

SOARING HEIGHTS CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2020

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, 2020***

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020***

***Prepared By
Soaring Heights Charter School
Finance Department
And
Barre & Company LLC, CPA's***

STATE BOARD OF EDUCATION

KATHY A. GOLDENBERG.....Burlington
President

ANDREW J. MULVIHILL.....Sussex
Vice President

ARCELIO APONTE.....Middlesex

MARY BETH BERRY.....Hunterdon

ELAINE BOBROVE.....Camden

FATIMAH BURNAM-WATKINS.....Union

RONALD K. BUTCHER.....Gloucester

JACK FORNARO.....Warren

MARY ELIZABETH GAZI.....Somerset

NEDD JAMES JOHNSON, ED.D.....Salem

ERNEST P. LEPORE.....Hudson

JOSEPH RICCA, JR., ED D.....Morris

SYLVIA SYLVIA-CIOFFI.....Monmouth

Kevin Dehmer, Interim Commissioner
Secretary, State Board of Education

**SOARING HEIGHTS CHARTER SCHOOL
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION	1
Transmittal Letter	2
Organizational Chart	6
Consultants and Advisors	8
FINANCIAL SECTION	9
REQUIRED SUPPLEMENTARY INFORMATION – PART I	13
Management’s Discussion and Analysis	14
BASIC FINANCIAL STATEMENTS.....	19
SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS.....	20
A-1 Statement of Net Position.....	21
A-2 Statement of Activities.....	22
SECTION B – FUND FINANCIAL STATEMENTS	23
GOVERNMENTAL FUNDS	24
B-1 Balance Sheet.....	25
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	26
B-3 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities...	27
PROPRIETARY FUNDS	28
FIDUCIARY FUNDS	29
B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31
NOTES TO THE FINANCIAL STATEMENTS	32
REQUIRED SUPPLEMENTARY INFORMATION – PART II	71
SECTION C – BUDGETARY COMPARISON SCHEDULE.....	72
C-1 Budgetary Comparison Schedule – General Fund.....	73
C-2 Budgetary Comparison Schedule – Special Revenue Fund.....	75
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.....	76
C-3 Budget-to-GAAP Reconciliation	77

SOARING HEIGHTS CHARTER SCHOOL TABLE OF CONTENTS

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART III	78
SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)	79
L-1 Schedules of the Charter School's Proportionate Share of the Net Pension Liability - PERS	80
L-2 Schedules of Charter School Contributions - PERS.....	81
L-3 Schedules of the Charter School's Proportionate Share of the Net Pension Liability - TPAF	82
SCHEDULE M - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OPEB (GASB 75)	83
M-1 Schedule of the Total OPEB Liability and Related Ratios	84
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III	85
OTHER SUPPLEMENTARY INFORMATION	88
SECTION E – SPECIAL REVENUE FUND	89
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis	90
SECTION G – PROPRIETARY FUNDS	91
SECTION H – FIDUCIARY FUNDS	92
H-1 Combining Statement of Fiduciary Net Position	93
H-2 Combining Statement of Changes in Fiduciary Net Position	94
H-3 Student Activities Fund – Schedule of Receipts and Disbursements	95
H-4 Payroll Agency Fund – Schedule of Receipts and Disbursements	N/A
STATISTICAL SECTION (UNAUDITED).....	96
INTRODUCTION TO THE STATISTICAL SECTION	97
FINANCIAL TRENDS	98
J-1 Net Assets/Position by Component.....	99
J-2 Changes in Net Assets/Position	100
J-3 Fund Balances – Governmental Funds	101
J-4 Changes in Fund Balances – Governmental Funds	102
J-5 General Fund Other Local Revenue by Source	103

SOARING HEIGHTS CHARTER SCHOOL

TABLE OF CONTENTS

	Page
DEMOGRAPHIC AND ECONOMIC INFORMATION	104
OPERATING INFORMATION.....	105
J-16 Full-Time Equivalent Charter School Employees by Function/Program.....	106
J-17 Operating Statistics	107
J-20 Insurance Schedule.....	108
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios	109
SINGLE AUDIT SECTION	110
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	111
K-2 Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and On Internal Control over Compliance In Accordance With New Jersey OMB Circular 15-08	113
K-3 Schedule of Expenditures of Federal Awards – Schedule A	116
K-4 Schedule of Expenditures of State Financial Assistance – Schedule B.....	117
K-5 Notes to the Schedules of Expenditures of Awards and Financial Assistance.....	118
K-6 Schedule of Findings and Questioned Costs	121
○ Section I - Summary of Auditor's Results	
○ Section II - Financial Statement Findings	
○ Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs	
K-7 Summary Schedule of Prior Year Audit Findings	124

INTRODUCTORY SECTION



Soaring Heights Charter School

1 Romar Avenue
Jersey City, NJ 07305
Phone: 201-434-4800
Email: soaringheights07302@yahoo.com

January 15, 2021

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, 2020, 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, as amended. All funds and account groups of the school are included in this report. Soaring Heights 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>
2019-2020	267	0.00%
2018-2019	267	12.18%
2017-2018	240	2.15%
2016-2017	234	1.75%
2015-2016	233	N/A
2014-2015	225	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. 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 assignments of fund balance at June 30, 2020.

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 **2019-2020**, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

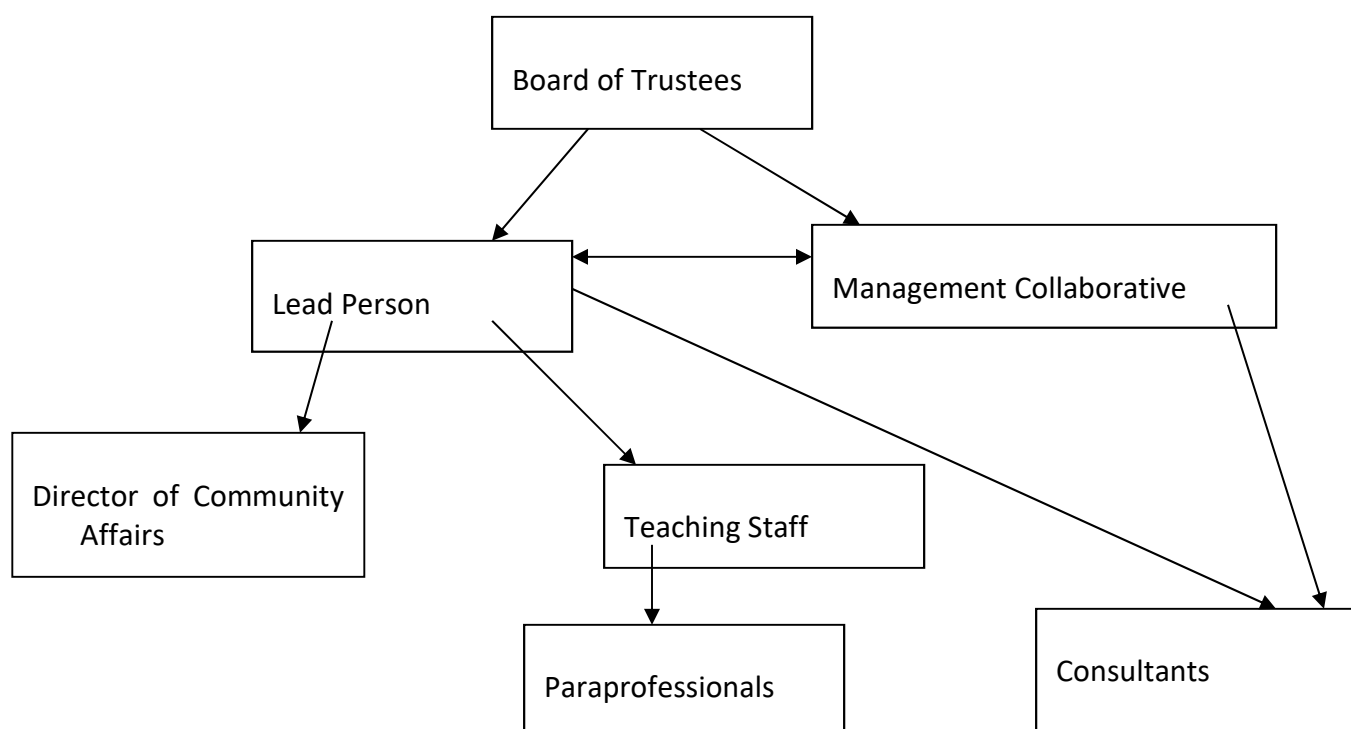
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Soaring Heights Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development 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 dark ink, reading "Angelo A. Vilarde". The signature is written in a cursive, flowing style. The first name "Angelo" is written in a larger, more prominent script, followed by "A." and "Vilarde". The signature is positioned above the printed title "Business Administrator/Board Secretary".

Business Administrator/Board Secretary

Soaring Heights Charter School Organizational Chart



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

**ROSTER OF OFFICIALS
JUNE 30, 2020**

MEMBERS OF THE BOARD OF TRUSTEES

<u>Name of Member</u>	<u>Position</u>	<u>Term Expire</u>
Lisa McConagly	President	06/30/2022
Mary Golden	Vice President	06/30/2022
Jane Mercante	Secretary	06/30/2022
Irene Guirguis-Roberts	Trustee	06/30/2020
JoAnn D'Auria	Trustee	02/01/2021
Natasha Persaud	Trustee	01/28/2021
Jaswinder Dhah	Trustee	02/01/2021

**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
Schenek, 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

FAX – (908) 686-6055

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, 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, 2020, 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Soaring Heights Charter School, in the County of Hudson, State of New Jersey, as of June 30, 2020, and the respective changes in the financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, following this report, and pension and post-employment benefit schedules in Exhibits L-1 through L-4, and M-1, and the related notes 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.

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 introductory section, combining statements and related major fund supporting statements and schedules, schedule of expenditures of federal awards, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules 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 used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial


statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules 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 section and statistical section listed in the table of contents 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 Office of School Finance, Department of Education, State of New Jersey

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated January 15, 2021 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 Office of School 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 15, 2021

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2020
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, 2020. 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 2020 are as follows:

- ❖ General revenues accounted for \$3,853,074 or 96% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$153,801 or 4% of total revenues of \$4,006,875.
- ❖ The Charter School had \$3,767,962 in expenses; only \$153,801 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$3,853,074 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$3,519,568 in revenues and \$3,276,045 in expenditures. The General Fund's fund balance increased \$243,523 over 2019. This increase 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. 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 2020?" 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, 2020
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, 2020
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 -\$485,828 for 2020 and -\$1,206,184 for 2019.

Governmental Activities

The Charter School's total revenues were \$4,006,875 for 2020 and \$3,964,696 for 2019, this includes \$99,903 for 2020 and \$92,565 for 2019 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$3,767,962 for 2020 and \$4,074,227 for 2019. Instruction comprises 57% for 2020 and 55% for 2019 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, 2020
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 \$4,006,875 for 2020 and \$3,906,436 for 2019 and expenditures were \$3,563,602 for 2020 and \$3,733,355 for 2019. The net change in fund balance was most significant in the general fund, an increase of \$243,523 in 2020 and a decrease of -\$173,081 in 2019.

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, 2020, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2019	Percent of Increase/ (Decrease)
Local Sources	\$ 1,080,250	28.37%	\$ 1,934,105	-226.51%
Intermediate Sources	-	0.00%	74,758	-100.00%
State Sources	2,500,393	65.68%	(2,115,085)	-45.83%
Federal Sources	226,482	5.95%	6,911	3.15%
Total	<u>\$ 3,807,125</u>	<u>100.00%</u>	<u>\$ (99,311)</u>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2020, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2019	Percent of Increase/ (Decrease)
Instruction	\$ 1,605,680	45.06%	\$ (144,215)	-8.24%
Administration	1,257,208	35.28%	(41,739)	-3.21%
Support Services	700,714	19.66%	16,201	2.37%
Capital Outlay	-	0.00%	-	100.00%
Total	<u>\$ 3,563,602</u>	<u>100.00%</u>	<u>\$ (169,753)</u>	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2020
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) and Debt Administration

The Charter School had \$0 for 2020 and \$3,237 for 2019 invested in building improvements. The Charter School had no debt for 2020 and 2019.

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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 375,257	\$ -	\$ 375,257
Restricted	78,165	-	78,165
Receivables	59,102	-	59,102
	<u>512,524</u>	<u>-</u>	<u>512,524</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	432,499	-	432,499
	<u>432,499</u>	<u>-</u>	<u>432,499</u>
LIABILITIES:			
Unearned Revenue	-	-	-
Other Current Liabilities	\$ 1,457	\$ -	\$ 1,457
Noncurrent Liabilities:			
Pensions	944,636	-	944,636
	<u>946,093</u>	<u>-</u>	<u>946,093</u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	484,758	-	484,758
	<u>484,758</u>	<u>-</u>	<u>484,758</u>
NET POSITION (DEFICIT):			
Restricted for:			
Other Purposes	75,000	-	75,000
Net Investment in Capital Assets	(560,828)	-	(560,828)
Unrestricted	<u>(560,828)</u>	<u>-</u>	<u>(560,828)</u>
	<u>\$ (485,828)</u>	<u>\$ -</u>	<u>\$ (485,828)</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, 2020

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	\$ 1,544,605	\$ 608,524	\$ -	\$ 53,898	\$ -	\$ (2,099,231)	\$ -	\$ (2,099,231)
Administration	697,518	119,703		99,903		(717,318)		(717,318)
Support Services	761,938	35,674				(797,612)		(797,612)
Total Governmental Activities	3,004,061	\$ 763,901	-	153,801	-	(3,614,161)	-	(3,614,161)
BUSINESS-TYPE ACTIVITIES:								
Total Primary Government	\$ 3,004,061		\$ -	\$ 153,801	\$ -	\$ (3,614,161)	\$ -	\$ (3,614,161)
GENERAL REVENUES								
General Purposes						\$ 2,877,318	\$ -	\$ 2,877,318
Federal and State Aid Not Restricted						866,846		866,846
Investment Earnings						4,127		4,127
Miscellaneous Income						104,783		104,783
Total General Revenues						3,853,074	-	3,853,074
Change in Net Position						238,913	-	238,913
Net Position - Beginning						(724,741)	-	(724,741)
Net Position - Ending						(485,828)	\$ -	\$ (485,828)

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, 2020

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 375,257	\$ -	\$ 375,257
Cash - Restricted	78,165		78,165
Receivables:			
Interfund Receivables	36,098	-	36,098
Receivables From Other Governments	22,834	18,057	40,891
Other Receivables	170	-	170
Total Current Assets	512,524	18,057	530,581
Total Assets	<u>\$ 512,524</u>	<u>\$ 18,057</u>	<u>\$ 530,581</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 18,057	18,057
Other Current Liabilities	1,457	-	1,457
Total Current Liabilities	1,457	18,057	19,514
Total Liabilities	1,457	18,057	19,514
Fund Balances:			
Assigned To:			
Encumbrances	21,862		21,862
Restricted For:			
Charter School Escrow Reserve	75,000		75,000
Unassigned:			
General Fund	414,205		414,205
Total Fund Balances	511,067	-	511,067
Total Liabilities and Fund Balances	<u>\$ 512,524</u>	<u>\$ 18,057</u>	

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

Net pension liability of \$944,636, deferred inflows of resources
of \$484,758 less deferred outflows of resources
of \$432,499 related to pensions are not reported
in the governmental funds

(996,895)

Net Position of Governmental Activities

\$ (485,828)

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, 2020

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 1,005,331	\$ -	\$ 1,005,331
Other Revenue from Local Government	-	61,075	61,075
Interest on Investments	4,127		4,127
Contributions/Donations	8,111		8,111
Miscellaneous	1,606		1,606
Total Local Sources	1,019,175	61,075	1,080,250
State Sources	2,500,393		2,500,393
Federal Sources		226,482	226,482
Total Revenues	3,519,568	287,557	3,807,125
EXPENDITURES:			
Current:			
Instruction	1,390,557	215,123	1,605,680
Administration	1,257,208		1,257,208
Support Services	628,280	72,434	700,714
Total Expenditures	3,276,045	287,557	3,563,602
NET CHANGE IN FUND BALANCES	243,523		243,523
FUND BALANCES, JULY 1	267,544	-	267,544
FUND BALANCES, JUNE 30	\$ 511,067	\$ -	\$ 511,067

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, 2020

Total net change in fund balances - governmental fund (from B-2)	\$ 243,523
Amounts reported for governmental activities in the statement of activities (A-2) which are different:	
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.	<u>(4,610)</u>
Change in net position of governmental activities	<u>\$ 238,913</u>

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, 2020

	Trusts		
	Unemployment Compensation Trust	Building Fund Account	Agency Fund
ASSETS:			
Cash and Cash Equivalents	\$ -	\$ 36,850	\$ 223,689
Total Assets	<u>-</u>	<u>36,850</u>	<u>\$ 223,689</u>
LIABILITIES:			
Interfund Accounts Payable	\$ -	\$ -	\$ 18,040
Interest Payable	1,168	1,168	1,168
Accrued Salaries and Benefits			199,979
Due to Student Groups			4,502
Total Liabilities	<u>1,168</u>	<u>1,168</u>	<u>\$ 223,689</u>
NET POSITION:			
Held in Trust for Claims		36,850	
Total Net Position	<u>\$ -</u>	<u>\$ 36,850</u>	
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ 36,850</u>	

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 Years Ended June 30, 2020

	<u>Trusts</u>
	<u>Building Fund Account</u>
ADDITIONS:	
Local Sources:	
Contributions:	
Fundraising	<u>\$ 426</u>
Total Additions	<u>426</u>
DEDUCTIONS:	
Fundraising Expenses	<u>4,731</u>
Total Deductions	<u>4,731</u>
CHANGE IN NET POSITION	(4,305)
NET POSITION, JULY 1	<u>41,155</u>
NET POSITION, JUNE 30	<u><u>\$ 36,850</u></u>

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, 2020**

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.

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, as amended, 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, as amended, 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, 2020**

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, 2020**

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, local property 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 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, 2020**

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, 2020**

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:

	<u>2020</u>	<u>2019</u>
Total Revenues & Expenditures (Budgetary Basis)	\$ 287,557	\$ 301,580
Adjustments:		
Less Encumbrances at June 30, 2020	(6,887)	(6,887)
Plus Encumbrances at June 30, 2019	<u>6,887</u>	<u>6,887</u>
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 287,557</u>	<u>\$ 301,580</u>

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.

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, 2020**

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 acquisition 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 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, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Fund Equity

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

6. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

7. Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2020. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2020.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (non-allocation method). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

8. Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the Charter School-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

9. Revenues — Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenues — Exchange and Non-exchange Transactions (continued)

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

10. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

11. Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

13. Management Estimates:

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

14. Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

15. Net Position/Fund Balance

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

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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

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:

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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

There are no recently issued and adopted accounting pronouncements for fiscal year ended June 30, 2020.

The GASB has issued the following Statements that will become effective for the Charter School for fiscal years ending after June 30, 2020

GASB No. 84, Fiduciary Activities, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

GASB No. 87, Leases, will be effective with the fiscal year ending June 30, 2022. 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.

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, 2020**

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, 2020, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating					
Account	\$ 453,422	\$ -	-	\$ 260,539	\$ 713,961

The Charter School had no investments at June 30, 2020.

The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$713,961 and the bank balance was \$820,259. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

Deposits and Investments (continued)

Deposits (continued)

As of June 30, 2020, 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, 2020**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

Deposits and Investments (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, 2020.

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, 2020.

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, 2020.

Receivables

Receivables at June 30, 2020, 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 Funds		Total	
	General	Special	Governmental	Total
	Fund	Revenue	Activities	
		Fund		
State Awards	\$ 22,834	\$ -	\$ 22,834	\$ 22,834
Federal Awards	-	18,057	18,057	18,057
Other	170	-	170	170
Gross Receivables	23,004	18,057	41,061	41,061
Less: Allowance for Uncollectibles	-	-	-	-
Total Receivables, Net	\$ 23,004	\$ 18,057	\$ 41,061	\$ 41,061

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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, 2020:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 36,098	\$ -
Special Revenue Fund		18,058
Proprietary Fund		
Fiduciary Fund		18,040
Total	\$ 36,098	\$ 36,098

B. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	\$ -	\$ -	\$ -	\$ -
Building and Building Improvements	105,798	-	-	105,798
Machinery and Equipment	-	-	-	-
Totals at Historical Cost	105,798	-	-	105,798
Less Accumulated Depreciation For:				
Site Improvements	-	-	-	-
Building and Building Improvements	105,798	-	-	105,798
Machinery and Equipment	-	-	-	-
Total Accumulated Depreciation	105,798	-	-	105,798
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	-	-	-	-
Government Activity Capital Assets, Net	\$ -	\$ -	\$ -	\$ -
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	0	\$ -	\$ -	\$ -
Less Accumulated Depreciation	0	-	-	-
Enterprise Fund Capital Assets, Net	\$ -	\$ -	\$ -	\$ -

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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Capital Assets (Continued)

The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets) 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 \$318,985 were paid as of June 30, 2020.

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. In addition, certain employees may participate in 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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: PENSION PLANS (CONTINUED)

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

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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: PENSION PLANS (CONTINUED)

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 ratio 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.

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, 2019 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019.

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 2019, the State's pension contribution was less than the actuarial determined amount.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: PENSION PLANS (CONTINUED)

Contributions (Continued)

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 \$ 52,800 for fiscal year 2020.

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

At June 30, 2020, the Charter School reported a liability of \$ 944,636 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 which was rolled forward to June 30, 2020. 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, 2019 measurement date, the Charter School's proportion was 0.00524259%, which was an decrease of -0.00075281% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the Charter School recognized pension expense of \$ 61,644 . At June 30, 2020, 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	\$ 94,325	\$ 327,880
Changes in Proportion	\$ 321,219	137,794
Difference Between Expected and Actual Experience	\$ 16,955	4,173
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ -	14,911
	<u>\$ 432,499</u>	<u>\$ 484,758</u>

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: PENSION PLANS (CONTINUED)

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

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 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

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
2021		\$ (6,039)
2022		(19,589)
2023		(17,574)
2024		(8,214)
2025		(843)
		<u>\$ (52,259)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuations as of July 1, 2017. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
through 2026	2.00-6.00% based on years of service
Thereafter	3.00-7.00% based on years of service
Investment Rate of Return	7.00%

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

Disability retirement rated used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2018 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, 2019) 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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (continued)

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, 2019 are summarized in the following table:

		Long Term
		Expected Real
	Target	Rate of
Asset Class	Allocation	Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.87% as of June 30, 2019 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.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: PENSION PLANS (CONTINUED)

Discount Rate (continued)

The State employer contributed 70% 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 2057. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019 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:

Measurement Date June 30, 2019				
	1%		Current	1%
	Decrease		Discount Rate	Increase
	(5.28%)		(6.28%)	(7.28%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,201,530		\$ 944,636	\$ 740,276

Measurement Date June 30, 2018				
	1%		Current	1%
	Decrease		Discount Rate	Increase
	(4.66%)		(5.66%)	(6.66%)
Charter School proportionate share of the Net Pension Liability	\$ 1,484,298		\$ 1,180,464	\$ 925,567

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020**

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, 2019 measurement date. 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 2019, 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, 2020**

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 2020, the State of New Jersey contributed to the TPAF for normal pension benefits on behalf of the Charter School \$ 68,076 , which is less than the contractually required contribution of \$ 232,252 .

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

As June 30, 2020, the State's proportionate share of the net pension liability associated with the Charter School was \$ 7,089,033 . The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019.

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, 2019, Charter School's proportion was 0.0115511%, which was an increase of 0.0005617% from its proportion measured as of June 30, 2018.

Charter School's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School		7,089,033
Total	\$	7,089,033

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the Charter School in the amount of \$ 232,252 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: PENSION PLANS (CONTINUED)

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

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 8,729,264,342	\$ 17,163,131,436
Difference Between Expected and Actual Experience	1,203,503,264	213,344,311
Changes in Proportion and differences between employer contributions and proportionate share of contributions	196,394,631	196,394,631
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	163,369,676
	<u>\$ 10,129,162,237</u>	<u>\$ 17,736,240,054</u>

The \$ 10,129,162,237 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$ 17,736,240,054 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2021	\$ (272,405,510)
2022	(704,260,700)
2023	(630,562,767)
2024	(1,216,378,743)
2025	(2,381,316,232)
Thereafter	(2,402,153,865)
	<u>\$ (7,607,077,817)</u>

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate		
Price		2.75%
Wages		3.25%
Salary Increases:		
Through 2026		1.55 - 4.45%
		based on years of service
Thereafter		2.75 - 5.65%
		based on years of service
Investment Rate of Return		7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) 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, 2019 is summarized in the following table:

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

			Long-Term
			Expected Real
		Target	Rate of
Asset Class		Allocation	Return
Risk Mitigation Strategies		3.00%	4.67%
Cash Equivalents		5.00%	2.00%
U.S. Treasuries		5.00%	2.68%
Investment Grade Credit		10.00%	4.25%
High Yield		2.00%	5.37%
Private Credit		6.00%	7.92%
Real Assets		2.50%	9.31%
Real Estate		7.50%	8.33%
U.S. Equity		28.00%	8.26%
Non-U.S. Developed Markets Equity		12.50%	9.00%
Emerging Markets Equity		6.50%	11.37%
Private Equity		12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.87% as of June 30, 2018 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 70% 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 2054. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 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, 2020**

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, 2019, 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:

Measurement Date June 30, 2019			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.60%)	(5.60%)	(6.60%)
Charter School's proportionate share of the Net Pension Liability	\$ 8,711,614	\$ 7,370,350	\$ 6,258,475

Measurement Date June 30, 2018			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(3.86%)	(4.86%)	(5.86%)
Charter School's proportionate share of the Net Pension Liability	\$ 8,287,955	\$ 7,011,919	\$ 5,954,116

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, 2020**

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, 2020**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Plan Description and Benefits Provided (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, 2019, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted for the following members:

Active plan member							216,892
Inactive plan members or beneficiaries currently receiving benefits							148,051
Inactive plan members entitled to but not yet receiving benefit payments							-
Total							364,943

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

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%			
		TPAF/ABP	PERS	PFRS
Salary Increases				
Through 2026		1.55% to 3.05%	2.00% to 6.00%	3.25% to 15.25%
		based on service	based on service	based on service
		years	years	years
Rate thereafter		1.55% to 3.05%	3.00% to 7.00%	Applied to all
		based on service	based on service	future
		years	years	years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS) and Safety (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2013 - June 30, 2018, and July 1, 2014 - June 30, 2018 and July 1, 2013 - June 30, for TPAF, PFRS and PERS, respectively.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

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

The following presents the total nonemployer OPEB liability measured as of June 30, 2019, 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:

	Measurement Date Ended January 0, 1900		
	At 1%	At current	At 1%
	Decrease (2.50%)	discount rate (3.50%)	Increase (4.50%)
Total OPEB Liability	\$ 3,279,458	\$ 2,775,925	\$ 2,375,941

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

The following presents the total nonemployer OPEB liability measured as of June 30, 2019, 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:

	Measurement Date Ended January 0, 1900		
	At 1%		At 1%
	decrease	Trend Rate	Increase
Total OPEB Liability	\$ 2,287,238	\$ 2,775,925	\$ 3,422,846

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

For the fiscal year ended June 30, 2020 the Charter School recognized OPEB expense of \$ 310,444 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, 2020**

NOTE 4: POST-RETIREMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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 measurement date of June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
through 2026	2.00-6.00% based on years of service
Thereafter	3.00-7.00% based on years of service
Investment Rate of Return	7.00%

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 January 0,	
2021	\$ (169,401)
2022	\$ (169,401)
2023	\$ (169,401)
2024	\$ (169,401)
2025	\$ (169,401)
Total Thereafter	\$ (414,692)
	\$ (1,261,700)

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

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: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$565,405 , \$99,903 99,616 149 , respectively.

NOTE 7: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8: **CONCENTRATIONS**

The Charter School depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

NOTE 9: **DETAILED DISCLOSURE REGARDING FUND EQUITY**

General Fund

The General Fund balance at June 30, 2020 is \$511,067 of which \$414,205 is unassigned and \$21,862 if assigned for encumbrances.

NOTE 10: **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 15, 2021.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Although the School cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2021. Due to the effects of COVID 19, the district is unable to guarantee payment amount for a significant portion of state aid funding for fiscal 2021 which can cause strain on the 2021 fiscal budget.

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, 2020

	2020				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Levy Budget:					
Equalization Aid Local Share-Charter School Aid	\$ 754,671	\$ 28,166	\$ 782,837	\$ 1,005,331	\$ 222,494
Total Local Levy Budget	754,671	28,166	782,837	1,005,331	222,494
Categorical Aid:					
Equalization Aid State Share-Charter School Aid	1,804,230	64,337	1,868,567	1,871,987	3,420
State Adjustment Aid	212,510		212,510		(212,510)
Special Education Categorical Aid	74,613	(20,715)	53,898	53,898	
Security Aid	87,585	18,768	106,353	106,320	(33)
Total Categorical Aid	2,178,938	62,390	2,241,328	2,032,205	(209,123)
Revenues From Other Sources:					
Interest Income				4,127	4,127
Donations and Contributions				8,111	8,111
Miscellaneous Revenue				1,606	1,606
Reimbursed Social Security Tax				99,903	99,903
On-Behalf					
TPAF Post-Retirement Medical Aid				99,616	99,616
TPAF Long-Term Disability Insurance Aid				149	149
TPAF Pension Aid - Normal Costs				268,520	268,520
Total Revenues From Other Sources	-	-	-	482,032	482,032
Total Revenues	2,933,609	90,556	3,024,165	3,519,568	495,403
EXPENDITURES:					
Instruction:					
Kindergarten: Salaries of Teachers	1,405,249	(1,219,572)	185,677	75,160	110,517
Grades 1-5: Salaries of Teachers	-	916,477.00	916,477	916,477	-
Grades 6-8: Salaries of Teachers	-	307,846.00	307,846	307,846	-
Other Salaries for Instruction	27,500	500	28,000	27,500	500
Purchased Prof/Tech Services	40,000	3,052	43,052	13,750	29,302
Other Purchased Services	18,000	-	18,000	10,222	7,778
General Supplies	40,000	15,321	55,321	28,368	26,953
Textbooks	40,000	-	40,000	2,794	37,206
Miscellaneous	16,000	-	16,000	8,440	7,560
Total Instruction	1,586,749	23,624	1,610,373	1,390,557	219,816
Administration:					
Salaries - General Administration	120,480	-	120,480	118,880	1,600
Salaries of Secretarial/Clerical Assistants	143,852	-	143,852	142,207	1,645
Total Benefits Cost	375,000	32,543	407,543	395,478	12,065
Purchases Prof/Tech Services	70,000	15,738	85,738	76,940	8,798
Other Purchased Services	12,000	3,567	15,567	8,582	6,985
Communications/Telephone	25,000		25,000	17,241	7,759
Supplies and Materials	20,000	-	20,000	12,238	7,762
Miscellaneous Expenses	25,000		25,000	17,454	7,546
Total Administration	791,332	51,848	843,180	789,020	54,160

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

SOARING HEIGHTS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	2020				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries - Improvement of Instruction	79,910		79,910	77,746	2,164
Purchased Prof/Tech Services	120,000	20,000	140,000	84,186	55,814
Rental of Land and Buildings	312,718	6,267	318,985	318,985	
Other Purchased Services	40,000	-	40,000	26,326	13,674
Transportation-Other Than To/From School	3,500		3,500		3,500
Insurance for Property, Liability and Fidelity	50,000	(1,039)	48,961	42,282	6,679
Supplies and Materials	3,000	-	3,000	636	2,364
Energy Costs (Heat and Electricity)	45,000	-	45,000	34,618	10,382
Miscellaneous Expenses	65,000	26,899	91,899	43,501	48,398
Total Support Services	719,128	52,127	771,255	628,280	142,975
Capital Outlay:					
Instructional Equipment					
Non-Instructional Equipment					-
Purchased of Land/Improvements					
Total Capital Outlay	-	-	-	-	-
Social Security Payments				99,903	(99,903)
On-Behalf TPAF (Non-Budgeted)					
Post Retirement Medical Contributions				99,616	(99,616)
Long-Term Disability Insurance Contribution				149	(149)
Pension Contributions - Normal Cost				268,520	(268,520)
Total Expenditures	3,097,209	127,599	3,224,808	3,276,045	(51,237)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(163,600)	(37,043)	(200,643)	243,523	444,166
FUND BALANCE, JULY 1	228,641	-	228,641	267,544	38,903
FUND BALANCE, JUNE 30	\$ 65,041	\$ (37,043)	\$ 27,998	\$ 511,067	\$ 483,069
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 65,041	\$ (37,043)	\$ 27,998	\$ 511,067	\$ 483,069
Total	\$ 65,041	\$ (37,043)	\$ 27,998	\$ 511,067	\$ 483,069

See Management's Discussion and Analysis section of this report for 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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 186,952	\$ -	\$ 186,952	\$ 192,491	\$ 5,539
Local Sources	75,000		75,000	95,066	20,066
Total Revenues	261,952	-	261,952	287,557	25,605
EXPENDITURES:					
Instruction:					
Salaries of Teachers	134,401		134,401	132,008	2,393
Purchased Prof/Tech Services	75,000		75,000	61,075	13,925
General Supplies	13,774	5,869	19,643	22,040	(2,397)
Total Instruction	223,175	5,869	229,044	215,123	13,921
Support Services:					
Salaries of Supervisors of Instruction	10,000		10,000		10,000
Personal Services - Employee Benefits	41,833		41,833	41,833	-
Purchased Prof/Ed Services	25,128	1,597	26,725	30,601	(3,876)
Total Support Services	76,961	1,597	78,558	72,434	6,124
Total Expenditures	300,136	7,466	307,602	287,557	20,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (38,184)	\$ (7,466)	\$ (45,650)	\$ -	\$ (45,650)

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SOARING HEIGHTS CHARTER SCHOOL

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

Fiscal Year Ended June 30, 2020

Note A - Explanation of Differences between Budgetary Inflows and Outflows 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] \$ 3,519,568	[C-2] \$ 287,557
 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] \$ <u>3,519,568</u>	[B-2] \$ <u>287,557</u>
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,276,045	[C-2] \$ 295,023
 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.	_____	(7,466)
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>3,276,045</u>	[B-2] \$ <u>287,557</u>

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 SEVEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,						
	2014	2015	2016	2017	2018	2019	2020
Charter School's proportion of the net pension liability	0.003380000%	0.003330000%	0.005995400%	0.003439047%	0.004894466%	0.005995400%	0.005242594%
Charter School's proportionate share of the net pension liability	\$ 587,681	\$ 609,067	\$ 759,005	\$ 1,018,547	\$ 1,137,363	\$ 1,180,467	\$ 944,636
Charter School's covered employees payroll	\$ 224,970	\$ 233,240	\$ 236,590	\$ 236,590	\$ 372,552	\$ 310,525	\$ 301,336
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	261%	261%	321%	431%	305%	380%	313%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	48.72%	52.08%	45.37%	45.37%	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 SEVEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,						
	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 29,753	\$ 24,508	\$ 24,508	\$ 31,495	\$ 121,929	\$ 61,644	\$ 52,800
Contributions in relation to the contractually required contribution	<u>(29,753)</u>	<u>(24,508)</u>	<u>(24,508)</u>	<u>(31,495)</u>	<u>(121,929)</u>	<u>(61,644)</u>	<u>(52,800)</u>
Contribution deficiency/(excess)	<u><u></u></u>	<u>\$ -</u>	<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	\$ 310,525	\$ 301,336
Contributions as a percentage of covered employee payroll	13.23%	10.51%	10.36%	13.31%	32.73%	19.85%	17.52%

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 SEVEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,						
	2014	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable of the Charter School	0.0140738%	0.0140738%	0.0109894%	0.1058680%	0.0102757%	0.01098937%	0.01155112%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 5,211,512	\$ 5,779,021	\$ 6,594,731	\$ 6,928,239	\$ 6,991,204	\$ 6,991,204	\$ 7,089,033
Charter School's covered employees payroll	\$ 1,047,500	\$ 1,074,730	\$ 1,057,990	\$ 1,303,076	\$ 1,332,667	\$ 1,429,091	\$ 1,374,360
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%	531.68%	524.60%	489.21%	515.81%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	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 Four Fiscal Years
(Unaudited)

	Fiscal Years Ending			
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
OPEB Liability at Beginning of Measurement Period		\$ 3,722,391	\$ 3,580,567	\$ 2,893,179
Service cost		380,703	313,856	235,295
Interest on Total OPEB Liability		115,808	138,095	119,487
Effect on Changes of Benefit Terms		-	-	
Difference between expected and actual experience	NOT AVAILABLE		(732,643)	(430,738)
Effect of Changes of Assumptions		(558,455)	(332,007)	41,389
Contributions - Employee		3,054	2,674	2,526
Gross Benefits Paid by the State		(82,934)	(77,363)	(85,213)
Net Change in Total OPEB Liability		(141,824)	(687,388)	(117,254)
OPEB Liability at Beginning of Measurement Period	NOT AVAILABLE	3,722,391	3,580,567	2,893,179
Total OPEB Liability at End of Measurement Period	\$ 3,722,391	\$ 3,580,567	\$ 2,893,179	\$ 2,775,925

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

Differences Between Expected and Actual Experiences:

The decrease in the Total OPEB Liability from June 30, 2017 to June 30, 2018 is due to changes in the census claims and premium experiences. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes in Assumptions:

The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions

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, 2020

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019 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, 2020

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.20% as of June 30, 2019 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, 2020

	Title I	Title IV	Title II Part A	IDEA Part B	CARES Act	Local Grants	Other Projects	Total
Revenues:								
Federal Sources	\$ 115,409	10,000	\$ 13,735	\$ 49,491	\$ 3,856	\$ 61,075	\$ 33,991	\$ 226,482
Local Sources								<u>61,075</u>
Total Revenues	\$ 115,409	\$ 10,000	\$ 13,735	\$ 49,491	\$ 3,856	\$ 61,075	\$ 33,991	\$ 287,557
Expenditures:								
Instruction:								
Salaries of Teachers	\$ 70,727	\$ 8,706	\$ -	\$ 25,000	\$ -	\$ -	\$ 27,575	\$ 132,008
Purchased Prof/Tech Services						61,075		61,075
General Supplies	13,039	583			3,856		943	18,421
Textbooks				3,619				3,619
Total Instruction	83,766	9,289	-	28,619	3,856	61,075	28,518	215,123
Support Services:								
Personal Services/Employee Benefits	30,250	711	13,735	10,872			5,473	41,833
Purchased Prof/Ed Services	1,393			10,000				30,601
Total Support Services	31,643	711	13,735	20,872	-	-	5,473	72,434
Total Expenditures	115,409	10,000	13,735	49,491	3,856	61,075	33,991	287,557
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.

<p>SECTION H – FIDUCIARY FUNDS DETAIL STATEMENT</p>
--

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, 2020

	Trusts	Agency		
	Building Fund Account	Payroll Account	Student Activity	Total Agency Funds
ASSETS:				
Cash and Cash Equivalents	\$ 36,850	\$ 219,187	\$ 4,502	\$ 223,689
Total Assets	<u>\$ 36,850</u>	<u>\$ 219,187</u>	<u>\$ 4,502</u>	<u>\$ 223,689</u>
LIABILITIES:				
Liabilities:				
Interfund Payable	\$ -	\$ 18,040	\$ -	\$ 18,040
Interest Payable		1,168	-	1,168
Accrued Salaries and Benefits		199,979		199,979
Due to Student Groups			4,502	4,502
Total Liabilities	<u>-</u>	<u>\$ 219,187</u>	<u>\$ 4,502</u>	<u>\$ 223,689</u>
NET POSITION				
Fund Held in Trust	<u>36,850</u>			
Total Net Position	<u>36,850</u>			
Total Liabilities and Net Position	<u>\$ 36,850</u>			

SOARING HEIGHTS CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 Trust Funds
 For the Fiscal Year Ended June 30, 2020

	<u>Building Fund Account</u>
ADDITIONS:	
Contributions:	
Fundraising	<u>426</u>
Total Additions	<u>426</u>
DEDUCTIONS:	
Fundraising Expenses	<u>4,731</u>
Total Deductions	<u>4,731</u>
CHANGE IN NET POSITION	(4,305)
NET POSITION, JULY 1	<u>41,155</u>
NET POSITION (DEFICIT), JUNE 30	<u><u>\$ 36,850</u></u>

SOARING HEIGHTS CHARTER SCHOOL

Fiduciary Funds

Student Activity Agency Fund

Schedule of Receipts and Disbursements

June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Student Groups	<u>\$ 6,940</u>	<u>\$ 38,216</u>	<u>\$ 40,654</u>	<u>\$ 4,502</u>
Total	<u><u>\$ 6,940</u></u>	<u><u>\$ 38,216</u></u>	<u><u>\$ 40,654</u></u>	<u><u>\$ 4,502</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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
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
Restricted	75,000	106,577	117,988	413,789	421,040	407,519	431,055	327,497	346,103	15,889
Unrestricted	(560,828)	(831,318)	(733,198)	(415,026)	(280,675)	(232,896)	430,866	428,397	227,842	329,084
Total Governmental Activities Net Assets/ Position	\$ (485,828)	\$ (724,741)	\$ (615,210)	\$ 2,000	\$ 148,029	\$ 186,714	\$ 872,773	\$ 770,364	\$ 592,132	\$ 372,805
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
Restricted	75,000	106,577	117,988	413,789	421,040	407,519	431,055	327,497	346,103	15,889
Unrestricted	(560,828)	(831,318)	(733,198)	(415,026)	(280,675)	(232,896)	430,866	428,397	227,842	329,084
Total Charter School Net Position	\$ (485,828)	\$ (724,741)	\$ (615,210)	\$ 2,000	\$ 148,029	\$ 186,714	\$ 872,773	\$ 770,364	\$ 592,132	\$ 372,805

Source: Comprehensive Annual Financial Report

SOARING HEIGHTS CHARTER SCHOOL

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
Instruction										
Regular	\$ 2,153,129	\$ 2,232,328	\$ 2,047,737	\$ 2,342,992	\$ 2,165,590	\$ 1,803,145	\$ 1,725,580	\$ 1,625,861	\$ 1,476,886	\$ 1,610,273
Special Education		955,875	-	25,250	25,500	28,066	25,000	26,700	60,257	77,822
Administration	817,221	797,612	1,210,922	-	-	-	-	-	-	-
Support Services		888,359	811,321	-	-	-	-	-	-	-
Student and Instruction Related Services		-	-	356,613	254,284	188,031	204,066	219,223	141,431	167,736
General and Business Administrative Services		-	-	637,748	554,163	434,652	408,132	384,413	334,258	341,261
Plan Operations and Maintenance		-	-	688,254	621,952	519,057	490,914	463,452	399,117	485,074
Pupil Transportation		-	-	2,480	1,856	2,870	2,520	970	2,305	1,055
Capital Outlay		27,665	56,250	-	-	-	-	-	-	-
Unallocated		-	-	2,103	-	-	-	-	-	-
Total Governmental Activities Expenses	\$ 3,767,962	\$ 4,074,227	\$ 4,126,230	\$ 4,055,441	\$ 3,623,345	\$ 2,975,821	\$ 2,856,212	\$ 2,720,619	\$ 2,414,264	\$ 2,663,220
Total Charter School Expenses	\$ 3,767,962	\$ 4,074,227	\$ 4,126,230	\$ 4,055,441	\$ 3,623,345	\$ 2,975,821	\$ 2,856,212	\$ 2,720,619	\$ 2,414,264	\$ 2,663,220
Program Revenues										
Governmental Activities:										
General Purposes	\$ 2,877,318	\$ 2,482,130	\$ 2,162,655							
Taxes:										
Property Taxes, Levied for General Purposes				610,463	644,500	624,532	627,582	599,163	514,251	495,252
Federal and State Aid Not Restricted	866,846	1,059,604	1,089,584	1,912,780	1,882,842	1,800,985	1,843,899	1,805,808	1,735,188	1,731,699
Investment Earnings	4,127	6,116	21,824	1,528	27	17	17	6	75	9
Miscellaneous Income	104,783	357,817	406,529	82,555	43,717	5,295	26,498	67,051	1,350	18,319
Special Item - Reallocation of Prior Year Expenditures		-	-	-	-	-	-	582	(582)	-
Total Governmental Activities	\$ 3,853,074	\$ 3,905,667	\$ 3,680,592	\$ 2,607,326	\$ 2,571,086	\$ 2,430,812	\$ 2,497,996	\$ 2,472,610	\$ 2,250,282	\$ 2,245,279
Total Charter School Wide	\$ 3,853,074	\$ 3,905,667	\$ 3,680,592	\$ 2,607,326	\$ 2,571,086	\$ 2,430,812	\$ 2,497,996	\$ 2,472,610	\$ 2,250,282	\$ 2,245,279
Change in Net Position										
Governmental Activities	\$ 238,913	\$ (109,531)	\$ (392,607)	\$ (148,131)	\$ (38,684)	\$ (125,212)	\$ 102,410	\$ 256,660	\$ 256,660	\$ 312,480
Business-Type Activities										
Total Charter School	\$ 238,913	\$ (109,531)	\$ (392,607)	\$ (148,131)	\$ (38,684)	\$ (125,212)	\$ 102,410	\$ 256,660	\$ 256,660	\$ 312,480

Source: Comprehensive Annual Financial Report

SOARING HEIGHTS CHARTER SCHOOL

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Restricted	\$ 96,862	\$ 31,577	\$ 42,988	\$ 131,149	\$ 413,789	\$ 421,040	\$ 407,519	\$ 431,055	\$ 327,497	\$ 346,103
Unassigned	414,205	235,967	228,318	380,264	182,297	288,587	327,953	430,866	428,397	227,842
Total General Fund	<u>\$ 511,067</u>	<u>\$ 267,544</u>	<u>\$ 271,306</u>	<u>\$ 511,413</u>	<u>\$ 596,086</u>	<u>\$ 709,627</u>	<u>\$ 735,472</u>	<u>\$ 861,921</u>	<u>\$ 755,894</u>	<u>\$ 573,945</u>

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

	2020	2019	2018	2017	2016	2015	2014	2014	2012	2011
Revenues:										
Local Sources:										
Intermediate Sources	1,080,250	\$ 728,969	753,927	\$ 694,367	\$ 610,463	\$ 644,500	\$ 624,532	\$ 627,582	\$ 599,163	\$ 514,251
Interest Earning	-	-	-	-	1,528	27	-	17	6	75
Miscellaneous	-	-	-	-	82,555	43,717	5,295	26,498	67,051	1,799
State Sources	2,500,393	2,691,507	2,347,032	2,346,276	2,227,078	2,164,529	2,054,076	2,134,668	2,052,636	1,942,492
Federal Sources	226,482	233,776	175,337	190,134	169,976	164,379	166,706	169,867	179,413	213,338
Total Revenues	3,807,125	3,654,252	3,276,296	3,230,777	3,091,600	3,017,152	2,850,609	2,958,632	2,898,269	2,671,955
Expenditures:										
Instruction	1,605,680	1,749,895	1,587,923	1,647,283	-	-	-	-	-	-
Regular Instruction	-	-	-	-	1,352,542	1,467,396	1,478,865	1,402,357	1,324,956	1,160,823
Special Education Instruction	-	-	-	-	25,250	25,500	28,066	25,000	26,700	60,257
Administration	1,257,208	1,223,606	1,159,876	871,155	-	-	-	-	-	-
Support Services	700,714	684,513	768,604	741,042	-	-	-	-	-	-
Student and Instruction Related Services	-	-	-	-	242,868	174,077	150,732	166,902	184,620	103,323
General and Business Administrative Services	-	-	-	-	378,328	371,400	349,965	323,652	305,798	261,467
Plant Operations and Maintenance	-	-	-	-	428,834	439,190	379,901	354,088	331,505	321,715
Pupil Transportation	-	-	-	-	2,480	1,856	2,870	2,520	970	2,305
Employee Benefits	-	-	-	-	774,837	563,578	526,527	525,738	489,021	410,988
Capital Outlay	-	-	-	55,970	-	-	60,133	52,347	53,332	121,074
Total Expenditures	3,563,602	3,658,014	3,516,403	3,315,450	3,205,139	3,042,997	2,977,059	2,852,604	2,716,902	2,441,952
Excess (Deficiency) of Revenues Over (Under) Expenditures	243,523	(3,762)	(240,107)	(84,673)	(113,539)	(25,845)	(126,450)	106,028	181,367	230,002
Other Financing Sources (Uses):										
Prior Year Adjustments	-	-	-	-	-	-	-	-	582	(1,031)
Total Other Financing Uses	-	-	-	-	-	-	-	-	582	(1,031)
Net Change in Fund Balance	\$ 243,523	\$ (3,762)	\$ (240,107)	\$ (84,673)	\$ (113,539)	\$ (25,845)	\$ (126,450)	\$ 106,028	\$ 181,949	\$ 228,971

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,	Donations	Interest	Prior Year Refunds	Miscellaneous Revenue	E-Rate	Total
2020	\$ 8,111	\$ 4,127	\$ -	\$ 1,606	\$ -	\$ 13,844
2019	-	6,116	-	12,736	-	\$ 18,852
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

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction										
Administrative										
Support Services										
Food Service										
Total	-	-	-	-	-	-	-	-	-	-

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
2020	267	\$ 3,563,602	\$ 13,347	-2.58%	26	8.3:1	267	260	0.00%	97.38%
2019	267	\$ 3,658,014	\$ 13,700	-6.49%	26	8.3:1	267	260	12.18%	97.38%
2018	240	\$ 3,516,403	\$ 14,652	0.00%	29	8.3:1	238	233	2.15%	97.82%
2017	234						233		1.75%	
2016	233						229		N/A	
2015	229						225	NOT AVAILABLE	N/A	NOT AVAILABLE
2014	225								N/A	
2013									N/A	
2012									N/A	
2011									N/A	

Source: Charter School's Records

SOARING HEIGHTS CHARTER SCHOOL

Insurance Schedule
June 30, 2020
(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 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

New Jersey Performance Framework Financial Ratios
Soaring Heights Charter School
Audited Performance Indicators

J-21

	2018 Audit	2019 Audit	2020 Audit	Source
Cash	\$ 252,077	\$ 236,150	\$ 453,422	Audit Exhibit A-1
Current Assets (include cash)	321,217	310,561	512,524	Audit Exhibit A-1
Current Liabilities	49,911	43,017	1,457	Audit Exhibit A-1
Total Expenses	4,126,230	4,074,227	3,767,962	Audit Exhibit A-2
Change in Net Position	(392,607)	(109,531)	238,913	Audit Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	238.00	267.00	267.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	240	267	267	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense				Auditor/Workpapers
Interest Expense				Auditor/Workpapers
Principal Payments				Auditor/Workpapers
Interest Payments				Auditor/Workpapers

Performance Indicators		2018	2019	2020	3 YR CUM	Calculation****	Target****
Near Term Indicators							
1a.	Current Ratio (working capital ratio)	6.4	7.2	351.8		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	22	21	44		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	Enrollment Variance	99%	100%	100%	100%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	Default on loans or delinquent in debt payments	NO	NO	NO		Auditor	not in default
Sustainability Indicators							
2a***	3 Year Cumulative Cash Flow	252,077	(15,927)	217,272	453,422	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available
 ** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 *** 2020 =2020 Cash - 2019 Cash; 2019 =2019 Cash-2018 Cash; 2018 =2018 Cash-2017 Cash
 **** Refer to NJ Performance Framework

Meets Standard

Does Not Meet Standard

Falls Far Below Standard

SINGLE AUDIT SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

K-1
Page 1

**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, 2020, 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 15, 2021.

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 and state awarding agencies and pass-through entities 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 15, 2021

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

K-2
Page 1

**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, 2020. 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 state statutes, regulations, and terms and conditions of its state awards applicable to its 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; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and 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 fiscal year ended June 30, 2020.

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 15, 2021

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Cash Received	Budgetary Expenditures	Passed-Through To Recipients	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2020
					From	To						Carryover/ (Walkover) Amount	Balance at June 30, 2019
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
	84.010A	S0010A200030	NCLB - 7830 - 20	\$ 115,409	7/1/19	6/30/20	\$ 115,409	\$ (115,409)	\$ -	\$ -	\$ -	\$ -	\$ -
	84.010A	S367A190029	NCLB - 7830 - 19	132,889	7/1/18	6/30/19	18,057	(13,735)					
	84.010A	S367A200029	NCLB - 7830 - 20	13,735	7/1/19	6/30/20	13,735	(10,000)					
	84.186A	S324A200031	NCLB - 7830 - 20	10,000	7/1/19	6/30/20	10,000	(139,144)					
				-			157,201						
Total No Child Left Behind Cluster													
Special Education Cluster (IDEA):													
	84.027	H027A200031	IDEA - 7830 - 20	49,491	7/1/19	6/30/20	31,434	(49,491)				(18,057)	
				-			31,434	(49,491)				(18,057)	
Total Special Education Cluster (IDEA)													
Other Special Revenue Funds:													
	84.287C		N/A	33,991	9/1/19	8/31/20	33,991	(33,991)					
	84.425D	S425D200021	N/A	3,856	5/04/20	9/30/20	3,856	(3,856)					
				-			37,847	(37,847)					
Total Other Special Revenue Funds													
				-			226,482	(226,482)				(18,057)	
Total Special Revenue Fund													
Total Federal Financial Awards													
				\$ -			\$ 226,482	\$ (226,482)	\$ -	\$ -	\$ -	\$ (18,057)	\$ -
				(18,057)			(18,057)					(18,057)	\$ -

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance at June 30, 2020		MEMO
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue/ Interfund Payable	
State Department of Education													
General Fund:													
State Aid-Public Cluster													
Equalization Aid	20-495-034-5120-078	\$ 1,871,987	7/1/19	6/30/20	\$ -	-	\$ -	\$ 1,859,133	\$ (1,871,987)	\$ -	\$ (12,854)	\$ -	\$ 1,871,987
Special Education	19-495-034-5120-071	1,845,436	7/1/18	6/30/19	(10,044)			10,044					53,898
Special Education	20-495-034-5120-089	59,029	7/1/19	6/30/20				53,898	(53,898)				106,320
Security Aid	20-495-034-5120-084	85,578	7/1/19	6/30/20				106,320	(106,320)				
Adjustment Aid	20-495-034-5120-085	-	7/1/19	6/30/20	(10,044)			2,029,395	(2,032,205)		(12,854)		2,032,205
Total State Aid-Public Cluster													
On-Behalf TPAF Post-Retirement Medical Contributions	20-495-034-5094-001	99,616	7/1/19	6/30/20				99,616	(99,616)				99,616
On-Behalf Pension Contributions Normal Costs	20-495-034-5094-002	268,520	7/1/19	6/30/20				268,520	(268,520)				268,520
On-Behalf Long Term Disability Insurance Contributions	20-495-034-5094-004	149	7/1/19	6/30/20				149	(149)				149
Reimbursed TPAF - Social Security	20-495-034-5094-003	99,903	7/1/19	6/30/20				89,923	(99,903)		(9,980)		99,903
Total General Fund													
					(10,044)	-	-	2,487,603	(2,500,393)	-	(22,834)	-	2,500,393
Total All Funds					(10,044)	\$ -	\$ -	2,487,603	(2,500,393)	\$ -	(22,834)	\$ -	2,500,393
State Financial Assistance Not Subject to Major													
Program Determination:													
General Funds:													
On-Behalf TPAF Post-Retirement Medical Contributions	20-495-034-5094-001	99,616	7/1/19	6/30/20					99,616				99,616
On-Behalf Pension Contributions Normal Costs	20-495-034-5094-002	268,520	7/1/19	6/30/20					268,520				268,520
On-Behalf Long Term Disability Insurance Contributions	20-495-034-5094-004	149	7/1/19	6/30/20					149				149
									366,285				
Total State Financial Assistance Subject to Single Audit					(10,044)	\$ -	\$ -	2,487,603	(2,132,108)	\$ -	(22,834)	\$ -	2,132,108

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Federal Awards and State Financial Assistance
June 30, 2020

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 schedules 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. This basis of accounting is 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 these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent 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, 2020

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	\$ -	\$ 2,500,393	\$ 2,500,393
Special Revenue Fund	226,482	-	226,482
Food Service Fund	-	-	-
Total Awards & Financial Assistance	<u>\$ 226,482</u>	<u>\$ 2,500,393</u>	<u>\$ 2,726,875</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, 2020.

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, 2020. 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, 2020.

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2020

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. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditors Results section of the Schedule of Findings and Questioned Costs.

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

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 <u> X </u> None Reported
Noncompliance material to basic financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

N/A

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 <u> X </u> None Reported
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
	<u>STATE AID – PUBLIC CLUSTER</u>
<u>20-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>20-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>
<u>20-495-034-5120-085</u>	<u>Adjustment Aid</u>

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Part II –Schedule of Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses and fraud, non compliance with provisions of laws, regulation, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, requires.

No Current Year Findings

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings
And Questioned Costs
For the Fiscal Year Ended June 30, 2020

***Part III – Schedule of Federal and State Award
Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and material matters of noncompliance, including questioned costs and significant instances of abuse, related to the audit of major federal and state programs, as required by U.S Uniform Guidance and New Jersey OMB's Circular 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 and Questioned Costs as Prepared by
Management
For the Fiscal Year Ended June 30, 2020

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