

SOARING HEIGHTS CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2018

SOARING HEIGHTS CHARTER SCHOOL

***Soaring Heights Charter School
Board of Trustees
Jersey City, New Jersey***

***Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Prepared By
Soaring Heights Charter School
Finance Department**

And

Barre & Company , CPA's

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INTRODUCTORY SECTION



Soaring Heights Charter School

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Jersey City, NJ 07305
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January 28, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Soaring Heights Charter School (Charter School) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An elected seven-member Board of Trustees (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of the Charter School funds.

The Lead Person of the Charter School is responsible to the Board for total educational and support operations. The Management Collaborative is responsible to the Lead Person for the instructional program of the school. The Business Administrator of the Charter School is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, investing idle funds as permitted by New Jersey law, and assuring the Board complies with all required legal and ethical responsibilities.

1. **REPORTING ENTITY AND ITS SERVICES:**

Soaring Heights Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the school are included in this report. Foundation Academy Charter School, Board of Trustees, constitutes the Charter School’s reporting entity.

Since 1997, Soaring Heights Charter School has provided a full range of educational services to students in kindergarten through eighth grade. These services included regular, as well as special education instruction. Soaring Heights Charter School’s mission is to ensure that all students secure the academic knowledge and skills to prepare them further education and to instill in them the core values of caring, respect, responsibility and honesty. Soaring Heights is one of the highest achieving charters schools in the state and focuses on standardized classroom procedures, regular testing to track student progress, more time on task, a focus on values.

Language arts and math classes are taught for more minutes each week than most schools. In addition, all students are provided with general music instruction and learn to master a musical instrument.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	238	0.00%
2016-2017	240	2.15%
2015-2016	234	1.75%
2014-2015	233	1.78%
2013-2014	229	N/A

2. ECONOMIC CONDITION AND OUTLOOK: The Charter school will continue to experience full enrollment due to a waiting list with over 500 students. The increase in the number of students served continues. The Charter School has successfully been approved by the Commissioner of Education to increase maximum number to 450 until the renewal of its charter in 2021. The increase in students and the need to serve additional students has prompted the Charter School to review its options to expand the facility at its current, or other locations.

3. MAJOR INITIATIVES: The Charter School has developed a comprehensive strategic plan to support its mission and vision and serves as a blueprint for the achievement of its goals. 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: Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School's management. As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to 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 and the special revenue 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 cancelled 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, 2018.

6. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement" Note 3. The Charter School had adopted a cash management plan which requires it to deposit 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 Government 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.

7. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen's compensation.


8. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

9. **ANTI-BULLYING:** On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act ("Act") requires initial and on-going training for all staff members, anti-bullying specialists, anti-bullying coordinators, administrative staff and board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In 2017-2018, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

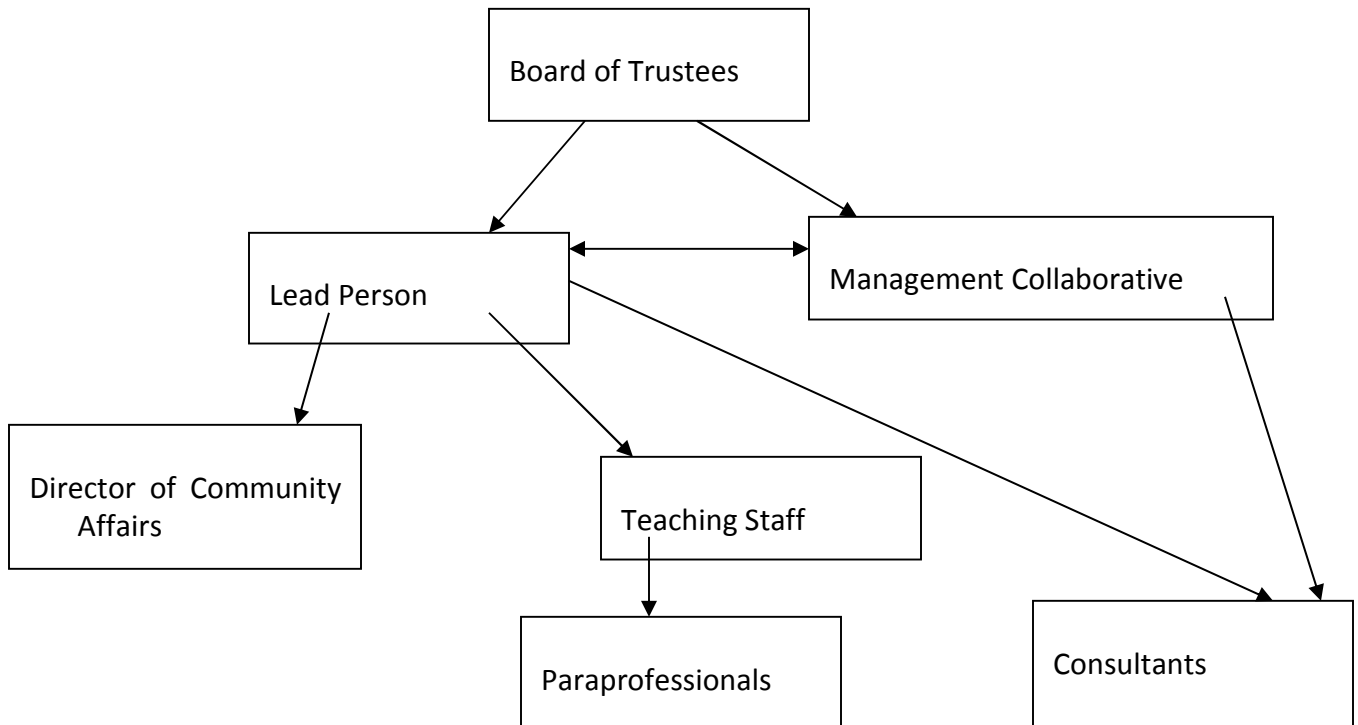
10. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Soaring Heights Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,

A handwritten signature in blue ink that reads "Angelo A. Vilarde". The signature is written in a cursive style and is positioned above a light blue dotted rectangular box.

Business Administrator/Board Secretary

Soaring Heights Charter School Organizational Chart



**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

MEMBERS OF THE 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
Katherine Barcelona	Trustee	2017

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company LLC
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

Paul Green
Scheneck, Price, Smith & King, LLP
P.O. Box 991
Florham Park, NJ 07932

SBA Consultant

Angelo A. Vilardi
Morris Plains, New Jersey

Official Depository

Valley National Bank
Jersey City, New Jersey

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
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Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Soaring Heights Charter School
County of Hudson
Jersey City, 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 (Charter School), in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2018, 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

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, in the County of Hudson, State of New Jersey, as of June 30, 2018, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4 to the basic financial statements, the Charter School implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, following this report, and pension and post-employment benefit schedules in Exhibits L-1 through L-3, and M-1, and the related notes be presented to supplement the basic financial statements and budgetary comparison information in Exhibits C-1 through C-3, 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 States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and other information, such

as the introductory and statistical sections 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 relate directly to the underlying accounting and other records use 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 respects, in relation to the basic financial statements as a whole.


The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on 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 January 28, 2019 on our consideration of the Soaring Heights Charter School's internal control over financial reporting and 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Charter School's internal control over financial reporting and compliance.



BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
January 28, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

The discussion and analysis of Soaring Heights Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- ❖ General revenues accounted for \$3,680,592 or 99% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$53,031 or 1% of total revenues of \$3,733,623.
- ❖ The Charter School had \$4,126,230 in expenses; only \$53,031 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$3,680,592 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$3,025,959 in revenues and \$3,266,066 in expenditures. The General Fund's fund balance decreased \$240,107 over 2017. This decrease was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Soaring Heights Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Soaring Heights Charter School, the General Fund is by far the most significant fund.

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2018?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

Statement of Net Position and the Statement of Activities (Continued)

most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the Charter School is divided into two kinds of activities:

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — The Charter School does has no proprietary funds.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

Enterprise Fund

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

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 32 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined Net Position were -\$615,210 for 2018 and -\$704,046 for 2017.

Governmental Activities

The Charter School's total revenues were \$3,733,623 for 2018 and \$3,907,310 for 2017, this includes \$102,031 for 2018 and \$82,228 for 2017 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$4,126,230 for 2018 and \$4,053,338 for 2017. Instruction comprises 50% for 2018 and 58% for 2017 of Charter School expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$3,733,623 for 2018 and \$3,483,522 for 2017 and expenditures were \$3,516,403 for 2018 and \$3,390,791 for 2017. The net change in fund balance was most significant in the general fund, a decrease of \$240,107 in 2018 and a decrease of -\$92,731 in 2017.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2017	Percent of Increase/ (Decrease)
Local Sources	\$ 753,927	23.01%	\$ 3,322,058	-129.36%
Intermediate Sources	-	0.00%	74,197	-100.00%
State Sources	2,347,032	71.64%	(3,602,889)	-60.55%
Federal Sources	175,337	5.35%	(592)	-0.34%
Total	\$ 3,276,296	100.00%	\$ (207,226)	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2018, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2017	Percent of Increase/ (Decrease)
Instruction	\$ 1,619,985	46.07%	\$ (27,298)	-1.66%
Administration	1,052,814	29.94%	106,318	11.23%
Support Services	787,354	22.39%	46,312	6.25%
Capital Outlay	56,250	1.60%	280	0.50%
Total	\$ 3,516,403	100.00%	\$ 125,612	

**SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

The Charter School's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets (Net of Depreciation)

The Charter School had \$0 for 2018 and \$3,237 for 2017 invested in building improvements.

For the Future

The Soaring Heights Charter School is in stable financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, Soaring Heights Charter School has committed itself to financial stability for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Angelo Vilardi, School Business Administrator, at Soaring Heights Charter School, , Jersey City, New Jersey .

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL 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 overall 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.

SOARING HEIGHTS CHARTER SCHOOL

Statement of Net Position

June 30, 2018

	Governmental Activities	Total
ASSETS:		
Cash and Cash Equivalents	\$ 252,077	\$ 252,077
Internal Balances	43,555	43,555
Other Receivables	25,585	25,585
	<u>321,217</u>	<u>321,217</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pensions	442,698	442,698
	<u>442,698</u>	<u>442,698</u>
LIABILITIES:		
Cash Overdraft		-
Interfund Payable	38,454	38,454
Deferred Revenue	10,000	10,000
Other Current Liabilities	1,457	1,457
Noncurrent Liabilities:		
Due Within One Year		-
Due Beyond One Year		-
Pensions	1,139,353	1,139,353
	<u>1,189,264</u>	<u>1,189,264</u>
DEFERRED INFLOWS OF RESOURCES:		
Pensions	189,861	189,861
	<u>189,861</u>	<u>189,861</u>
NET POSITION:		
Net Investment in Capital Assets	-	-
Restricted for:		
Encumbrances	117,988	117,988
Unassigned	(733,198)	(733,198)
	<u>(615,210)</u>	<u>(615,210)</u>
Total Net Position	<u>\$ (615,210)</u>	<u>\$ (615,210)</u>

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

SOARING HEIGHTS CHARTER SCHOOL
 Statement of Activities
 For The Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,522,923	\$ 524,814	\$ -	\$ 53,031	\$ -	\$ (1,994,706)	\$ -	\$ (1,994,706)
Administration	1,112,700	98,222				(1,210,922)		(1,210,922)
Support Services	777,354	33,967				(811,321)		(811,321)
Capital Outlay	56,250					(56,250)		(56,250)
Total Governmental Activities	<u>3,469,227</u>	<u>\$ 657,003</u>	<u>-</u>	<u>53,031</u>	<u>-</u>	<u>(4,073,199)</u>	<u>-</u>	<u>(4,073,199)</u>
BUSINESS-TYPE ACTIVITIES:								
Food Service	-							-
Total Business-Type Activities	<u>-</u>							<u>-</u>
Total Primary Government	<u>\$ 3,469,227</u>			<u>\$ 53,031</u>		<u>\$ (4,073,199)</u>		<u>\$ (4,073,199)</u>
GENERAL REVENUES								
General Purposes						\$ 2,162,655	\$ -	\$ 2,162,655
Federal and State Aid Not Restricted						1,089,584		1,089,584
Investment Earnings						21,824		21,824
Miscellaneous Income						406,529		406,529
Total General Revenues						<u>3,680,592</u>	<u>-</u>	<u>3,680,592</u>
Change in Net Position						<u>(392,607)</u>	<u>-</u>	<u>(392,607)</u>
Net Position - Beginning of Year						<u>(222,603)</u>	<u>-</u>	<u>(222,603)</u>
Net Position - Ending						<u>\$ (615,210)</u>	<u>\$ -</u>	<u>\$ (615,210)</u>

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

SECTION B – FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

SOARING HEIGHTS CHARTER SCHOOL

Governmental Funds
Balance Sheet
June 30, 2018

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 157,839	\$ 18,250	\$ 176,089
Restricted	75,988		75,988
Receivables:			
Interfund Receivables	33,555	10,000	43,555
Other Receivables	5,381	20,204	25,585
Total Current Assets	272,763	48,454	321,217
Total Assets	\$ 272,763	\$ 48,454	\$ 321,217
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 38,454	\$ 38,454
Deferred Revenue		10,000	10,000
Other Current Liabilities	1,457		1,457
Total Current Liabilities	1,457	48,454	49,911
Total Liabilities	1,457	48,454	49,911
Fund Balances:			
Reserved For:			
Encumbrances	42,988		42,988
Unassigned:			
General Fund	228,318		228,318
Total Fund Balances	271,306	-	271,306
Total Liabilities and Fund Balances	\$ 272,763	\$ 48,454	

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 governmental funds. The cost of the assets is \$105,798 and the accumulated depreciation is \$105,798.

Net pension liability of \$1,139,353, deferred inflows of resources of \$189,861 less deferred outflows of resources of \$442,698 related to pensions are not reported in the governmental funds

	(886,516)
Net Position of Governmental Activities	\$ (615,210)

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

SOARING HEIGHTS CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 640,982	\$ -	\$ 640,982
Other Revenue from Local Government		75,000	75,000
Interest on Investments	21,824		21,824
Contributions/Donations	16,121		16,121
Total Local Sources	678,927	75,000	753,927
Intermediate Sources			
State Sources	2,347,032		2,347,032
Federal Sources		175,337	175,337
Total Revenues	3,025,959	250,337	3,276,296
EXPENDITURES:			
Current:			
Instruction	1,536,247	83,738	1,619,985
Administration	1,052,814		1,052,814
Support Services	620,755	166,599	787,354
Capital Outlay	56,250		56,250
Total Expenditures	3,266,066	250,337	3,516,403
NET CHANGE IN FUND BALANCES	(240,107)	-	(240,107)
FUND BALANCES, JULY 1	511,413	-	511,413
FUND BALANCES, JUNE 30	\$ 271,306	\$ -	\$ 271,306

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

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 Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental fund (from B-2)	\$ (240,107)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>	<p><u>(152,500)</u></p>
Change in net position of governmental activities	<p><u>\$ (392,607)</u></p>

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

PROPRIETARY FUNDS

FIDUCIARY FUNDS

SOARING HEIGHTS CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2018

	Trusts	
	Building Fund Account	Total Agency Funds
ASSETS:		
Cash and Cash Equivalents	\$ 52,379	\$ 198,916
Total Assets	\$ 52,379	\$ 198,916
LIABILITIES:		
Liabilities:		
Interfund Payable	\$ -	\$ 5,101
Accrued Salaries and Benefits		184,701
Due to Student Groups		9,114
Total Liabilities	-	\$ 198,916
NET POSITION:		
Held in Trust	52,379	
Total Net Position	52,379	
Total Liabilities and Net Position	\$ 52,379	

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

SOARING HEIGHTS CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For Fiscal Year Ended June 30, 2018

	Trusts
	Building Fund Account
ADDITIONS:	
Contributions:	
Fundraising	\$ 22,902
Total Additions	22,902
DEDUCTIONS:	
Fundraising Expenses	6,723
Total Deductions	6,723
CHANGE IN NET POSITION	16,179
NET POSITION, JULY 1	36,200
NET POSITION, JUNE 30	\$ 52,379

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

NOTES TO THE FINANCIAL STATEMENTS

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Soaring Heights Charter School have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Charter School are described below.

For fiscal year 2016, the Charter School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources and expense/expenditure.

B. Reporting Entity

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 2002 to operate and maintained a public school under a charter granted by the State of New Jersey. The Charter School consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

The primary criterion for including activities within the Charter School's reporting entity are set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under GASB Statement No. 14, the financial reporting entity is determined by 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 and account groups of the Charter School over which it exercises operating control. The operations of the Soaring Heights Charter School include two schools a Grade K-8 located in the City of Jersey City. There are 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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 non-exchange transactions. There are no business-type activities.

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. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

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. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Charter School.

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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, charter school 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 Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that 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 emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The District'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 sued to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Agency Funds (Payroll, Payroll Agency, Student Activity and Athletic Funds):
The agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

In accordance with GASB Statement 34, fiduciary funds are not included in the government-wide financial statements.

D. 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-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.

E. Budgets/Budgetary Control

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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.

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)		\$ 250,337
Adjustments:		
Less Encumbrances at June 30, 2018		-
Plus Encumbrances at June 30, 2017		-
		-
Total Revenues and Expenditures (GAAP Basis)		\$ 250,337

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the Charter School cannot recognize these payments on the GAAP financial statements.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

F. Assets, Liabilities, Deferred Outflow/Inflows of Resources, 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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

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 charter schools.

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

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. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

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.

GASB No. 34 requires the Charter School to report and depreciate new infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Charter School has included all infrastructure assets in the current fiscal year.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

5. 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.

6. 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.

G. Fund Balance Reserves

The Charter School 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:

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.

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

F. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In November 2016, GASB issued Statement No. 83, Certain Asset Retirement Obligations. Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The provisions in Statement No. 83 are effective for reporting periods beginning after June 15, 2018. The School is assessing if GASB 83 will have any impact on its financial statements.

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement will be effective for the year ended December 15, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement will be effective for the year ended December 15, 2019. Management has not yet evaluated the impact of this statement on the Charter School's financial statements.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

In March 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which is effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The School is assessing if GASB 88 will have any impact on its financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which is effective for fiscal years beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The School is assessing if GASB 89 will have any impact on its financial statements.

I. PENSIONS

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 pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: 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 of which the deposits 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.

As of June 30, 2018, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Fiduciary Funds	Total
Operating Account	<u>\$ 233,827</u>	<u>\$ 18,250</u>	<u>\$ 251,295</u>	<u>\$ 503,372</u>

The Charter School had no investments at June 30, 2018.

The carrying amount of the Board's cash and cash equivalents at June 30, 2018 was \$503,372 and the bank balance was \$553,322. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Charter School's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. As of June 30, 2018, none of the cash and cash equivalents for Soaring Heights Charter School were exposed to custodial credit risk.

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

Investments

New Jersey statutes (N.J.S.A.18A:20-37) permit the Charter School to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its board members, the 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 no dependent on any index or other external factor;
 - (4) Bonds or other obligations of the 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 schools;
 - (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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Investments (Continued)

- (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; and
 - 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.

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2018.

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2018.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2018.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Receivables

Receivables at June 30, 2018, consisted of accounts, intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ -	\$ -
Federal Aid	-	-
Other	25,585	25,585
Gross Receivables	25,585	25,585
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 25,585</u>	<u>\$ 25,585</u>

A. Interfund Receivables and Payables

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 33,555	\$ -
Special Revenue Fund	10,000	38,454
Fiduciary Fund		5,101
Total	<u>\$ 43,555</u>	<u>\$ 43,555</u>

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Receivables (Continued)

B. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 105,798	\$ -	\$ -	\$ 105,798
Machinery and Equipment	-	-	-	-
Total Capital Assets Being Depreciated	<u>105,798</u>	<u>-</u>	<u>-</u>	<u>105,798</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	105,798	-	-	105,798
Machinery and Equipment	-	-	-	-
Total Accumulated Depreciation	<u>105,798</u>	<u>-</u>	<u>-</u>	<u>105,798</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	-	-	-	-
Government Activity Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by charter schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

There was no depreciation expense charged in the current year.

Rental Lease

On January 1, 2003, Romar Avenue LLC located at 1-7 Romar Ave, Jersey City, New Jersey and Soaring Heights Charter School entered into a five year lease with an option to renew for six successive five year periods. The lease was subsequently extended for two more extension periods with the current lease extension commencing on January 1, 2013 and ending on December 31, 2021. The lease payments \$283,572 were paid as of June 30, 2018.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ration of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2016 through June 30, 2017. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

**Allocation Methodology and Reconciliation to Financial Statements
(Continued)**

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2016.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The Charter School contributions to PERS amounted to \$ 121,929 for fiscal year 2018.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

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

At June 30, 2018, the Charter School reported a liability of \$ 1,137,363 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 which was rolled forward to June 30, 2017. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the Charter School's proportion was 0.00489447%, which was an increase of 0.00145542% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2017, the Charter School recognized pension expense of \$ 121,929 . At June 30, 2017, the Charter School reported deferred outflows of resources and deferred inflows related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 229,540	\$ 228,699
Difference Between Expected and Actual Experience	26,828	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	7,758	-
	\$ 264,126	\$ 228,699

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

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

Amounts reported as deferred outflows of resources and deferred inflows resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ 26,821
2019	40,474
2020	24,524
2021	(32,619)
2022	(23,775)
	\$ 35,426

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuations as of July 1, 2016. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
through 2026	1.65-4.15% based on age
Thereafter	2.65-5.15% based on age
Investment Rate of Return	7.00%

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

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is like that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield Bonds	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan investments was applied to projected benefit payment through 2040. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,413,445	\$ 1,139,353	\$ 911,001
	Fiscal Year Ended June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,248,110	\$ 1,018,547	\$ 829,022

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefit Provided

The vesting and benefit provision 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 of 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the member's accounts. The following represents the membership tiers for TPAF:

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

Benefit Provided (Continued)

years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective Tier. Deferred retirements is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contributions policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific finance amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contribution was less than the actuarial determined amount.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

Special Funding Situation (Continued)

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2018, the State of New Jersey contributed to the TPAF for normal pension benefits on behalf of the Charter School \$15,754, which is less than the contractually required contribution of \$ 115,387 .

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

As June 30, 2018, the State's proportionate share of the net pension liability associated with the Charter School was \$ 6,928,239 . The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, Charter School's proportion was 0.0102757%, which was an decrease of -0.0003111% from its proportion measured as of June 30, 2016.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	6,928,239
	6,928,239
Total	\$ 6,928,239
	6,928,239

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the Charter School in the amount of \$ 115,387 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	varies based on experience
Thereafter	varies based on experience
Investment Rate of Return	7.00%

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2017 is summarized in the following table:

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield Bonds	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.00% and a municipal bond rate of 3.58% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

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

The following presents the net pension liability of the State as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2017			
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Charter School's proportionate share of the Net Pension Liability	\$ 8,261,055	\$ 6,953,567	\$ 5,876,452

For the Fiscal Year Ended June 30, 2016			
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Charter School's proportionate share of the Net Pension Liability	\$ 9,961,633	\$ 8,328,254	\$ 7,039,616

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial 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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School did not recognize pension expense for DCRP.

NOTE 4: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

The school is in a "special funding situation, as described in GASB Statement No. 75 in that OPEB contributions and expense are legally required to be made by and are the sole responsibility of the State of New Jersey.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Employees covered by benefit terms:

At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases				
Through 2026		1.55% to 4.55% based on years of service	2.15% to 4.15% based on age	2.10% to 8.98% based on age
Rate thereafter		2.00% to 5.45% based on years of service	3.15% to 5.15% based on age	3.15% to 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled

Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

Discount rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 57,831,784,184
Service cost	2,391,878,884
Interest on Total OPEB Liability	1,699,441,736
Effect of Changes of Assumptions	(7,086,599,129)
Contributions - Employee	45,748,749
Gross Benefits Paid by the State	(1,242,412,566)
Net Changes	(4,191,942,326)
Balance at June 30, 2017	53,639,841,858

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Fiscal Year Ended June 30, 2017		
	At 1% Decrease (2.58%)	At current discount rate (3.58%)	At 1% Increase (4.58%)
	Total OPEB Liability	\$ 63,674,362,200	\$ 53,639,841,858

	Fiscal Year Ended June 30, 2016		
	At 1% Decrease (1.58%)	At current discount rate (2.58%)	At 1% Increase (3.58%)
	Total OPEB Liability	\$ 69,383,705,084	\$ 57,831,784,184

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	Fiscal Year Ended June 30, 2017		
	At 1% decrease	Trend Rate	At 1% Increase
Total OPEB Liability	\$ 44,113,584,560	\$ 53,639,841,858	\$ 66,290,599,457

	Fiscal Year Ended June 30, 2016		
	At 1% decrease	Trend Rate	At 1% Increase
Total OPEB Liability	\$ 47,452,589,164	\$ 57,831,784,184	\$ 71,707,778,970

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the Charter School recognized OPEB expense of \$457,327 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ -	\$ -
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	-	(6,343,769,032)
Sub Total	-	(6,343,769,032)
Contributions Made in Fiscal Year 2018 after June 30, 2017 Measurement Date	1,190,373,242	N/A
Total	1,190,373,242	(6,343,769,032)

Amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,		
2018	\$	742,830,097
2019	\$	742,830,097
2020	\$	742,830,097
2021	\$	742,830,097
2022	\$	742,830,097
Total Thereafter	\$	2,629,618,547
	\$	6,343,769,032

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5: RISK MANAGEMENT

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

The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the Consortium). The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The Charter School pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Charter School continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

NOTE 6: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

The General Fund balance at June 30, 2018 is \$271,306 of which \$228,318 is unassigned and undesignated and \$42,988 is reserved for encumbrances.

NOTE 7: 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 the audit which was January 28, 2019.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

SOARING HEIGHTS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
"Local Levy" Local Share - Charter School Aid	\$ 597,166	\$ -	\$ 597,166	\$ 646,164	\$ 48,998
Total Local Sources	597,166	-	597,166	646,164	48,998
Categorical Aid:					
"Local Levy" State Share - Charter School Aid	1,562,958		1,562,958	1,521,673	(41,285)
State Adjustment Aid	346,558		346,558	315,408	(31,150)
Special Education	60,497		60,497	53,031	(7,466)
Security Aid	61,206		61,206	76,883	15,677
Total Categorical Aid	2,031,219	-	2,031,219	1,966,995	(64,224)
Revenues From Other Sources:					
On Behalf TPAF Pension Aid (Non-Budgeted)				165,762	165,762
On Behalf TPAF Post-Retirement Medical Aid (Non-Budgeted)				107,062	107,062
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				102,031	102,031
Contributions/Donations				16,121	16,121
Interest Income				21,824	21,824
Total Revenues From Other Sources	-	-	-	412,800	412,800
Total Revenues	2,628,385	-	2,628,385	3,025,959	397,574
EXPENDITURES:					
Instruction:					
Kindergarten: Salaries of Teachers	1,375,000	(1,257,551)	117,449	69,160	48,289
Grades 1-5: Salaries of Teachers	-	479,336	479,336	479,336	-
Grades 6-8: Salaries of Teachers	-	283,700	283,700	283,700	-
Other Salaries for Instruction	28,000	494,575	522,575	522,575	-
Purchased Prof/Tech Services	40,000	(28,500)	11,500	7,978	3,522
Other Purchased Services	17,000		17,000	12,194	4,806
General Supplies	40,000	(5,621)	34,379	25,611	8,768
Textbooks	40,000	(2,000)	38,000	21,686	16,314
Miscellaneous	16,000		16,000	6,945	9,055
Total Instruction	1,556,000	(36,061)	1,519,939	1,429,185	90,754
Administration:					
Salaries - General Administration	118,880		118,880	118,880	-
Salaries of Secretarial/Clerical Assistants	137,292		137,292	134,745	2,547
Total Benefits Cost	330,000	60,945	390,945	380,394	10,551
Purchases Prof/Tech Services	55,000	85,343	140,343	114,061	26,282
Other Purchased Services	12,000	(3,000)	9,000	7,632	1,368
Communications/Telephone	25,000	(2,000)	23,000	15,395	7,605
Supplies and Materials	9,019	(5,000)	4,019	1,500	2,519
Miscellaneous Expenses	25,000	(2,250)	22,750	12,414	10,336
Total Administration	712,191	134,038	846,229	785,021	61,208

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

SOARING HEIGHTS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries - Improvement of Instruction	70,000	17,700	87,700	87,665	35
Purchased Prof/Tech Services	90,000	23,000	113,000	112,726	274
Rental of Land and Buildings	293,958	1,000	294,958	294,919	39
Other Purchased Services	40,000	(1,000)	39,000	31,122	7,878
Transportation-Other Than To/From School	3,500	1,000	4,500	3,755	745
Insurance for Property, Liability and Fidelity	50,000	(5,200)	44,800	37,942	6,858
Supplies and Materials	3,000		3,000	1,756	1,244
Energy Costs (Heat and Electricity)	40,000	(1,000)	39,000	35,476	3,524
Miscellaneous Expenses	15,000	2,000	17,000	15,394	1,606
Total Support Services	605,458	37,500	642,958	620,755	22,203
Capital Outlay:					
Purchased of Land/Improvements	60,000	15,732	75,732	56,250	19,482
Lease Purchase Agreements-Principal					
Total Capital Outlay	60,000	15,732	75,732	56,250	19,482
On Behalf TPAF Pension Contributions (Non-Budgeted)				165,762	(165,762)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				107,062	(107,062)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				102,031	(102,031)
Total Expenditures	2,933,649	151,209	3,084,858	3,266,066	(74,146)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(305,264)	(151,209)	(456,473)	(240,107)	216,366
Other Financing Sources (Uses)					
Food Service	15,000		15,000		15,000
Total Other Financing Sources (Uses)	15,000	-	15,000	-	15,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(320,264)	(151,209)	(471,473)	(240,107)	231,366
FUND BALANCE, JULY 1	511,413	-	511,413	511,413	-
FUND BALANCE, JUNE 30	<u>\$ 191,149</u>	<u>\$ (151,209)</u>	<u>\$ 39,940</u>	<u>\$ 271,306</u>	<u>\$ 231,366</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance					
	<u>\$ 191,149</u>	<u>\$ (151,209)</u>	<u>39,940</u>	<u>\$ 271,306</u>	<u>\$ 231,366</u>
Total	<u>\$ 191,149</u>	<u>\$ (151,209)</u>	<u>\$ 39,940</u>	<u>\$ 271,306</u>	<u>\$ 231,366</u>

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

SOARING HEIGHTS CHARTER SCHOOL
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 193,587	\$ -	\$ 193,587	\$ 175,337	\$ (18,250)
Local Sources	65,000	10,000	75,000	75,000	-
Total Revenues	258,587	10,000	268,587	250,337	(18,250)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	101,988		101,988	83,738	18,250
Purchased Prof/Tech Services	85,000		85,000	85,000	-
Total Instruction	186,988	-	186,988	168,738	18,250
Support Services:					
Salaries of Supervisors of Instruction	10,000		10,000	10,000	-
Personal Services - Employee Benefits	14,435		14,435	14,435	-
Purchased Prof/Ed Services	57,164		57,164	57,164	-
Total Support Services	81,599	-	81,599	81,599	-
Total Expenditures	268,587	-	268,587	250,337	18,250
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (10,000)	\$ 10,000	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SOARING HEIGHTS CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2018

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

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 3,025,959	[C-2]	250,337
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				-
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	\$ 3,025,959	[B-2]	\$ 250,337
 Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,266,066	[C-2]	250,337
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 3,266,066	[B-2]	\$ 250,337

REQUIRED SUPPLEMENTARY INFORMATION – PART III

***SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
PENSIONS (GASB 68)***

SOARING HEIGHTS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
Charter School's proportion of the net pension liability	0.003380000%	0.003330000%	0.003439047%	0.003439047%	0.004894466%
Charter School's proportionate share of the net pension liability	\$ 587,681	\$ 609,067	\$ 759,005	\$ 1,018,547	\$ 1,137,363
Charter School's covered employees payroll	\$ 224,970	\$ 233,240	\$ 236,590	\$ 236,590	\$ 372,552
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	261%	261%	321%	431%	305%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	48.72%	52.08%	45.37%	45.37%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOARING HEIGHTS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
Contractually required contribution	\$ 29,753	\$ 24,508	\$ 24,508	\$ 31,495	\$ 121,929
Contributions in relation to the contractually required contribution	(29,753)	(24,508)	(24,508)	(31,495)	(121,929)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 224,970	\$ 233,240	\$ 236,590	\$ 236,590	\$ 372,552
Contributions as a percentage of covered employee payroll	13.23%	10.51%	10.36%	13.31%	32.73%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOARING HEIGHTS CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER'S PENSION AND ANNUITY FUND
 LAST FIVE FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
State's proportion of the net pension liability attributable of the Charter School	0.0140738%	0.0140738%	0.0105868%	0.1058680%	0.01027567%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 5,211,512	\$ 5,779,021	\$ 6,594,731	\$ 8,328,254	\$ 6,928,239
Charter School's covered employees payroll	\$ 1,047,500	\$ 1,074,730	\$ 1,057,990	\$ 1,303,076	\$ 1,332,667
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	497.52%	537.72%	623.33%	639.12%	519.88%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	22.33%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

***SCHEDULE M - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OPEB (GASB 75)***

Soaring Heights Charter School
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Two Fiscal Years
(Unaudited)

	Fiscal Years Ending	
	June 30, 2017	June 30, 2018
OPEB Liability at Beginning of Measurement Period		\$ 3,722,391
Service cost		380,703
Interest on Total OPEB Liability		115,808
Effect on Changes of Benefit Terms	NOT AVAILABLE	-
Effect of Changes of Assumptions		(558,455)
Contributions - Employee		3,054
Gross Benefits Paid by the State		(82,934)
		<hr/>
Net Change in Total OPEB Liability		(141,824)
OPEB Liability at Beginning of Measurement Period	NOT AVAILABLE	3,722,391
		<hr/>
Total OPEB Liability at End of Measurement Period	<u>3,722,391</u>	<u>3,580,567</u>
The Charter School's Proportionate Share of the Total OPEB Liability	0.01%	0.01%
Charter School's Covered-Employee Payroll	1,539,666	1,705,219
Total Charter School's OPEB liability as a percentage of covered-employee payroll	241.766%	209.977%
Charter School's Contribution	None	None

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Changes in benefit terms: None

Changes in assumptions:

The increase in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

SOARING HEIGHTS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2018

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

SOARING HEIGHTS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2018

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

SOARING HEIGHTS CHARTER SCHOOL
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2018

	Title I	Title IV	Title II Part A	IDEA Part B	Local Grants	Total
Revenues:						
Federal Sources	\$ 123,103	10,000	\$ 14,231	\$ 28,003		\$ 175,337
Local Sources					75,000	75,000
Total Revenues	\$ 123,103	\$ 10,000	\$ 14,231	\$ 28,003	\$ 75,000	\$ 250,337
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 75,488	\$ -	\$ -	\$ 8,250	\$ -	\$ 83,738
Purchased Prof/Tech Services		10,000			75,000	85,000
Total Instruction	75,488	10,000	-	8,250	75,000	168,738
Support Services:						
Other Salaries				10,000		10,000
Personal Services/Employee Benefits	4,682			9,753		14,435
Purchased Prof/Ed Services	42,933		14,231			57,164
Total Support Services	47,615	-	14,231	19,753	-	81,599
Total Expenditures	123,103	10,000	14,231	28,003	75,000	250,337
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENT**

Fiduciary Funds are used to account for funds received by the Charter School for a specific purpose.

Agency Funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund – This agency fund is used to account for students funds held at the schools.

Payroll Agency Fund – This agency fund is used to account for payroll transactions of the Charter School.

SOARING HEIGHTS CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2018

	Trusts	Agency		
	Building Fund Account	Payroll Account	Student Activity	Total Agency Funds
ASSETS:				
Cash and Cash Equivalents	\$ 52,379	\$ 189,802	\$ 9,114	\$ 198,916
Total Assets	<u>\$ 52,379</u>	<u>\$ 189,802</u>	<u>\$ 9,114</u>	<u>\$ 198,916</u>
LIABILITIES:				
Liabilities:				
Interfund Payable	\$ -	\$ 5,101	\$ -	\$ 5,101
Accrued Salaries and Benefits		184,701		184,701
Due to Student Groups			9,114	9,114
Total Liabilities	<u>-</u>	<u>\$ 189,802</u>	<u>\$ 9,114</u>	<u>\$ 198,916</u>
NET POSITION				
Fund Held in Trust	<u>52,379</u>			
Total Net Position	<u>52,379</u>			
Total Liabilities and Net Position	<u>\$ 52,379</u>			

SOARING HEIGHTS CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 Trust Funds
 For the Fiscal Year Ended June 30, 2018

	Building Fund Account
ADDITIONS:	
Contributions:	
Fundraising	22,902
Total Additions	22,902
DEDUCTIONS:	
Fundraising Expenses	6,723
Total Deductions	6,723
CHANGE IN NET POSITION	16,179
NET POSITION, JULY 1	36,200
NET POSITION (DEFICIT), JUNE 30	\$ 52,379

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

SOARING HEIGHTS CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Student Groups	<u>\$ 4,360</u>	<u>\$ 21,889</u>	<u>\$ 17,135</u>	<u>\$ 9,114</u>
Total	<u><u>\$ 4,360</u></u>	<u><u>\$ 21,889</u></u>	<u><u>\$ 17,135</u></u>	<u><u>\$ 9,114</u></u>

**STATISTICAL SECTION
(UNAUDITED)**

Soaring Heights Charter School has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for ten (10) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and well being have changed over time.

Revenue Capacity (Not Applicable To Charter School)

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2008; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

SOARING HEIGHTS CHARTER SCHOOL

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

	2018	2016	2016	2015	2014	2013	2012	2011	2010
Governmental Activities									
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ -	\$ 3,237	\$ 7,664	\$ 12,091	\$ 10,852	\$ 14,470	\$ 18,187	\$ 27,832	\$ 1,187
Restricted	117,988	413,789	421,040	407,519	431,055	327,497	346,103	15,889	-
Unrestricted	(733,198)	(415,026)	(280,675)	(232,896)	430,866	428,397	227,842	329,084	571,581
Total Governmental Activities Net Assets/ Position	\$ (615,210)	\$ 2,000	\$ 148,028	\$ 186,713	\$ 872,773	\$ 770,363	\$ 592,132	\$ 372,805	\$ 572,767
Charter School-Wide									
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ -	\$ 3,237	\$ 7,664	\$ 12,091	\$ 10,852	\$ 14,470	\$ 18,187	\$ 27,832	\$ 1,187
Restricted	117,988	413,789	421,040	407,519	431,055	327,497	346,103	15,889	-
Unrestricted	(733,198)	(415,026)	(280,675)	(232,896)	430,866	428,397	227,842	329,084	571,581
Total Charter School Net Position	\$ (615,210)	\$ 2,000	\$ 148,028	\$ 186,713	\$ 872,773	\$ 770,363	\$ 592,132	\$ 372,805	\$ 572,767

Source: Comprehensive Annual Financial Report

SOARING HEIGHTS CHARTER SCHOOL

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
Instruction	\$ 2,047,737	\$ 2,054,094	\$ 2,342,992	\$ 2,165,590	\$ 1,803,145	\$ 1,725,580	\$ 1,625,861	\$ 1,476,896	\$ 1,610,273	\$ 1,398,391
Regular			25,250		28,066	25,000	26,700	60,257	77,822	44,579
Special Education	1,210,922	577,233								
Administration	811,321	764,846								
Support Services										
Student and Instruction Related Services			356,613	254,284	188,031	204,066	219,223	141,431	167,736	158,910
General and Business Administrative Services			637,748	554,163	434,652	408,132	384,413	334,258	341,261	353,315
Plan Operations and Maintenance			688,254	621,952	519,057	490,914	463,452	399,117	465,074	359,562
Pupil Transportation			2,480	1,856	2,870	2,520	970	2,305	1,055	1,295
Capital Outlay	56,250	55,970								
Unallocated		3,237	2,103							
Total Governmental Activities Expenses	4,126,230	3,455,380	4,055,441	3,623,345	2,975,821	2,856,212	2,720,619	2,414,264	2,663,220	2,316,052
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 53,031	\$ 60,314	\$ 1,299,984	\$ 1,013,575	\$ 419,797	\$ 460,636	\$ 426,241	\$ 420,642	\$ 437,343	\$ 367,308
Total Governmental Activities Expenses	53,031	60,314	1,299,984	1,013,575	419,797	460,636	426,241	420,642	437,343	367,308
Total Charter School Program Revenue	\$ 53,031	\$ 60,314	\$ 1,299,984	\$ 1,013,575	\$ 419,797	\$ 460,636	\$ 426,241	\$ 420,642	\$ 437,343	\$ 367,308
Net (Expense)/Revenue										
Governmental Activities	\$ (4,073,199)	\$ (3,395,066)	\$ (2,755,457)	\$ (2,609,770)	\$ (2,556,023)	\$ (2,395,585)	\$ (2,294,378)	\$ (1,993,622)	\$ (2,174,597)	\$ (1,948,744)
Total Charter School Net Expense	\$ (4,073,199)	\$ (3,395,066)	\$ (2,755,457)	\$ (2,609,770)	\$ (2,556,023)	\$ (2,395,585)	\$ (2,294,378)	\$ (1,993,622)	\$ (2,174,597)	\$ (1,948,744)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 2,162,655	\$ 589,045								
Taxes:										
Property Taxes, Levied for General Purposes		610,463		644,500	624,532	627,582	599,163	514,251	495,252	436,531
Federal and State Aid Not Restricted	1,089,584	2,142,812	1,912,780	1,882,842	1,800,985	1,843,899	1,805,808	1,735,188	1,731,699	1,793,582
Investment Earnings	21,824	1,790	1,528	27	17	17	6	75	9	1,880
Miscellaneous Income	406,529	436,816	82,555	43,717	5,295	26,498	67,051	1,350	18,319	29,231
Special Item - Reallocation of Prior Year Expenditures							582	(582)		
Total Governmental Activities	3,680,592	3,170,463	2,607,326	2,571,086	2,430,812	2,497,996	2,472,610	2,250,282	2,245,279	2,261,224
Total Charter School Wide	\$ 3,680,592	\$ 3,170,463	\$ 2,607,326	\$ 2,571,086	\$ 2,430,812	\$ 2,497,996	\$ 2,472,610	\$ 2,250,282	\$ 2,245,279	\$ 2,261,224
Change in Net Position										
Governmental Activities	\$ (392,607)	\$ (224,603)	\$ (148,131)	\$ (38,684)	\$ (125,212)	\$ 102,410	\$ 256,660	\$ 256,660	\$ 312,480	\$ 417,022
Business-Type Activities										
Total Charter School	\$ (392,607)	\$ (224,603)	\$ (148,131)	\$ (38,684)	\$ (125,212)	\$ 102,410	\$ 256,660	\$ 256,660	\$ 312,480	\$ 417,022

SOARING HEIGHTS CHARTER SCHOOL
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Restricted	\$ 42,988	\$ 131,149	\$ 413,789	\$ 421,040	\$ 407,519	\$ 431,055	\$ 327,497	\$ 346,103	\$ 15,889	\$ 300,000
Unassigned	228,318	380,264	182,297	288,587	327,953	430,866	428,397	227,842	329,084	306,065
Total General Fund	\$ 271,306	\$ 511,413	\$ 596,086	\$ 709,627	\$ 735,471	\$ 861,921	\$ 755,893	\$ 573,944	\$ 344,973	\$ 606,065

Source: Comprehensive Annual Financial Report

SOARING HEIGHTS CHARTER SCHOOL

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Local Sources:										
Local Sources	753,927	694,367	\$ 610,463	644,500	624,532	627,582	599,163	514,251	495,252	436,531
Intermediate Sources	-	-	1,528	27	-	17	6	75	9	1,880
Interest Earning			82,555	43,717	5,295	26,498	67,051	1,799	18,319	29,231
Miscellaneous			2,227,078	2,164,529	2,054,076	2,134,688	2,052,636	1,942,492	1,916,179	1,967,334
State Sources	2,347,032	2,346,276	169,976	164,379	166,706	169,867	179,413	213,338	304,143	193,555
Federal Sources	175,337	190,134	3,091,600	3,017,152	2,850,609	2,958,632	2,898,268	2,671,955	2,733,902	2,628,531
Total Revenues	3,276,296	3,230,777	6,104,633	6,046,368	6,000,923	6,000,923	5,958,338	5,413,796	5,446,694	5,260,452
Expenditures:										
Instruction	1,619,985	1,647,283	1,352,542	1,467,396	1,478,865	1,402,357	1,324,956	1,160,823	1,317,864	1,138,066
Regular Instruction			25,250	25,500	28,066	25,000	26,700	60,257	77,822	44,579
Special Education Instruction	1,052,814	871,155	-	-	-	-	-	-	-	141,943
Administration	787,354	741,042	-	-	-	-	-	-	-	(219,994)
Support Services			242,868	174,077	150,732	166,902	184,620	103,323	132,423	127,610
Student and Instruction Related Services			378,328	371,400	349,965	323,652	305,798	261,467	273,089	291,097
General and Business Administrative Services			428,834	439,190	379,901	354,088	331,505	321,715	394,792	297,344
Plant Operations and Maintenance			2,480	1,856	2,870	2,520	970	2,305	1,055	1,295
Pupil Transportation			774,837	563,579	526,527	525,738	489,021	410,988	376,827	343,522
Employee Benefits	56,250	55,970	-	-	60,134	52,346	53,331	121,073	421,123	350,534
Capital Outlay	3,516,403	3,315,450	3,205,139	3,042,996	2,977,059	2,852,604	2,716,902	2,441,952	2,994,994	2,591,213
Total Expenditures	(240,107)	(84,673)	(113,539)	(25,845)	(126,450)	106,028	181,367	230,002	(261,092)	37,318
Excess (Deficiency) of Revenues Over (Under) Expenditures										
Other Financing Sources (Uses):										
Prior Year Adjustments	-	-	-	-	-	-	582	(1,031)	-	-
Total Other Financing Uses	-	-	-	-	-	-	582	(1,031)	-	-
Net Change in Fund Balance	\$ (240,107)	\$ (84,673)	\$ (113,539)	\$ (25,845)	\$ (126,450)	\$ 106,028	\$ 181,949	\$ 228,971	\$ (261,092)	\$ 37,318

Source: Comprehensive Annual Financial Report

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

Fiscal Year Ending June 30,	Interest	Prior Year Refunds	Miscellaneous Revenue	E-Rate	Total
2018	\$ 21,824	\$ -	\$ -		\$ 21,824
2017	\$ 1,790	\$ -	\$ 28,532		\$ 30,322
2016	1,528	5,370	-	2,427	\$ 9,325
2015	27	40,740	1,470	1,507	\$ 43,744
2014		100	-	2,249	\$ 2,349
2013	17	4,194			\$ 4,211
2012	6	18,301			\$ 18,307
2011	75	-	1,799		\$ 1,874
2010	9	3,492	5,827		\$ 9,328
2009	1,880	4,231			\$ 6,111

Source: Charter School records

DEMOGRAPHIC AND ECONOMIC INFORMATION

OPERATING INFORMATION

SOARING HEIGHTS CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Ten Fiscal Years

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction										
Administrative										
Support Services										
Food Service										
Total	-	-	-	-	-	-	-	-	-	-

NOT AVAILABLE

SOARING HEIGHTS CHARTER SCHOOL
 Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2018	240	\$ 3,460,153	\$ 14,417	3.50%	29	8.3:1	238.0	233.2	0.00%	97.98%
2017	240	\$ 3,259,480	\$ 13,929	0.00%	29	8.3:1	238	232.8	2.15%	97.82%
2016	234						233		1.75%	
2015	233						229		1.78%	
2014	229						225		N/A	
2013	225								N/A	
2012									N/A	
2011									N/A	
2010									N/A	
2009									N/A	
									NOT AVAILABLE	NOT AVAILABLE
									NOT AVAILABLE	NOT AVAILABLE

SOARING HEIGHTS CHARTER SCHOOL
Insurance Schedule
June 30, 2018
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Schol Package Policy - N.J. School Boards		
Association Insurance Group		
Property - Blanket Building & Contents	\$ 11,350,337,221	\$ 1,000
Comprehensive General Liability	16,000,000	
Comprehensive Automotive Liability	16,000,000	
Comprehensive		1,000
Collision		1,000
Computer & Scheduled Equipment	37,000	1,000
Boiler & Machinery	100,000,000	1,000
School Boards legal Liability - N.J. School Boards	16,000,000	5,000
Workers Compensation - N.J. School Boards	5,000,000	
Employee Liability Insurance		
Bodily Injury by Accident	2,000,000	each accident
Bodily Injury by Disease	2,000,000	each employee
Bodily Injury by Disease	2,000,000	policy limit
Flood Insurance - N.J. School Boards		
Buildings	50,000,000	500,000
Contents	1,000,000	500,000
Faithful Performance Bond	50,000	500

Source: District Records

SOARING HEIGHTS CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2016	2017	2018	Source
	Audit	Audit	Audit	
Cash	1,654,688	(2,396,977)	252,077	Audit: Exhibit A-1
Current Assets (includes CASH)	1,006,500	(3,504,426)	321,217	Audit: Exhibit A-1
Total Assets	2,650,418	(4,127,707)	321,217	Audit: Exhibit A-1
Current Liabilities	334,978	(621,673)	49,911	Audit: Exhibit A-1
Total Liabilities	889,118	(113,856)	1,379,125	Audit: Exhibit A-1
Net Assets	(785,649)	(704,046)	(615,210)	Audit: Exhibit A-1
Total Revenue	4,644,244	(7,315,174)	3,733,623	Audit: Exhibit A-2
Total Expenses	6,812,405	(7,809,498)	4,126,230	Audit: Exhibit A-2
Change in Net Assets	(2,168,161)	492,324	(392,607)	Audit: Exhibit A-2
Depreciation Expense	5,211	5,746	0	Financial Statements/Audit Workpapers
Interest Expense	0	0	0	Financial Statements/Audit Workpapers
Principal Payments	0	0	0	Financial Statements/Audit Workpapers
Interest Payments	0	0	0	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	233.00	234.00	238.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	240	240	240	Charter School Budget

RATIOS ANALYSIS...				
Near Term Indicators	2016	2017	2018	3 YR CUM
1a. Current Ratio	3.00	5.64	6.44	Source: Current Assets/Current Liabilities
1b. Unrestricted Days Cash	88.66	112.03	22.30	Cash/(Total Expenses/365)
1c. Enrollment Variance	97%	98%	99%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	Audit
Sustainability Indicators				
2a. Total Margin	-47%	-7%	-11%	Change in Net Assets/Total Revenue
2b. Debt to Asset	0.34	0.03	4.29	Total Liabilities/Total Assets
2c.** Cash Flow	(911,302)	(4,051,665)	2,649,054	Net change in cash flow from prior years
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	Net change in Net Assets+Depreciation+Interest Expense/(Principal & Interest Payments)

Changes

Target
> 1.1
30-60
>95%
not in default
positive
<.9
3 yr cum positive
>-1.10

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 ** 2018 = 2018 Cash - 2017 Cash; 2017 = 2017 Cash - 2016 Cash; 2016 = 2016 Cash - 2015 Cash

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

BARRE & COMPANY LLC
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**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**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Soaring Heights Charter School (Charter School), in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated January 28, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from 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 matter that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
January 28, 2019

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY CIRCULAR
15-08 OMB**

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

Report on Compliance for Each Major State Program

We have audited the Soaring Heights Charter School's (Charter School) compliance with the types of compliance requirements described in the New Jersey Circular 15-08-OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018. The 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

The Charter School's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey Circular 15-08-OMB 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 Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, 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, 2018.

Report on Internal Control over Compliance

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 the 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 that 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 New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.


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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey Circular 15-08 OMB. Accordingly, this report is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
January 28, 2019

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2017	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2018 Deferred Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
No Child Left Behind Cluster:														
Title I Part A	84-010A	S010A150030	NCLB - 7830 - 18	\$ 123,103	7/1/17	6/30/18	-	102,899	(123,103)	-	-	\$ (20,204)	\$ -	-
Title I Part A Carryover	84-010A		NCLB - 7830 - 17	117,310	7/1/16	6/30/17	(1,393)	1,393	(14,231)	-	-	-	-	-
Title I Part A	84-367A	S367A150029	NCLB - 7830 - 18	14,231	7/1/17	6/30/18	-	14,231	(10,000)	-	-	-	-	-
Title IV State & Drug Free	84-186A		NCLB - 7830 - 18	10,000	7/1/17	6/30/18	(1,393)	128,923	(147,334)	-	-	(20,204)	-	-
Total No Child Left Behind Cluster														
Special Education Cluster (IDEA):														
IDE A, Part B Basic	84-027	H027A150100	IDEA - 7830 - 18	28,002	7/1/17	6/30/18	-	28,002	(28,002)	-	-	-	-	-
IDE A, Part B Basic Carryover	84-027		IDEA - 7830 - 17	18,811	7/1/16	6/30/17	(18,811)	18,811	(28,002)	-	-	-	-	-
Total Special Education Cluster (IDEA)														
Total Special Revenue Fund														
Total Federal Financial Awards														
							\$ -	\$ 175,336	\$ (175,336)	\$ -	\$ -	\$ (20,204)	\$ -	\$ -

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

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Program or Award Amount	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance at June 30, 2018		MEMO
			From	To							Deferred Revenue (Accounts Receivable)	Deferred Revenue/ Interfund Payable	
State Department of Education													
General Fund													
State Aid-Public Cluster													
Equalization Aid	18-495-034-5120-078	\$ 1,526,855	7/1/17	6/30/18	\$ -	\$ -	\$ 1,568,314	\$ (1,526,855)	\$ -	\$ -	\$ -	\$ (41,459)	\$ 1,526,855
Special Education	17-495-034-5120-071	-	7/1/16	6/30/17	-	-	60,314	(53,031)	-	-	-	(7,283)	53,031
Special Education Categorical Aid	18-495-034-5120-089	53,031	7/1/17	6/30/18	-	-	62,026	(76,883)	-	-	-	14,857	76,883
Security Aid	18-495-034-5120-084	76,883	7/1/17	6/30/18	-	-	333,284	(315,498)	-	-	-	(17,816)	315,498
Adjustment Aid	18-495-034-5120-085	315,498	7/1/17	6/30/18	-	-	2,023,536	(1,972,177)	-	-	-	-	1,972,177
Total State Aid-Public Cluster													
TPAF Post-Retirement Medical Contributions	18-495-034-5095-001	107,062	7/1/17	6/30/18	-	-	107,062	(107,062)	-	-	-	-	107,062
On-Behalf TPAF Pension Contributions	18-495-034-5095-006	165,762	7/1/17	6/30/18	-	-	165,762	(165,762)	-	-	-	-	165,762
Reimbursed TPAF - Social Security	18-495-034-5095-002	102,031	7/1/17	6/30/18	-	-	102,031	(102,031)	-	-	-	-	102,031
Reimbursed TPAF - Social Security	17-495-034-5095-002	-	7/1/16	6/30/17	-	-	4,021	-	-	-	-	-	-
Total General Fund							\$ 2,402,814	\$ (2,347,032)	\$ -	\$ -	\$ -	\$ (51,761)	\$ 2,347,032
Total All Funds							\$ 2,402,814	\$ (2,347,032)	\$ -	\$ -	\$ -	\$ (51,761)	\$ 2,347,032
State Financial Assistance Not Subject to Major Program Determination:													
General Funds:													
TPAF Post-Retirement Medical Contributions	18-495-034-5095-001	107,062	7/1/17	6/30/18	-	-	107,062	(107,062)	-	-	-	-	107,062
On-Behalf TPAF Pension Contributions	18-495-034-5095-006	165,762	7/1/17	6/30/18	-	-	165,762	(165,762)	-	-	-	-	165,762
Total State Financial Assistance Subject to Single Audit							\$ 2,129,990	\$ (2,074,208)	\$ -	\$ -	\$ -	\$ (51,761)	\$ 2,074,208

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

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and State Financial Assistance
June 30, 2018

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, Soaring Heights Charter School. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on 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 Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid"*. Therefore, some amounts presented in this schedule 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 budget year due to the state deferral and recording of the 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*.

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2018

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ -	\$ 2,347,032	\$ 2,347,032
Special Revenue Fund	175,337	-	175,337
Food Service Fund	-	-	-
Total Awards & Financial Assistance	<u>\$ 175,337</u>	<u>\$ 2,347,032</u>	<u>\$ 2,522,369</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Soaring Heights Charter School has no loan balances outstanding at June 30, 2018.

NOTE 6. OTHER INFORMATION

The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2018

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. There are no funds included in schoolwide programs in the charter school.

NOTE 9. DE MINIMIS INDIRECT COST RATE

The school has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported <u> X </u>
Noncompliance material to basic financial statements noted?	_____ Yes	<u> X </u> No

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported <u> X </u>
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJ Circular Letter 15-08-OMB, as applicable?	_____ Yes	<u> X </u> No
Identification of major state programs:		

GMIS Number(s)	Name of State Program
	STATE AID – PUBLIC CLUSTER
<u>18-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>18-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-085</u>	<u>Adjustment Aid</u>

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Part II – Schedule of Financial Statement Findings

The 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 *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings
And Questioned Costs
For the Fiscal Year Ended June 30, 2018

***Part III – Schedule of Federal and State Award
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 U.S Uniform Guidance and New Jersey OMB's Circular Letter 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

No Current Year Findings

Soaring Heights Charter School
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2018

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (511 (a)(b)) and New Jersey OMB's 15-08, as applicable.

STATUS OF PRIOR YEAR FINDINGS

No Prior Year Findings