203.99
<b>Total Undistributed Expenditures - Health Services</b>	<u>62,000.00</u>	<u>(4,500.00)</u>	<u>57,500.00</u>	<u>57,296.01</u>	<u>203.99</u>
<b>Undist. Expend. - Other Supp. Serv. Students-Special</b>					
Salaries of Other Professional Staff	000-219-104 90,000.00	3,500.00	93,500.00	87,827.66	5,672.34
<b>Total Undist. Expend. - Other Supp. Serv. Students-Spl.</b>	<u>90,000.00</u>	<u>3,500.00</u>	<u>93,500.00</u>	<u>87,827.66</u>	<u>5,672.34</u>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	000-230-100 250,336.00	100.00	250,436.00	250,416.00	20.00
Purchased Technical Services	000-230-340 60,000.00	71,125.00	131,125.00	74,624.81	56,500.19
Communications/Telephone	000-230-530 25,000.00	(5,000.00)	20,000.00	6,079.68	13,920.32
Other Purchased Services (400-500 series)	000-230-590 12,000.00	-	12,000.00	7,030.32	4,969.68
Supplies and Materials	000-230-600 15,000.00	4,500.00	19,500.00	18,101.34	1,398.66
Miscellaneous Expenditures	000-230-890 40,000.00	(14,500.00)	25,500.00	15,147.65	10,352.35
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<u>402,336.00</u>	<u>56,225.00</u>	<u>458,561.00</u>	<u>371,399.80</u>	<u>87,161.20</u>
<b>Undist. Expend. - Oth. Oper. &amp; Maint. of Plant</b>					
Rental	000-262-440 283,528.00	65,000.00	348,528.00	302,246.69	46,281.31
Other Purchased Property Services	000-262-490 40,000.00	5,500.00	45,500.00	45,280.74	219.26
Insurance	000-262-520 50,000.00	-	50,000.00	43,696.18	6,303.82
General Supplies	000-262-610 3,000.00	-	3,000.00	1,462.78	1,537.22
Energy (Energy and Electricity)	000-262-620 40,000.00	-	40,000.00	36,782.75	3,217.25
Other Objects	000-262-800 15,000.00	-	15,000.00	9,720.44	5,279.56
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	<u>431,528.00</u>	<u>70,500.00</u>	<u>502,028.00</u>	<u>439,189.58</u>	<u>62,838.42</u>
<b>Undist. Expend. - Student Transportation Serv.</b>					
Contracted Services (Other than Between Home and School) - Vendr	000-270-512 3,500.00	-	3,500.00	1,855.75	1,644.25
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<u>3,500.00</u>	<u>-</u>	<u>3,500.00</u>	<u>1,855.75</u>	<u>1,644.25</u>

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2015  
(Concluded)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>UNALLOCATED BENEFITS</b>					
Other Employee Benefits	000-291-290 \$ 345,000.00	\$ -	\$ 345,000.00	\$ 322,747.95	\$ 22,252.05
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>345,000.00</u>	<u>-</u>	<u>345,000.00</u>	<u>322,747.95</u>	<u>22,252.05</u>
On-behalf TPAF PRM Contributions (non-budgeted)				89,550.00	(89,550.00)
On-behalf TPAF Pension Contributions (non-budgeted)				56,410.00	(56,410.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	79,262.80	(79,262.80)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,222.80</u>	<u>(225,222.80)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>345,000.00</u>	<u>-</u>	<u>345,000.00</u>	<u>547,970.75</u>	<u>(202,970.75)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>1,334,364.00</u>	<u>125,725.00</u>	<u>1,460,089.00</u>	<u>1,505,539.55</u>	<u>(45,450.55)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>2,892,636.00</u>	<u>132,518.58</u>	<u>3,025,154.58</u>	<u>2,878,617.33</u>	<u>146,537.25</u>
<b>CAPITAL OUTLAY</b>					
<b>Facilities Acquisition and Construction Services</b>					
Land and Improvements	000-400-710 65,000.00	(65,000.00)	-	-	-
Lease Purchase Agreements - Principal	000-400-721 -	265,000.00	265,000.00	-	265,000.00
<b>Total Facilities Acquisition and Construction Services</b>	<u>65,000.00</u>	<u>200,000.00</u>	<u>265,000.00</u>	<u>-</u>	<u>265,000.00</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>65,000.00</u>	<u>200,000.00</u>	<u>265,000.00</u>	<u>-</u>	<u>265,000.00</u>
<b>TOTAL EXPENDITURES</b>	<u>2,957,636.00</u>	<u>332,518.58</u>	<u>3,290,154.58</u>	<u>2,878,617.33</u>	<u>411,537.25</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(274,729.00)</u>	<u>(332,518.58)</u>	<u>(607,247.58)</u>	<u>(25,844.52)</u>	<u>581,403.06</u>
<b>Fund Balance, July 1</b>	<u>735,471.15</u>	<u>-</u>	<u>735,471.15</u>	<u>735,471.15</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>\$ 460,742.15</u>	<u>\$(332,518.58)</u>	<u>\$ 128,223.57</u>	<u>\$ 709,626.63</u>	<u>\$581,403.06</u>
<b>Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):</b>					
Adjustment for Prior Year Encumbrances	\$ -	\$(332,518.58)	\$ (332,518.58)	\$ (67,518.58)	\$265,000.00
Budgeted Fund Balance	<u>(274,729.00)</u>	<u>-</u>	<u>(274,729.00)</u>	<u>41,674.06</u>	<u>316,403.06</u>
<b>Total</b>	<u>\$ (274,729.00)</u>	<u>\$(332,518.58)</u>	<u>\$ (607,247.58)</u>	<u>\$ (25,844.52)</u>	<u>\$581,403.06</u>

**BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	164,379.00	-	164,379.00	164,379.00	-
Local Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>164,379.00</u>	<u>-</u>	<u>164,379.00</u>	<u>164,379.00</u>	<u>-</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Personal Services - Salaries	107,112.00	-	107,112.00	107,112.00	-
Purchased Professional and Technical Services	<u>12,706.00</u>	<u>-</u>	<u>12,706.00</u>	<u>12,706.00</u>	<u>-</u>
<b>Total Instruction</b>	<u>119,818.00</u>	<u>-</u>	<u>119,818.00</u>	<u>119,818.00</u>	<u>-</u>
<b>Support Services</b>					
Personal Services - Employee Benefits	15,608.00	-	15,608.00	15,608.00	-
Purchased Professional and Technical Services	<u>28,953.00</u>	<u>-</u>	<u>28,953.00</u>	<u>28,953.00</u>	<u>-</u>
<b>Total Support Services</b>	<u>44,561.00</u>	<u>-</u>	<u>44,561.00</u>	<u>44,561.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 164,379.00</u>	<u>\$ -</u>	<u>\$ 164,379.00</u>	<u>\$ 164,379.00</u>	<u>\$ -</u>

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION PART II**

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to RSI  
For the Fiscal Year Ended June 30, 2015

**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>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1&C-2]	\$ 2,852,772.81	\$ 164,379.00
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.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 2,852,772.81</u>	<u>\$ 164,379.00</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1&C-2]	2,878,617.33	\$ 164,379.00
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.			-
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>\$ 2,878,617.33</u>	<u>\$ 164,379.00</u>

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART III**

**BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years\***

	Teachers' Pension and Annuity Fund (TPAF)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
District's Proportion of the Net Pension Liability (Asset)**	N/A	N/A								
District's Proportionate Share of the Net Pension Liability (Asset)**	N/A	N/A								
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ 5,779,021.00	\$ 5,211,512.00								
Total	\$ 5,779,021.00	\$ 5,211,512.00								
District's Covered Employee Payroll	\$ 1,074,730.00	\$ 1,047,500.00								
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	N/A	N/A								
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%								

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

	Public Employees Retirement System (PERS)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
District's Proportion of the Net Pension Liability (Asset)	0.00003333%	0.0000307%								
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 609,067.00	\$ 587,681.00								
District's Covered Employee Payroll	\$ 233,240.00	\$ 224,970.00								
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	261.13%	261.23%								
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Local)	52.08%	48.72%								

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



**BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL  
Schedule of District Contributions  
Last Ten Fiscal Years\***

	Teachers' Pension and Annuity Fund (TPAF)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Contractually Required Contribution**	N/A	N/A								
Contributions in Relation to the Contractually Required Contribution	N/A	N/A								
Contribution Deficiency (excess)	N/A	N/A								
District's Covered Employee Payroll	\$ 1,074,730.00	\$ 1,047,500.00								
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A								

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The District (employer) does not contribute to the plan.

	Public Employees Retirement System (PERS)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Contractually Required Contribution	\$ 24,508.00	\$ 29,763.00								
Contributions in Relation to the Contractually Required Contribution	(24,508.00)	(29,763.00)								
Contribution Deficiency (excess)	\$ -	\$ -								
District's Covered Employee Payroll	\$ 233,240.00	\$ 224,970.00								
Contributions as a Percentage of Covered Employee Payroll	10.51%	13.23%								

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

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION PART III**

**BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PENSION SCHEDULES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

**Public Employees Retirement System (PERS)**

Changes of Benefit Terms- The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

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

**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, 2015**

	<u>Total</u>	<u>Federal Aid</u>	<u>Local Aid</u>
<b>REVENUES</b>			
Federal Sources	\$ 164,379.00	\$ 164,379.00	\$ -
Local Sources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>164,379.00</u>	<u>164,379.00</u>	<u>-</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Personal Services - Salaries 100-100	107,112.00	107,112.00	-
Purchased Professional and Technical Services 100-300	12,706.00	12,706.00	
General Supplies 100-610	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Instruction</b>	<u>119,818.00</u>	<u>119,818.00</u>	<u>-</u>
<b>Support Services:</b>			
Personal Services - Employee Benefits 200-200	15,608.00	15,608.00	
Purchased Professional and Technical Services 200-300	<u>28,953.00</u>	<u>28,953.00</u>	
<b>Total Support Services</b>	<u>44,561.00</u>	<u>44,561.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 164,379.00</u>	<u>\$ 164,379.00</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, 2015**

		<u>Total</u>	<u>E.S.E.A.</u>		<u>I.D.E.A</u>
			<u>Title I</u>	<u>Title II</u>	<u>Part B</u>
					<u>Basic</u>
<b>REVENUES</b>					
Federal Sources		\$ 164,379.00	\$ 104,581.00	\$12,706.00	\$ 47,092.00
<b>Total Federal Revenues</b>		<u>164,379.00</u>	<u>104,581.00</u>	<u>12,706.00</u>	<u>47,092.00</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Personal Services - Salaries	100-100	107,112.00	81,612.00		25,500.00
Purchased Professional and Technical Services	100-300	12,706.00	-	12,706.00	
General Supplies	100-610	-	-	-	-
<b>Total Instruction</b>		<u>119,818.00</u>	<u>81,612.00</u>	<u>12,706.00</u>	<u>25,500.00</u>
<b>Support Services:</b>					
Personal Services - Employee Benefits	200-200	15,608.00	4,016.00		11,592.00
Purchased Professional and Technical Services	200-300	28,953.00	18,953.00		10,000.00
<b>Total Support Services</b>		<u>44,561.00</u>	<u>22,969.00</u>	<u>-</u>	<u>21,592.00</u>
<b>Total Expenditures</b>		<u>\$ 164,379.00</u>	<u>\$ 104,581.00</u>	<u>\$ 12,706.00</u>	<u>\$ 47,092.00</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, 2015**

	<u>Balance</u> <u>June 30, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Net Salaries and Wages and Payroll Deductions and Withholdings	<u>\$ 198,663.81</u>	<u>\$ 1,813,007.71</u>	<u>\$ 1,841,942.73</u>	<u>\$ 169,728.79</u>

**SECTION I**

**LONG – TERM DEBT**  
***NOT APPLICABLE***

**STATISTICAL SECTION  
(UNAUDITED)**



## STATISTICAL SECTION (Unaudited)

### Financial Trends

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BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 7,663.84	\$ 12,090.56	\$ 10,852.28	\$ 14,469.71	\$ 18,187.32	\$ 27,831.86	\$ 824.40	\$ 1,186.51	\$ 1,548.62	\$ 12,235.88
Restricted	421,039.74	407,518.58	431,055.00	327,496.50	346,102.50	15,889.06	300,000.00	-	-	-
Unrestricted	(280,675.11)	(232,896.43)	430,865.95	428,396.68	227,841.82	329,083.79	306,064.97	571,580.61	447,424.07	489,149.98
Total Governmental Activities Net Position	\$ 148,028.47	\$ 186,712.71	\$ 872,773.23	\$ 770,362.89	\$ 592,131.64	\$ 372,804.71	\$ 606,889.37	\$ 572,767.12	\$ 448,972.69	\$ 501,385.86
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 7,663.84	\$ 12,090.56	\$ 10,852.28	\$ 14,469.71	\$ 18,187.32	\$ 27,831.86	\$ 824.40	\$ 1,186.51	\$ 1,548.62	\$ 12,235.88
Restricted	421,039.74	407,518.58	431,055.00	327,496.50	346,102.50	15,889.06	300,000.00	-	-	-
Unrestricted	(280,675.11)	(232,896.43)	430,865.95	428,396.68	227,841.82	329,083.79	306,064.97	571,580.61	447,424.07	489,149.98
Total District Net Position	\$ 148,028.47	\$ 186,712.71	\$ 872,773.23	\$ 770,362.89	\$ 592,131.64	\$ 372,804.71	\$ 606,889.37	\$ 572,767.12	\$ 448,972.69	\$ 501,385.86

Source: District Records

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

Changes in Net Assets/Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental Activities										
Instruction	\$ 2,165,589.95	\$ 1,803,144.96	\$ 1,725,589.49	\$ 1,625,860.97	\$ 1,475,895.85	\$ 1,610,272.65	\$ 1,398,391.16	\$ 1,359,589.47	\$ 1,242,320.80	\$ 1,086,649.90
Regular	25,500.00	28,066.00	25,000.00	26,700.00	60,257.00	77,822.00	44,579.00	41,912.69	43,210.22	36,915.58
Special Education										
Support Services:										
Student and Instruction Related Services	254,284.39	188,031.14	204,065.55	219,223.49	141,431.17	167,735.63	158,910.43	128,708.84	148,720.93	121,289.15
General and Business Administrative Services	554,162.59	434,651.75	408,131.96	384,413.15	334,258.50	341,260.88	353,314.58	322,098.89	360,535.50	288,908.98
Plant Operations and Maintenance	621,952.37	519,056.79	490,914.38	463,451.63	399,116.75	465,073.86	359,561.69	362,612.02	293,547.25	286,493.85
Pupil Transportation	1,855.75	2,870.00	2,520.00	970.00	2,305.00	1,055.00	1,295.00	1,025.00	1,870.00	1,875.00
Total Governmental Activities Expenses	3,623,345.05	2,975,820.64	2,856,221.38	2,720,619.24	2,414,264.27	2,683,220.02	2,316,051.86	2,215,946.91	2,090,204.70	1,822,132.46
Total District-Wide Expenses	3,623,345.05	2,975,820.64	2,856,221.38	2,720,619.24	2,414,264.27	2,683,220.02	2,316,051.86	2,215,946.91	2,090,204.70	1,822,132.46
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	1,013,574.80	419,797.19	460,636.05	426,240.95	420,642.17	488,622.69	367,307.55	198,722.00	499,741.73	256,281.76
Total Governmental Activities Program Revenues	1,013,574.80	419,797.19	460,636.05	426,240.95	420,642.17	488,622.69	367,307.55	198,722.00	499,741.73	256,281.76

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

Changes in Net Assets/Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total District-Wide Program Revenues	\$1,013,574.80	\$ 419,797.19	\$ 460,636.05	\$ 426,240.95	\$ 420,642.17	\$ 488,622.69	\$ 367,307.55	\$ 198,722.00	\$ 499,741.73	\$ 256,281.76
Net (Expense)/Revenue	(2,609,770.25)	(2,566,023.45)	(2,395,565.33)	(2,294,378.29)	(1,993,622.10)	(2,174,597.33)	(1,948,744.31)	(2,017,224.91)	(1,590,462.97)	(1,565,850.70)
Governmental Activities	(2,609,770.25)	(2,566,023.45)	(2,395,565.33)	(2,294,378.29)	(1,993,622.10)	(2,174,597.33)	(1,948,744.31)	(2,017,224.91)	(1,590,462.97)	(1,565,850.70)
Business-Type Activities										
Total District-Wide Net Expense										
General Revenues and Other Changes in Net Assets/Position										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes	644,500.00	624,532.00	627,582.00	599,163.00	514,251.00	495,252.00	436,531.00	619,541.00	478,366.00	405,800.00
Federal and State Aid Not Restricted	1,882,842.00	1,800,965.00	1,843,899.00	1,805,908.00	1,735,188.00	1,731,699.00	1,793,582.00	1,747,110.46	1,357,129.00	1,513,276.00
Investment Earnings	27.08	-	16.63	5.66	74.69	8.70	1,879.67	8,249.15	11,014.45	11,510.39
Miscellaneous Income	43,716.83	5,294.93	26,498.04	67,050.88	1,349.98	18,319.31	29,231.16	4,130.10	12,568.92	5,933.99
Special Item - Reallocation of Prior Year Expenditures	-	-	-	582.00	(582.00)	-	-	55,216.53	-	-
Total Governmental Activities	2,571,086.01	2,430,811.93	2,497,995.67	2,472,609.54	2,250,281.67	2,245,279.01	2,261,223.83	2,434,247.24	1,859,068.37	1,936,520.38
Total District-Wide General Revenues	2,571,086.01	2,430,811.93	2,497,995.67	2,472,609.54	2,250,281.67	2,245,279.01	2,261,223.83	2,434,247.24	1,859,068.37	1,936,520.38
Change in Net Assets/Position	(38,684.24)	(125,211.52)	102,410.34	178,231.25	256,659.57	70,681.68	312,479.52	417,022.33	268,605.40	370,669.68
Governmental Activities										
Business-Type Activities										
Total District-Wide Change in Net Assets/Position	\$ (38,684.24)	\$ (125,211.52)	\$ 102,410.34	\$ 178,231.25	\$ 256,659.57	\$ 70,681.68	\$ 312,479.52	\$ 417,022.33	\$ 268,605.40	\$ 370,669.68

Source: District Records

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

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

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$421,039.74	\$407,518.58	\$431,055.00	\$327,496.50	\$346,102.50	\$15,889.06	\$300,000.00	\$-	\$-	\$-
Unreserved	288,586.89	327,952.57	430,865.95	428,396.68	227,841.82	329,083.79	306,064.97	571,580.61	447,424.07	489,149.98
Total General Fund	<u>\$709,626.63</u>	<u>\$735,471.15</u>	<u>\$861,920.95</u>	<u>\$755,893.18</u>	<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>
Total Fund Balances	<u>\$709,626.63</u>	<u>\$735,471.15</u>	<u>\$861,920.95</u>	<u>\$755,893.18</u>	<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>

Source: District Records

**BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL**

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

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Tax Levy	\$ 644,500.00	\$ 624,532.00	\$ 627,582.00	\$ 599,163.00	\$ 514,251.00	\$ 495,252.00	\$ 436,531.00	\$ 619,541.00	\$ 478,366.00	\$ 405,800.00
Interest Earnings	27.08	-	16.63	5.66	74.69	8.70	1,879.67	8,249.15	11,014.45	11,510.39
Miscellaneous	43,716.93	5,294.93	26,498.04	67,050.88	1,798.98	18,319.31	29,231.16	4,130.10	12,558.92	5,933.99
State Sources	2,164,528.80	2,054,075.88	2,134,668.36	2,052,635.95	1,942,492.22	1,916,178.64	1,967,334.38	1,747,110.46	1,640,882.70	1,574,986.59
Federal Sources	164,379.00	166,705.31	169,866.69	179,413.00	213,337.95	304,143.05	193,555.17	198,722.00	215,988.03	194,571.17
Total Revenues	<u>3,017,151.81</u>	<u>2,850,609.12</u>	<u>2,958,631.72</u>	<u>2,898,268.49</u>	<u>2,671,954.84</u>	<u>2,733,901.70</u>	<u>2,628,531.38</u>	<u>2,577,752.71</u>	<u>2,358,810.10</u>	<u>2,192,802.14</u>
<b>Expenditures</b>										
Instruction										
Regular Instruction	1,467,395.78	1,478,864.83	1,402,357.28	1,324,955.96	1,160,823.29	1,317,863.65	1,138,065.55	1,133,717.15	1,044,569.11	899,933.49
Special Education Instruction	25,500.00	28,065.00	25,000.00	26,700.00	60,257.00	77,822.00	44,579.00	35,700.00	37,916.00	31,328.20
Support Services:										
Student and Instruction Related Services	174,076.67	150,731.59	166,902.17	184,620.28	103,323.46	132,422.80	127,610.00	100,879.00	124,252.28	99,631.19
General and Business Administrative Services	371,399.80	349,964.77	323,652.19	305,788.07	261,466.84	273,088.64	291,097.15	266,311.95	312,242.83	242,235.86
Plant Operations and Maintenance	439,189.58	379,900.61	354,088.17	331,505.43	321,715.09	394,791.62	297,344.26	306,825.08	245,254.59	240,086.79
Pupil Transportation	1,855.75	2,870.00	2,520.00	970.00	2,305.00	1,055.00	1,295.00	1,025.00	1,870.00	1,875.00
Employee Benefits	563,578.75	526,525.92	525,737.70	489,020.77	410,988.33	376,826.83	343,522.23	310,634.52	284,711.20	266,065.73
Capital Outlay	-	60,134.20	52,346.44	53,331.12	121,073.36	421,123.28	350,533.83	353,720.00	369,720.00	365,309.48
Total Expenditures	<u>3,042,996.33</u>	<u>2,977,058.92</u>	<u>2,852,603.95</u>	<u>2,716,901.63</u>	<u>2,441,952.37</u>	<u>2,994,993.82</u>	<u>2,594,047.02</u>	<u>2,508,812.70</u>	<u>2,400,536.01</u>	<u>2,146,465.74</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,844.52)	(126,449.80)	106,027.77	181,366.86	230,002.47	(261,092.12)	34,484.36	68,940.01	(41,725.91)	46,336.40
<b>Other Financing Sources (Uses)</b>										
Prior Year Adjustments	-	-	-	582.00	(1,031.00)	-	-	-	-	-
Net Change in Fund Balances	<u>\$ (25,844.52)</u>	<u>\$ (126,449.80)</u>	<u>\$ 106,027.77</u>	<u>\$ 181,948.86</u>	<u>\$ 228,971.47</u>	<u>\$ (261,092.12)</u>	<u>\$ 34,484.36</u>	<u>\$ 68,940.01</u>	<u>\$ (41,725.91)</u>	<u>\$ 46,336.40</u>
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	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>E-Rate</u>	<u>Miscellaneous</u>
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	6,110.83	1,879.67	4,231.16		
2010	9,328.01	8.70	3,492.11		5,827.20
2011	1,873.67	74.69			1,798.98
2012	18,306.54	5.66	18,300.88		
2013	4,210.50	16.63	4,193.87		
2014	2,349.10		100.00	2,249.10	
2015	43,744.01	27.08	40,740.00	1,507.20	1,469.73

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 TO CHARTER SCHOOLS



**BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL**

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

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

**NOT APPLICABLE TO CHARTER SCHOOLS**

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

Principal Property Taxpayers  
Current Year and Nine Years Ago  
Unaudited

Fiscal Year Ended June 30,	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value

NOT APPLICABLE TO CHARTER SCHOOLS

Total	\$ -		\$ -	
-------	------	--	------	--

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		Collections in Subsequent Years	Total Collections to Date	
		the Levy	Percentage of Levy		Amount	Percentage of Levy
		Amount	Percentage of Levy		Amount	Percentage of Levy

NOT APPLICABLE TO CHARTER SCHOOLS

**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 TO CHARTER SCHOOLS**

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	Deductions		

NOT APPLICABLE TO CHARTER SCHOOLS

**BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL**

**Direct and Overlapping Governmental Activities Debt  
As of December 31, 2014  
Unaudited**

**NOT APPLICABLE TO CHARTER SCHOOLS**

**BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL**

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

**NOT APPLICABLE TO CHARTER SCHOOLS**

**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>
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**NOT APPLICABLE TO CHARTER SCHOOLS**



BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

Principal Employers  
Current Year and Nine Years Ago  
Unaudited

	2014		2005		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Rank [Optional]	Percentage of Total Municipal Employment
Employer					

NOT APPLICABLE

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

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

2006   2007   2008   2009   2010   2011   2012   2013   2014   2015

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	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary School	Senior High School				

NOT AVAILABLE

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

School Building Information  
Last Ten Fiscal Years  
Unaudited

2006   2007   2008   2009   2010   2011   2012   2013   2014   2015

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</u> <u>(w/DOE Project #)</u>	<u>Gross</u> <u>Building</u> <u>Area (SF)</u>
-------------------------	---	---

NOT APPLICABLE TO CHARTER SCHOOLS

\*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, 2015  
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**

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

Charter School Performance Framework  
Financial Performance  
Fiscal Ratios

	2012 Audit	2013 Audit	2014 Audit	2015 Audit	Source
Cash	740,162.69	838,567.81	678,323.15	692,369.39	Audit: Exhibit A-1
Current Assets	15,730.49	29,459.28	57,148.00	51,113.24	Audit: Exhibit A-1
Total Assets	770,362.89	878,879.37	747,561.71	751,146.47	Audit: Exhibit A-1
Current Liabilities	-	6,106.14	-	33,856.00	Audit: Exhibit A-1
Total Liabilities	-	6,106.14	-	-	Audit: Exhibit A-1
Net Position	770,362.89	872,773.23	747,561.71	717,290.47	Audit: Exhibit A-1
Total Revenue	2,898,850.49	2,958,631.72	2,850,609.12	3,017,151.81	Audit: Exhibit A-2
Total Expenses	2,720,619.24	2,856,221.38	2,975,820.64	3,047,423.05	Audit: Exhibit A-2
Change in Net Position	178,231.25	102,410.34	(125,211.52)	(30,271.24)	Audit: Exhibit A-2
Depreciation Expense	3,717.61	3,617.43	4,426.72	4,426.72	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	220	224	228	233	DOE Enrollment Reports
March 30th Budgeted Enrollment	224	229	231	239	Charter School Budget

Near Term Indicators	RATIOS ANALYSIS...				4 YR CUM	Source
	2012	2013	2014	2015		
1a. Current Ratio	#DIV/0!	4.82	#DIV/0!	1.51	Current Assets/Current Liabilities	
1b. Unrestricted Days Cash	99.30	107.16	83.20	82.93	Cash/(Total Expenses/365)	
1c. Enrollment Variance	98%	98%	99%	97%	Average Daily Enrollment/Budgeted Enrollment	
1d.* Default	No	No	No	No	Audit	
Sustainability Indicators						
2a. Total Margin	6%	3%	-4%	-1%	Change in Net Position/Total Revenue	
2b. Debt to Asset	0.00	0.01	0.00	0.00	Total Liabilities/Total Assets	
2c.** Cash Flow	376,006.81	98,405.12	(160,244.66)	14,046.24	Net change in cash flow from prior years	
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	(Change in Net Position+Depreciation+Interest Expense)/(Principal & Interest Payments)	

\* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No  
 \*\* 2014 =2014 Cash - 2013 Cash - 2012 Cash, 2012 =2012 Cash-2011 Cash; 2011 =2011 Cash-2010 Cash

**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 Trustees  
Soaring Heights Charter School  
County of Hudson, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental 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, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents and have issued our report thereon dated December 7, 2015.

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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

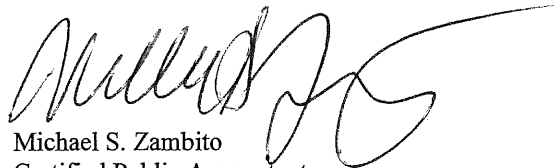
As part of obtaining reasonable assurance about whether the Soaring Heights Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a 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.

Purpose of This Report

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



Vincent M. Montanino  
Registered Municipal Accountant  
License No. CS000495



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

December 7, 2015



# VM ASSOCIATES, INC.

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

K-2  
Sheet 1

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY 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

Report on Compliance for Each Major State Program

We have audited the Soaring Heights Charter School's compliance with the types of compliance requirements described in the New Jersey State Aid/Grants Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015. The Soaring Heights Charter School's major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Soaring Heights Charter School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in 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; 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 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 on compliance for each major state program. However, our audit does not provide a legal determination on the Soaring Heights Charter School's compliance.

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Opinion on Each Major State Program

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 types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.


Report on Internal Control Over Compliance

The management of the Soaring Heights Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Soaring Heights Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with NJOMB 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 a material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.



Vincent M. Montanino  
Public School Accountant  
License No. CS000495



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

December 9, 2015

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2014	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2015 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable				
							Total	Encumbrances	Total			
U.S. Department of Education Passed - Through State Department of Education:												
N.C.L.B. Title I	84.010A	7/1/14-6/30/15	\$104,581.00	\$ -	\$ -	\$104,581.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N.C.L.B. Title IIA	84.367A	7/1/14-6/30/15	12,706.00	(12,158.00)		12,706.00						
N.C.L.B. Title IIA	84.367A	7/1/13-6/30/14	12,158.00			12,158.00						
I.D.E.A. Part B, Basic	84.027A	7/1/13-6/30/14	47,092.00			47,092.00			(47,092.00)			
I.D.E.A. Part B, Basic	84.027A	7/1/14-6/30/15	44,990.00	(44,990.00)		44,990.00						
Total U.S. Department of Education				(57,148.00)		174,435.00	164,379.00			(47,092.00)		
Total Federal Financial Assistance				(57,148.00)		174,435.00	164,379.00			(47,092.00)		

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, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2014	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2015	Due to Grantor
							Disbursements	Accounts Payable	Encumbrances					
State Department of Education:														
General Funds:														
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 1,756,944.00	\$ -	\$ -	\$ 1,756,944.00	\$ 1,756,944.00	\$ -	\$ -	\$ 1,756,944.00	\$ -	\$ -	\$ 33,856.00	\$ -
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	56,464.00	-	-	56,464.00	56,464.00	-	-	56,464.00	-	-	-	-
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	78,745.00	-	-	78,745.00	78,745.00	-	-	78,745.00	-	-	-	-
Adjustment Aid	15-495-034-5120-065	7/1/14-6/30/15	47,153.00	-	-	47,153.00	47,153.00	-	-	47,153.00	-	-	-	-
Reimbursed TPAF Social Security Contribution	15-495-034-5095-002	7/1/14-6/30/15	79,262.80	-	-	75,241.56	79,262.80	-	-	79,262.80	(4,021.24)	-	-	-
On-Behalf TPAF PRM Contributions	15-495-034-5095-001	7/1/14-6/30/15	89,550.00	-	-	89,550.00	89,550.00	-	-	89,550.00	-	-	-	-
On-Behalf TPAF Pension Contributions	15-495-034-5095-006	7/1/14-6/30/15	56,410.00	-	-	56,410.00	56,410.00	-	-	56,410.00	-	-	-	-
Total General Funds			\$ 2,194,363.56	\$ -	\$ -	\$ 2,194,363.56	\$ 2,194,528.80	\$ -	\$ -	\$ 2,194,528.80	\$ (4,021.24)	\$ (4,021.24)	\$ 33,856.00	\$ -
Total All Funds			\$ 2,194,363.56	\$ -	\$ -	\$ 2,194,363.56	\$ 2,194,528.80	\$ -	\$ -	\$ 2,194,528.80	\$ (4,021.24)	\$ (4,021.24)	\$ 33,856.00	\$ -
State Financial Assistance Not Subject To Major Program Determination:														
General Funds:														
On-Behalf TPAF PRM Contributions	15-495-034-5095-001	7/1/14-6/30/15	89,550.00	-	-	(89,550.00)	(89,550.00)	-	-	(89,550.00)	-	-	-	-
On-Behalf TPAF Pension Contributions	15-495-034-5095-006	7/1/14-6/30/15	56,410.00	-	-	(56,410.00)	(56,410.00)	-	-	(56,410.00)	-	-	-	-
Total State Financial Assistance Subject to Single Audit			\$ 2,048,403.56	\$ -	\$ -	\$ 2,048,403.56	\$ 2,018,568.80	\$ -	\$ -	\$ 2,018,568.80	\$ (4,021.24)	\$ (4,021.24)	\$ 33,856.00	\$ -

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, 2015

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 basis 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 (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

Part I – Summary of Auditor’s Results

**Financial Statement Section**

- A) Type of auditor’s report issued: Unmodified
- 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

**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: Unmodified
- 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>15-495-034-5120-078</u>	<u>Equalization Aid</u>

BOARD OF EDUCATION  
SOARING HEIGHTS CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015  
(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, 2015  
(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, 2015

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