

SOARING HEIGHTS CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2017

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, 2017***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
SOARING HEIGHTS CHARTER SCHOOL
JERSEY CITY, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Prepared By

***Soaring Heights Charter School
Finance Department***

And

Barre & Company LLC, CPA's

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**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
B-4 Statement of Net Position	N/A
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position.....	N/A
B-6 Statement of Cash Flows.....	N/A
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.....	62
SECTION C – BUDGETARY COMPARISON SCHEDULE	63
C-1 Budgetary Comparison Schedule – General Fund	64
C-2 Budgetary Comparison Schedule – Special Revenue Fund.....	66

**SOARING HEIGHTS CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
FINANCIAL SECTION (CONTINUED)	
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	67
C-3 Budget-to-GAAP Reconciliation.....	68
REQUIRED SUPPLEMENTARY INFORMATION – PART III.....	69
SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68).....	70
L-1 Schedules of the Charter School’s Proportionate Share of the Net Pension Liability - PERS.....	71
L-2 Schedules of Charter School Contributions - PERS.....	72
L-3 Schedules of the Charter School’s Proportionate Share of the Net Pension Liability - TPAF.....	73
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III	74
OTHER SUPPLEMENTARY INFORMATION	77
SECTION E – SPECIAL REVENUE FUND.....	78
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis	79
SECTION G – PROPRIETARY FUNDS.....	80
SECTION H – FIDUCIARY FUNDS	81
H-1 Combining Statement of Fiduciary Net Position	82
H-2 Combining Statement of Changes in Fiduciary Net Position	83
H-3 Student Activities Fund – Schedule of Receipts and Disbursements	84
H-4 Payroll Agency Fund – Schedule of Receipts and Disbursements.....	85
STATISTICAL SECTION (UNAUDITED).....	86
INTRODUCTION TO THE STATISTICAL SECTION.....	87
FINANCIAL TRENDS.....	88
J-1 Net Assets/Position by Component	89
J-2 Changes in Net Assets/Position.....	90
J-3 Fund Balances – Governmental Funds	91
J-4 Changes in Fund Balances – Governmental Funds	92
J-5 General Fund Other Local Revenue by Source.....	93
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	94
J-14 Demographic and Economic Statistics	N/A
J-15 Principal Employers, Current and Nine Years Ago.....	N/A

**SOARING HEIGHTS CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
STATISTICAL SECTION (UNAUDITED) (CONTINUED)	
OPERATING INFORMATION	95
J-16 Full-Time Equivalent Charter School Employees by Function/Program	96
J-17 Operating Statistics.....	97
J-18 School Building Information	N/A
J-20 Insurance Schedule	98
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios.....	99
SINGLE AUDIT SECTION.....	100
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>	101
K-2 Independent Auditor's 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 04-04	103
K-3 Schedule of Expenditures of Federal Awards – Schedule A	106
K-4 Schedule of Expenditures of State Financial Assistance – Schedule B	107
K-5 Notes to the Schedules of Expenditures of Awards and Financial Assistance.....	108
K-6 Schedule of Findings and Questioned Costs.....	111
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management.....	113
K-8 Summary Schedule of Prior Year Audit Findings.....	114

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments (7.65% at June 30, 2016) 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 expecting inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2016 is summarized in the following table:

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
U.S. Equity Markets	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds- Multi Strategy	5.00%	3.70%
Hedge Funds- Equity Hedge	3.75%	4.72%
Hedge Funds- Distressed	3.75%	3.49%

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments after the date in determining the total pension liability.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

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

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

For the Fiscal Year Ended June 30, 2016			
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Charter School's proportionate share of the Net Pension Liability	\$ 9,991,633	\$ 8,328,254	\$ 7,039,616
For the Fiscal Year Ended June 30, 2015			
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Charter School's proportionate share of the Net Pension Liability	\$ 7,883,922	\$ 6,594,731	\$ 5,556,586

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, 2017**

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

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf.

**SOARING HEIGHTS CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5: RISK MANAGEMENT

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

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

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

NOTE 6: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

The General Fund balance at June 30, 2017 is \$511,413 of which \$380,264 is unassigned and undesignated and \$131,149 if reserved for encumbrances.

NOTE 7: SUBSEQUENT EVENTS

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

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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
"Local Levy" Local Share - Charter School Aid	\$ 2,317,661	\$ -	\$ 2,317,661	\$ 589,045	\$ (1,728,616)
Total Local Sources	2,317,661	-	2,317,661	589,045	(1,728,616)
Categorical Aid:					
"Local Levy" State Share - Charter School Aid				1,568,314	1,568,314
State Adjustment Aid	276,500		276,500	333,284	56,784
Special Education	60,314		60,314	60,314	-
Security Aid	72,145		72,145	62,026	(10,119)
Total Categorical Aid	408,959	-	408,959	2,023,938	1,614,979
Revenues From Other Sources:					
On Behalf TPAF Pension Aid (Non-Budgeted)				115,581	115,581
On Behalf TPAF Post-Retirement Medical Aid (Non-Budgeted)				96,305	96,305
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				110,452	110,452
Other Local Sources				28,532	28,532
Interest Income				1,790	1,790
Total Revenues From Other Sources	-	-	-	352,660	352,660
Total Revenues	2,726,620	-	2,726,620	2,965,643	239,023
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,375,000	17,142	1,392,142	1,303,076	89,066
Other Salaries for Instruction	26,438		26,438	26,438	-
Purchased Prof/Tech Services	40,000		40,000	30,748	9,252
Other Purchased Services	17,000		17,000	12,338	4,662
General Supplies	40,000	3,000	43,000	35,589	7,411
Textbooks	35,000	5,000	40,000	26,951	13,049
Miscellaneous	16,000		16,000	11,012	4,988
Total Instruction	1,549,438	25,142	1,574,580	1,446,152	128,428
Administration:					
Salaries - General Administration	117,530		117,530	117,530	-
Salaries of Secretarial/Clerical Assistants	135,030		135,030	132,510	2,520
Total Benefits Cost	330,000	75,000	405,000	299,177	105,823
Purchases Prof/Tech Services	55,000	94,883	149,883	63,704	86,179
Other Purchased Services	12,000		12,000	6,817	5,183
Communications/Telephone	25,000		25,000	14,419	10,581
Supplies and Materials	35,000		35,000	3,297	31,703
Miscellaneous Expenses	25,000		25,000	7,668	17,332
Total Administration	734,560	169,883	904,443	645,122	259,321

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

SOARING HEIGHTS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries - Improvement of Instruction	60,000	2,858	62,858	62,858	-
Purchased Prof/Tech Services	95,000	26,700	121,700	121,609	91
Rental of Land and Buildings	282,648	924	283,572	283,572	-
Other Purchased Services	40,000	(774)	39,226	31,914	7,312
Transportation-Other Than To/From School	3,500		3,500	1,520	1,980
Insurance for Property, Liability and Fidelity	50,000	(1,700)	48,300	37,570	10,730
Supplies and Materials	3,000		3,000	380	2,620
Energy Costs (Heat and Electricity)	40,000		40,000	35,767	4,233
Miscellaneous Expenses	15,000		15,000	5,544	9,456
Total Support Services	589,148	28,008	617,156	580,734	36,422
Capital Outlay:					
Purchased of Land/Improvements	60,000	15,702	75,702	55,970	19,732
Lease Purchase Agreements-Principal		100,000	100,000		100,000
Total Capital Outlay	60,000	115,702	175,702	55,970	119,732
On Behalf TPAF Pension Contributions (Non-Budgeted)				115,581	(115,581)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				96,305	(96,305)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				110,452	(110,452)
Total Expenditures	2,933,146	338,735	3,271,881	3,050,316	317,870
Excess (Deficiency) of Revenues Over (Under) Expenditures	(206,526)	(338,735)	(545,261)	(84,673)	460,588
Other Financing Sources (Uses)					
Food Service	15,000		15,000		15,000
Total Other Financing Sources (Uses)	15,000	-	15,000	-	15,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(221,526)	(338,735)	(560,261)	(84,673)	475,588
FUND BALANCE, JULY 1	596,086	-	596,086	596,086	-
FUND BALANCE, JUNE 30	<u>\$ 374,560</u>	<u>\$ (338,735)</u>	<u>\$ 35,825</u>	<u>\$ 511,413</u>	<u>\$ 475,588</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance					
	<u>\$ 374,560</u>	<u>\$ (338,735)</u>	<u>35,825</u>	<u>\$ 511,413</u>	<u>\$ 475,588</u>
Total	<u>\$ 374,560</u>	<u>\$ (338,735)</u>	<u>\$ 35,825</u>	<u>\$ 511,413</u>	<u>\$ 475,588</u>

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

SOARING HEIGHTS CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 175,368	\$ 14,766	\$ 190,134	\$ 190,134	\$ -
Local Sources	75,000		75,000	75,000	-
Total Revenues	250,368	14,766	265,134	265,134	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	102,433		102,433	102,433	-
Purchased Prof/Tech Services	75,000		75,000	75,000	-
Textbooks	1,000	1,393	2,393	2,393	-
Total Instruction	178,433	1,393	179,826	179,826	-
Support Services:					
Salaries of Supervisors of Instruction	10,000		10,000	10,000	-
Personal Services - Employee Benefits	38,711		38,711	38,711	-
Purchased Prof/Ed Services	23,224	13,373	36,597	36,597	-
Total Support Services	71,935	13,373	85,308	85,308	-
Total Expenditures	250,368	14,766	265,134	265,134	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SOARING HEIGHTS CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2017

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

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 2,965,643	[C-2]	265,134
 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]	\$ 2,965,643	[B-2]	\$ 265,134
 Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,050,316	[C-2]	265,134
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 3,050,316	[B-2]	\$ 265,134

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 4 FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
Charter School's proportion of the net pension liability	0.003380000%	0.003330000%	0.003380000%	0.003439047%
Charter School's proportionate share of the net pension liability	\$ 587,681	\$ 609,067	\$ 759,005	\$ 1,018,547
Charter School's covered employees payroll	\$ 224,970	\$ 233,240	\$ 236,590	\$ 236,590
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	261%	261%	321%	431%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	48.72%	52.08%	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 4 FISCAL YEARS
 UNAUDITED

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

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 4 FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
State's proportion of the net pension liability attributable of the Charter School	0.0140738%	0.0140738%	0.0104340%	0.01058680%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 5,211,512	\$ 5,779,021	\$ 6,594,731	\$ 8,328,254
Charter School's covered employees payroll	\$ 1,047,500	\$ 1,074,730	\$ 1,057,990	\$ 1,303,076
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	497.52%	537.72%	623.33%	639.12%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	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.

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, 2017

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.55% as of June 30, 2015 to 5.39% as of June 30, 2016 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, 2017

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.95% as of June 30, 2015 to 4.68% as of June 30, 2016 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, 2017

	Title I	Title II Part A	IDEA Part B	Local Grants	Total
Revenues:					
Federal Sources	\$ 117,310	\$ 25,016	\$ 47,808	\$	\$ 190,134
Local Sources				75,000	75,000
Total Revenues	\$ 117,310	\$ 25,016	\$ 47,808	\$ 75,000	\$ 265,134
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 75,933	\$ -	\$ 26,500	\$ -	\$ 102,433
Purchased Prof/Tech Services				75,000	75,000
Total Instruction	78,326	-	26,500	75,000	179,826
Support Services:					
Other Salaries			10,000		10,000
Personal Services/Employee Benefits	27,964		10,747		38,711
Purchased Prof/Ed Services	11,020	25,016	561		36,597
Total Support Services	38,984	25,016	21,308	-	85,308
Total Expenditures	117,310	25,016	47,808	75,000	265,134
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

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

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

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENT**

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

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

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

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

SOARING HEIGHTS CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2017

	Trusts	Agency		
	Building Fund Account	Payroll Agency	Student Activity	Total Agency Funds
ASSETS:				
Cash and Cash Equivalents	\$ 36,199	\$ 212,807	\$ 4,360	\$ 217,167
Total Assets	<u>\$ 36,199</u>	<u>\$ 212,807</u>	<u>\$ 4,360</u>	<u>\$ 217,167</u>
LIABILITIES:				
Liabilities:				
Payroll Deductions and Withholding Payable Due to Student Groups		212,807	4,360	212,807 4,360
Total Liabilities	<u>-</u>	<u>\$ 212,807</u>	<u>\$ 4,360</u>	<u>\$ 217,167</u>
NET POSITION				
Fund Held in Trust	36,199			
Total Net Position	<u>36,199</u>			
Total Liabilities and Net Position	<u>\$ 36,199</u>			

SOARING HEIGHTS CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 Trust Funds
 For the Fiscal Year Ended June 30, 2017

	Building Fund Account
ADDITIONS:	
Contributions:	
Fundraising	16,324
Total Additions	16,324
DEDUCTIONS:	
Fundraising Expenses	23,560
Total Deductions	23,560
CHANGE IN NET POSITION	(7,236)
NET POSITION, JULY 1	43,435
NET POSITION (DEFICIT), JUNE 30	\$ 36,199

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

SOARING HEIGHTS CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Student Groups	<u>\$ 4,434</u>	<u>\$ 13,359</u>	<u>\$ 13,433</u>	<u>\$ 4,360</u>
Total	<u><u>\$ 4,434</u></u>	<u><u>\$ 13,359</u></u>	<u><u>\$ 13,433</u></u>	<u><u>\$ 4,360</u></u>

SOARING HEIGHTS CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
ASSETS:				
Cash and Cash Equivalents	\$ 186,011	\$ 2,053,997	\$ 2,027,201	\$ 212,807
Total Assets	<u>\$ 186,011</u>	<u>\$ 2,053,997</u>	<u>\$ 2,027,201</u>	<u>\$ 212,807</u>
LIABILITIES:				
Payroll Deductions and Withholdings	-	212,807	-	212,807
Totals	<u>\$ -</u>	<u>\$ 212,807</u>	<u>\$ -</u>	<u>\$ 212,807</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 Nine Fiscal Years
(accrual basis of accounting)
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities									
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ -	\$ 3,237	\$ 7,664	\$ 12,091	\$ 10,852	\$ 14,470	\$ 18,187	\$ 27,832	\$ 1,187
Restricted	206,149	413,789	421,040	407,519	431,055	327,497	346,103	15,889	-
Unrestricted	(428,752)	(415,026)	(280,675)	(232,896)	430,866	428,397	227,842	329,084	571,581
Total Governmental Activities Net Assets/ Position	\$ (222,603)	\$ 2,000	\$ 148,028	\$ 186,713	\$ 872,773	\$ 770,363	\$ 592,132	\$ 372,805	\$ 572,767
Charter School-Wide									
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ -	\$ 3,237	\$ 7,664	\$ 12,091	\$ 10,852	\$ 14,470	\$ 18,187	\$ 27,832	\$ 1,187
Restricted	206,149	413,789	421,040	407,519	431,055	327,497	346,103	15,889	-
Unrestricted	(428,752)	(415,026)	(280,675)	(232,896)	430,866	428,397	227,842	329,084	571,581
Total Charter School Net Position	\$ (222,603)	\$ 2,000	\$ 148,028	\$ 186,713	\$ 872,773	\$ 770,363	\$ 592,132	\$ 372,805	\$ 572,767

Source: Comprehensive Annual Financial Report

SOARING HEIGHTS CHARTER SCHOOL

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities:										
Instruction	\$ 2,054,094	\$ 2,342,992	\$ 2,165,590	\$ 1,803,145	\$ 1,725,580	\$ 1,625,861	\$ 1,476,896	\$ 1,610,273	\$ 1,398,391	\$ 1,359,589
Regular		25,250	25,500	28,066	25,000	26,700	60,257	77,822	44,579	41,913
Special Education										
Administration	577,233									
Support Services	764,846									
Student and Instruction Related Services		356,613	254,284	188,031	204,066	219,223	141,431	167,736	158,910	128,709
General and Business Administrative Services		637,748	554,163	434,652	408,132	384,413	334,258	341,261	353,315	322,099
Plan Operations and Maintenance		688,254	621,952	519,057	490,914	463,452	399,117	465,074	359,562	362,612
Pupil Transportation		2,480	1,856	2,870	2,520	970	2,305	1,055	1,295	1,025
Capital Outlay	55,970									
Unallocated	3,237									
Total Governmental Activities Expenses	\$ 3,455,380	\$ 4,053,338	\$ 3,623,345	\$ 2,975,821	\$ 2,856,212	\$ 2,720,619	\$ 2,414,264	\$ 2,663,220	\$ 2,316,052	\$ 2,215,947
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 60,314	\$ 1,299,984	\$ 1,013,575	\$ 419,797	\$ 460,636	\$ 426,241	\$ 420,642	\$ 437,343	\$ 367,308	\$ 198,722
Total Governmental Activities Expenses	\$ 60,314	\$ 1,299,984	\$ 1,013,575	\$ 419,797	\$ 460,636	\$ 426,241	\$ 420,642	\$ 437,343	\$ 367,308	\$ 198,722
Total Charter School Program Revenue	\$ 60,314	\$ 1,299,984	\$ 1,013,575	\$ 419,797	\$ 460,636	\$ 426,241	\$ 420,642	\$ 437,343	\$ 367,308	\$ 198,722
Net (Expense)/Revenue										
Governmental Activities	\$ (3,395,066)	\$ (2,753,354)	\$ (2,609,770)	\$ (2,556,023)	\$ (2,395,585)	\$ (2,294,378)	\$ (1,993,622)	\$ (2,174,597)	\$ (1,948,744)	\$ (2,017,225)
Total Charter School Net Expense	\$ (3,395,066)	\$ (2,753,354)	\$ (2,609,770)	\$ (2,556,023)	\$ (2,395,585)	\$ (2,294,378)	\$ (1,993,622)	\$ (2,174,597)	\$ (1,948,744)	\$ (2,017,225)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 589,045									
Taxes:										
Property Taxes, Levied for General Purposes		610,463	644,500	624,532	627,582	599,163	514,251	495,252	436,531	619,541
Federal and State Aid Not Restricted	2,142,812	1,912,780	1,882,842	1,800,985	1,843,899	1,805,808	1,735,188	1,731,699	1,793,582	1,747,110
Investment Earnings	1,790	1,528	27		17	6	75	9	1,880	8,249
Miscellaneous Income	436,816	82,555	43,717	5,295	26,498	67,051	1,350	18,319	29,231	4,130
Special Item - Reallocation of Prior Year Expenditures						582	(582)			55,217
Total Governmental Activities	\$ 3,170,463	\$ 2,607,326	\$ 2,571,086	\$ 2,430,812	\$ 2,497,996	\$ 2,472,610	\$ 2,250,282	\$ 2,245,279	\$ 2,261,224	\$ 2,434,247
Total Charter School Wide	\$ 3,170,463	\$ 2,607,326	\$ 2,571,086	\$ 2,430,812	\$ 2,497,996	\$ 2,472,610	\$ 2,250,282	\$ 2,245,279	\$ 2,261,224	\$ 2,434,247
Change in Net Position										
Governmental Activities	\$ (224,603)	\$ (146,028)	\$ (38,684)	\$ (125,212)	\$ 102,410	\$ 178,231	\$ 256,660	\$ 70,682	\$ 312,480	\$ 417,022
Business-Type Activities										
Total Charter School	\$ (224,603)	\$ (146,028)	\$ (38,684)	\$ (125,212)	\$ 102,410	\$ 178,231	\$ 256,660	\$ 70,682	\$ 312,480	\$ 417,022

SOARING HEIGHTS CHARTER SCHOOL

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted	\$ 131,149	\$ 413,789	\$ 421,040	\$ 407,519	\$ 431,055	\$ 327,497	\$ 346,103	\$ 15,889	\$ 300,000	\$ -
Unassigned	380,264	182,297	288,587	327,953	430,866	428,397	227,842	329,084	306,065	571,581
Total General Fund	\$ 511,413	\$ 596,086	\$ 709,627	\$ 735,471	\$ 861,921	\$ 755,893	\$ 573,944	\$ 344,973	\$ 606,065	\$ 571,581

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Local Sources:										
Local Sources	694,367	\$ 610,463	644,500	624,532	627,582	599,163	514,251	495,252	436,531	619,541
Intermediate Sources	-	1,528	27	-	17	6	75	9	1,880	8,249
Interest Earning		82,555	43,717	5,295	26,498	67,051	1,799	18,319	29,231	4,130
Miscellaneous		2,227,078	2,164,529	2,054,076	2,134,668	2,052,636	1,942,492	1,916,179	1,967,334	1,747,110
State Sources	190,134	169,976	164,379	166,706	169,867	179,413	213,338	304,143	193,555	198,722
Federal Sources	3,230,777	3,091,600	3,017,152	2,850,609	2,958,632	2,898,268	2,671,955	2,733,902	2,628,531	2,577,753
Total Revenues	1,647,283	1,352,542	1,467,396	1,478,865	1,402,357	1,324,966	1,160,823	1,317,864	1,138,066	1,133,717
Expenditures:										
Instruction		25,250	25,500	28,066	25,000	26,700	60,257	77,822	44,579	35,700
Regular Instruction		-	-	-	-	-	-	-	-	-
Special Education Instruction		-	-	-	-	-	-	-	-	-
Administration	871,155	-	-	-	-	-	-	-	-	-
Support Services	741,042	-	-	-	-	-	-	-	-	-
Student and Instruction Related Services		242,868	174,077	150,732	166,902	184,620	103,323	132,423	127,610	100,879
General and Business Administrative Services		378,328	371,400	349,965	323,652	305,798	261,467	273,089	291,097	266,312
Plant Operations and Maintenance		428,834	439,190	379,901	354,088	331,505	321,715	394,792	297,344	306,825
Pupil Transportation		2,480	1,856	2,870	2,520	970	2,305	1,055	1,295	1,025
Employee Benefits		774,837	563,579	526,527	525,738	489,021	410,988	376,827	343,522	310,635
Capital Outlay		-	-	60,134	52,346	53,331	121,073	421,123	350,534	353,720
Total Expenditures	3,315,450	3,205,139	3,042,996	2,977,059	2,852,604	2,716,902	2,441,952	2,994,994	2,594,047	2,508,813
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,673)	(113,539)	(25,845)	(126,450)	106,028	181,367	230,002	(261,092)	34,484	68,940
Other Financing Sources (Uses):										
Prior Year Adjustments						582	(1,031)			
Total Other Financing Uses						582	(1,031)			
Net Change in Fund Balance	\$ (84,673)	\$ (113,539)	\$ (25,845)	\$ (126,450)	\$ 106,028	\$ 181,949	\$ 228,971	\$ (261,092)	\$ 34,484	\$ 68,940

Source: Comprehensive Annual Financial Report

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

Fiscal Year Ending June 30,	Interest	Prior Year Refunds	Miscellaneous Revenue	E-Rate	Total
2017	\$ 1,790	\$ -	\$ 28,532		\$ 30,322
2016	1,528	5,370	-	2,427	\$ 9,325
2015	27	40,740	1,470	1,507	\$ 43,744
2014		100	-	2,249	\$ 2,349
2013	17	4,194	-	-	\$ 4,211
2012	6	18,301			\$ 18,307
2011	75	-	1,799		\$ 1,874
2010	9	3,492	5,827	-	\$ 9,328
2009	1,880	4,231			\$ 6,111
2008	8,249	4,130	-	-	\$ 12,379

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction										
Administrative										
Support Services										
Food Service										
Total	-	-	-	-	-	-	-	-	-	-

NOT AVAILABLE

SOARING HEIGHTS CHARTER SCHOOL
 Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2017	240	\$ 3,259,480	\$ 13,929	0.00%	29	8.3:1	238.0	232.8	1.71%	97.82%
2016	234						234		0.43%	
2015	233						233		1.75%	
2014	229						229		1.78%	
2013	225						225		N/A	NOT AVAILABLE
2012									N/A	NOT AVAILABLE
2011									N/A	NOT AVAILABLE
2010									N/A	NOT AVAILABLE
2009									N/A	NOT AVAILABLE
2008									N/A	NOT AVAILABLE

SOARING HEIGHTS CHARTER SCHOOL
 Insurance Schedule
 June 30, 2017
 (Unaudited)

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

Source: District Records

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

	2015	2016	2017	Source
	Audit	Audit	Audit	
Cash	692,369	649,369	481,963	Audit: Exhibit A-1
Current Assets (includes CASH)	51,113	36,938	533,074	Audit: Exhibit A-1
Total Assets	751,146	689,331	533,074	Audit: Exhibit A-1
Current Liabilities	33,856	90,008	21,661	Audit: Exhibit A-1
Total Liabilities	642,923	649,012	1,040,208	Audit: Exhibit A-1
Net Assets	148,028	2,000	(222,603)	Audit: Exhibit A-1
Total Revenue	3,017,152	3,907,310	3,230,777	Audit: Exhibit A-2
Total Expenses	3,047,423	4,053,338	3,455,380	Audit: Exhibit A-2
Change in Net Assets	(30,271)	(148,028)	(224,603)	Audit: Exhibit A-2
Depreciation Expense	4,427	4,427	3,237	Financial Statements/Audit Workpapers
Interest Expense	0	0	0	Financial Statements/Audit Workpapers
Principal Payments	0	0	0	Financial Statements/Audit Workpapers
Interest Payments	0	0	0	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	233.00	234.00	238.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	240	240	240	Charter School Budget

RATIOS ANALYSIS...				
Near Term Indicators	2015	2016	2017	3 YR CUM
1a. Current Ratio	1.51	0.41	24.61	Source: Current Assets/Current Liabilities
1b. Unrestricted Days Cash	82.93	58.48	50.91	Cash/(Total Expenses/365)
1c. Enrollment Variance	97%	98%	99%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	Audit
Sustainability Indicators				
2a. Total Margin	-1%	-4%	-7%	Change in Net Assets/Total Revenue
2b. Debt to Asset	0.86	0.94	1.95	Total Liabilities/Total Assets
2c.** Cash Flow	(615,012)	(43,000)	(167,406)	Net change in cash flow from prior years
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	Net change in Net Assets+Depreciation+Interest (Change in Net Assets+Principal & Interest Payments)
				Target
				> 1.1
				30-60
				>95%
				not in default
				positive
				<.9
				3 yr cum positive
				>-1.10

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 ** 2017 = 2017 Cash - 2016 Cash; 2016 = 2016 Cash - 2015 Cash; 2015 = 2015 Cash - 2014 Cash

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

SINGLE AUDIT SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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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, 2017, 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 September 27, 2017.

Internal Control over Financial Reporting

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

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

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


Compliance and Other Matters

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

Purpose of this Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
September 27, 2017

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K-2
Page 1

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM
GUIDANCE AND 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 Federal and State Program

We have audited the Soaring Heights Charter School's (Charter School) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and 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 federal and state programs for the fiscal year ended June 30, 2017. The Charter School's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types

of compliance requirements referred to above that could have a direct and material effect on a major federal or 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 Federal and 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 federal and state programs for the year ended June 30, 2017.

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 federal or 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 federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and 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 federal or 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 federal or 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 federal or 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 Uniform Guidance and 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
September 27, 2017

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2017 Deferred Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
No Child Left Behind Cluster:														
Title I Part A	84-010A	S010A150030	NCLB - 7830 - 17	\$ 117,310	7/1/16	6/30/17	-	\$ 115,917	\$ (117,310)	-	-	\$ (1,393)	\$ -	-
Title I Part A Carryover	84-010A	S367A150029	NCLB - 7830 - 16	121,274	7/1/15	6/30/16	(31,700)	31,700	(25,016)	-	-	-	-	-
Title II Part A	84-367A	S367A150029	NCLB - 7830 - 17	25,016	7/1/16	6/30/17	-	25,016	(25,016)	-	-	-	-	-
Title II Part A Carryover	84-367A	S367A150029	NCLB - 7830 - 16	-	7/1/15	6/30/16	(31,700)	172,633	(142,326)	-	-	(1,393)	-	-
Total No Child Left Behind Cluster														
Individuals with Disabilities Cluster:														
IDE A, Part B Basic	84-027	H027A150100	IDEA - 7830 - 17	47,608	7/1/16	6/30/17	-	28,997	(47,608)	-	-	(18,811)	-	-
IDE A, Part B Basic Carryover	84-027	H027A150100	IDEA - 7830 - 16	50,656	7/1/15	6/30/16	(561)	561	(47,608)	-	-	(18,811)	-	-
Total Individuals with Disabilities Cluster														
Other Special Revenue Funds:														
Charter School Expansion Grant	84-282	U282A120015	N/A	-	9/1/16	8/31/17	-	-	-	-	-	-	-	-
Public Charter Schools (CSP Grant)	84-282	U282A120015	N/A	-	9/1/15	8/31/16	-	-	-	-	-	-	-	-
Race To The Top	XX-XXX	XX-XXX	N/A	-	9/1/16	8/31/17	-	-	-	-	-	-	-	-
Total Other Special Revenue Funds														
Total Special Revenue Fund														
							(32,261)	202,191	(190,134)	-	-	(20,294)	-	-
							(32,261)	202,191	(190,134)	-	-	(20,294)	-	-
Total Federal Financial Awards														
							\$ -	\$ 202,191	\$ (190,134)	\$ -	\$ -	\$ (20,294)	\$ -	\$ -

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

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Program or Award Amount	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance at June 30, 2017		MEMO
			From	To							Deferred Revenue (Accounts Receivable)	Deferred Revenue/ Interfund Payable	
State Department of Education													
General Fund													
State Aid-Public Cluster													
Equalization Aid	17-495-034-5120-078	\$ 1,568,314	7/1/16	6/30/17	\$	\$ -	\$ 1,568,314	\$ (1,568,314)	\$ -	\$ -	\$ -	\$ -	\$ 1,568,314
Special Education	16-495-034-5120-071	-	7/1/16	6/30/17	-	-	60,314	(60,314)	-	-	-	-	60,314
Special Education Categorical Aid	17-495-034-5120-089	60,314	7/1/16	6/30/17	60,314	-	62,026	(62,026)	-	-	-	-	62,026
Security Aid	17-495-034-5120-084	62,026	7/1/16	6/30/17	62,026	-	333,284	(333,284)	-	-	-	-	333,284
Adjustment Aid	17-495-034-5120-085	333,284	7/1/16	6/30/17	333,284	-	2,078,975	(2,078,975)	-	-	-	-	2,078,975
State Aid-Public Cluster													
TPAF Post-Requirement Medical Contributions	17-495-034-5095-001	96,305	7/1/16	6/30/17	96,305	-	96,305	(96,305)	-	-	-	-	96,305
On-Behalf TPAF Pension Contributions	17-495-034-5095-006	115,581	7/1/16	6/30/17	115,581	-	115,581	(115,581)	-	-	-	-	115,581
Reimbursed TPAF - Social Security	17-495-034-5095-002	110,452	7/1/16	6/30/17	110,452	(4,021)	105,130	(110,452)	(5,322)	-	5,322	-	110,452
Reimbursed TPAF - Social Security	16-495-034-5095-002	-	7/1/15	6/30/16	-	-	4,021	-	-	-	-	-	-
Total General Fund						(4,021)	2,344,975	(2,346,276)	(5,322)	-	5,322	-	2,346,276
Total All Funds						(4,021)	2,344,975	(2,346,276)	(5,322)	-	5,322	-	2,346,276
State Financial Assistance Not Subject to Major Program Determination:													
General Funds:													
TPAF Post-Retirement Medical Contributions	17-495-034-5095-001	96,305	7/1/16	6/30/17	96,305	-	96,305	(96,305)	-	-	-	-	96,305
On-Behalf TPAF Pension Contributions	17-495-034-5095-006	115,581	7/1/16	6/30/17	115,581	-	115,581	(115,581)	-	-	-	-	115,581
Total State Financial Assistance Subject to Single Audit						(4,021)	2,133,089	(2,134,380)	(5,322)	-	5,322	-	2,134,380

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

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and State Financial Assistance
June 30, 2017

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2017

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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 2,346,276	\$ 2,346,276
Special Revenue Fund	190,134	-	190,134
Food Service Fund	-	-	-
Total Awards & Financial Assistance	<u>\$ 190,134</u>	<u>\$ 2,346,276</u>	<u>\$ 2,536,410</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, 2017.

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, 2017. 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, 2017.

SOARING HEIGHTS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2017

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.

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

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	___X___ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None ___X___ Reported
Noncompliance material to basic financial statements noted?	_____ Yes	___X___ No

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	___X___ Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	___X___ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None ___X___ 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	___X___ No

Identification of major state programs:

GMIS Number(s)	Name of State Program
	STATE AID – PUBLIC CLUSTER
_____ 17-495-034-5120-071 _____	_____ Equalization Aid _____
_____ 17-495-034-5120-089 _____	_____ Special Education Aid _____
_____ 17-495-034-5120-084 _____	_____ Security Aid _____
_____ 17-495-034-5120-085 _____	_____ Adjustment Aid _____

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Part II –Schedule of Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

SOARING HEIGHTS CHARTER SCHOOL
Schedule of Findings
And Questioned Costs
For the Fiscal Year Ended June 30, 2017

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S Uniform Guidance and New Jersey OMB's Circular Letter 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

No Current Year Findings

SOARING HEIGHTS CHARTER SCHOOL SOARING HEIGHTS CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2017

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, 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