

**Comprehensive Annual
Financial Report**

of the

OCEANSIDE CHARTER SCHOOL

ATLANTIC CITY, NEW JERSEY

For the Year Ended June 30, 2012

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION:	
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION:	
Independent Auditor's Report	9-10
Required Supplementary Information - Part I	
Management Discussion and Analysis	11-20
Basic Financial Statements	
A Charter School Financial Statements	
A-1 Statement of Net Assets	21
A-2 Statement of Activities	22
B Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
B-4 Statement of Net Assets	26
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	27
B-6 Statement of Cash Flows	28
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	29
B-8 Statement of Changes in Fiduciary Net Assets	N/A
Notes to the Financial Statements	30-45

TABLE OF CONTENTS

	Page
Required Supplementary Information - Part II	
C Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	46-47
C-2 Budgetary Comparison Schedule - Special Revenue Fund	48
Notes to Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	49
Other Supplementary Information	
E Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	50
E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
F Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenses and Changes in Fund Balance - Budgetary Basis	N/A
F-2(x) Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	N/A
G Proprietary Funds: (See B-4 through B-6)	
H Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	51
H-2 Combining Statement of Changes in Fiduciary Net Assets	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	52
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	53
I Long-Term Debt:	
I-1 Schedule of Mortgages Obligations	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

TABLE OF CONTENTS

	Page
STATISTICAL SECTION: (Unaudited)	
Financial Trends	
J-1 Net Assets by Component	54
J-2 Changes in Net Assets	55-56
J-3 Fund Balance - Governmental Funds	57
J-4 Changes in Fund Balance - Governmental Funds	58
J-5 General Fund Other Local Revenues by Source	59
Revenue Capacity	
J-6 to J-9	N/A
Debt Capacity	
J-10	N/A
J-11 to J-13	N/A
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	60
J-15 Principal Employers	61
Operating information	
J-16 Full-time Equivalent Charter School Employees by Function/Program	62
J-17 Operating Statistics	63
J-18 School Building Information	64
J-19 Schedule of Required Maintenance Expenditures by School Facilities	65
J-20 Insurance Schedule	66
SINGLE AUDIT SECTION:	
K-1 Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67-68
K-2 Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	69-70
K-3 Schedule of Expenditures of Federal Awards, Schedule A	71
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	72
K-5 Notes to the Schedules of Awards and Financial Assistance	73
K-6 Schedule of Findings and Questioned Costs	74-77
K-7 Summary Schedule of Prior Audit Findings	78

Introductory Section



Oceanside Charter School

1750 Bucharach Blvd. • Atlantic City, NJ 08401 • 609-348-3485 • fax: 609-348-5951

November 26, 2012

The Honorable President and
Members of the Board of Trustees
Oceanside Charter School
County of Atlantic
Atlantic City, New Jersey 08401

Dear Board Members:

The Comprehensive Annual Financial Report of the Oceanside Charter School for the year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Oceanside Charter School Board of Trustees's management. 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 financial position 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: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, management's discussion and analysis as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133 Revised, "Audits of States, Local Governments, and Non-Profit Organizations" and the New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. Reporting Entity and Services

Oceanside Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board as established by GASB Statement number 34. All funds of the Charter School are included in this report. The Charter School provides a full range of educational services to students in pre-k through eighth grade.

2. Economic Condition and Outlook

In the 2011-2012 school year, Oceanside enjoyed a 7.3% increase in revenue. This was a welcomed upward trend in resources as the past few years have been marred by flat revenue. The 2010-2011 school year marked the first time that Oceanside Charter School realized an increase in revenue in over 3 fiscal years. Beginning in 2008-2009 the State Charter School Funding Formula changed substantially and the double digit increases in the per pupil figures that we enjoyed in the past came to an abrupt halt. The new funding formula calculated our revenue as decreasing, but the State agreed to an adjustment aide calculation to bring all Districts to the 07-08 level. Our revenue remained flat, with the State adjustment aid scenario from FYE 2007 through FYE 2010. In 2010-2011 our revenue finally topped the 07-08 levels and we are once again in a growth mode.

Funding increases will be mainly determined by the local tax revenue increases, which have been capped at 4% and the CPI index. The State is now in a pro-charter environment and that may bode well for future economic news, however, conservative revenue growth figures of 4-6% will promote a fundamentally sound budget base and allow for conservative decision making for future growth and expansion. Increases in enrollment will allow for greater revenue growth and are planned for our new facility financing strategy.

3. Program Implementation

Educational Philosophy

The Founders of the Oceanside Charter School began the original charter in 1999 with the goal of serving Atlantic City's most impoverished communities. More specifically, Oceanside sought to remedy the inequities faced by Atlantic City's most disadvantaged residents by offering school choice, providing honest performance data, and ensuring equal opportunity educational programs. Our focus has been to build an internal culture in which students value their education and see it as a vehicle for advancement.

Because Atlantic City's communities are sharply divided by race and culture, residents' educational success has traditionally been determined by their fortune or misfortune in living within a specific neighborhood where falling victim to educational indifference is pervasive. Oceanside's founders addressed this problem by placing the school's facility within Atlantic City's most troubled area, subsequently drawing 83% of its student population from that region. Accordingly, Oceanside sought to provide parents with new options regarding safety, rigor in instruction, and curriculum, while also providing each child with fairness and an individualized learning environment. Overall, our philosophy has been to cultivate interest, create hope, and set high standards for each child. We work with passion, dedication, and the urgency of understanding that their lives depend on our success. Our school was set up to build a culture of excellence where education is valued and seen as a means to attain life goals.

Mission Statement - The mission of the Oceanside Charter School is to create an environment, which enables all children to reach their maximum potential. The school will be clean, safe, and equipped with the necessary technological, curricular, and human resources needed to facilitate effective learning. Children will be nurtured emotionally and challenged intellectually in order to produce respected and productive citizens.

The weight and importance of the task before us has stimulated numerous unique and innovative strategies in our daily and extended week programs. The following program components have dramatically improved the quality of education provided to our student population.

- Intervention (flex) Programs
- Saturday & Sunday School Model
- Low Teacher to Student Ratios
- Internally Sponsored Pre-K Program
- School-Wide Data Driven Instructional Model
- Merit Evaluation Model

- After-School / In-Home Tutoring Model
- Stem / Robotics Program

In addition, the foregoing innovations are provided with a budget that is 30 percent lower than the surrounding school districts. While that is the reality for all charter schools, it is specifically relevant for Oceanside because of the additional programs we are able to provide. Though Oceanside's innovations, such as extended school days and weekend programs, are not quantifiable, they are equally relevant to the achievement of Oceanside's core mission. Oceanside understands that neighborhood factors can have a profound impact on each student's educational success. Thus, Oceanside designed its model to allow students to participate in additional school programs, maximizing students' opportunities to reach their full potential.

Five Year Plan

Our five year plan has four core components that will be discussed in detail below. These components are not mere strategies for the future, but along range plans currently in execution. As we are constantly reflecting on our performance and seeking trajectory correction, our plans are born and lived out with each academic year. We are particularly excited by our next five years, as we have so many multi-year programs in implementation; Innovative instructional programs, continued sustained professional development, an infusion of capital for our innovative performance-based compensation system, and our strongest administrative corrective action yet.

Innovative Instructional Programs

Reading Program - Success for All

After analyzing short falls in our language arts performance over the last few years, our administrative team researched literacy reform models that could affect change in our specific areas of concern. After looking at multiple models, our leadership teams agreed on bringing back Success for All. We are currently in our 2nd Year of re-implementation and look forward to marked increases in Language Arts Literacy performance within the next few years. It is ironic that our choice to leave the Success for All (SFA) reading program came because Oceanside sought to receive funding from the Statewide Reading Grant funding to support our overall budget. At the time, SFA was unapproved and we choose to go with one of the state's recommended anthology based programs. Following the national developments with regard to Common Core Standards and the lack of results with the anthology based program, we are excited to return to SFA and believe our renewed focus on novel based instruction will facilitate improved student outcomes.

Writing Program – Lucy Calkins

We have a head start on our writing corrective action, as we have been utilizing a Lucy Calkins' Writer's Workshop model over the last 2 years. Our 2011-2012 NJASK disaggregated LAL data indicates that our writing model is showing tremendous success. Over the summer, Oceanside purchase a new curriculum aligned to the Common Core Standard and expanded Professional Development support. We are excited at the prospect of expanded student success.

Mathematics – Problem Solving

We have recently reestablished our partnership with Rowan University and the NJ Statewide Systemic Initiative whose focus is on math, science, and technology education in elementary and middle schools. The collaboration and sustain professional development will support our efforts to address students' weaknesses in problem solving and application.

Social Studies and Science – Informational Text

Research has shown that expanded focus on informational/expository text will strengthen students' ability to address analyzing text and working with text skills. We continue to train all teachers as reading teachers. Additional focus in this area will foster students' reading comprehension and increase overall performance in the area of Language Arts Literacy.

Technological Superiority

Oceanside prides itself on providing a technologically robust environment for our children. Each room is equipped with a high level of technology to increase student engagement and provide the most efficient delivery of instruction. Recent purchases of smart boards, clickers (immediate response devices for the students), projectors, mobies, and document cameras for every room will affect our ability to meet targets in the next five years.

STEM Partnerships

In the last two years, Oceanside has created key educational relationships to assist in bolstering our academic success. Using a new focus on STEM-based activities as a launching pad, we have linked with the Federal Aviation Administration and Stockton College to provide a depth of knowledge and research. Capitalizing on these partnerships, we will continue our weekend robotics clubs and technology programs. These relationships will also prove to be vital as we expand our gifted programming and move into a new facility.

Performance Based Compensation System

In August 2012, Oceanside Charter and four other consortium schools were awarded approximately \$10,000,000 for a 4 year Federal Teacher Incentive Fund (TIF) Grant. Acting as the lead agency, the Center for Educational Innovation - Public Education Association submitted this grant to advance performance based compensation models in the participating schools. See Appendix D for an abstract of this grant. Our school has always prided itself on its pioneering and leadership in the area of innovative programming. One of our most innovative practices, which are now on everyone's radar screen, is performance based compensation. We have been providing this model for nearly 6 years in a non-unionized environment. Utilizing a merit-based evaluation matrix and tying financial compensation to performance has been a matter of course in our school. In the current political climate, the benefits of this plan are now being promulgated throughout the State. It will enable our school to be on the leading edge of performance-based compensation systems, pushing this model forward for the good of all public schools.

This grant could not be better placed in our continuum as an organization. As we come upon our renewal and refocus on our successes and failures, we seek corrections and innovations to adjust our course. Academic leadership, in the classroom, in the administrative offices, and in the Board room all need to be improved in our next five years in order to meet our mark. This grant will enable our school to hold up leadership as the core to success. The support it will provide in the next four years is extremely valuable in our quest for excellence. It is in line with utilizing the charter schools as test beds for innovative practices.

4. Internal Accounting Controls

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

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

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

5. Budgetary Controls

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

6. Accounting System and Reports

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

7. Cash Management

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to Financial Statements," Note 2. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. Risk Management

Oceanside Charter School carries various general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. Acknowledgments

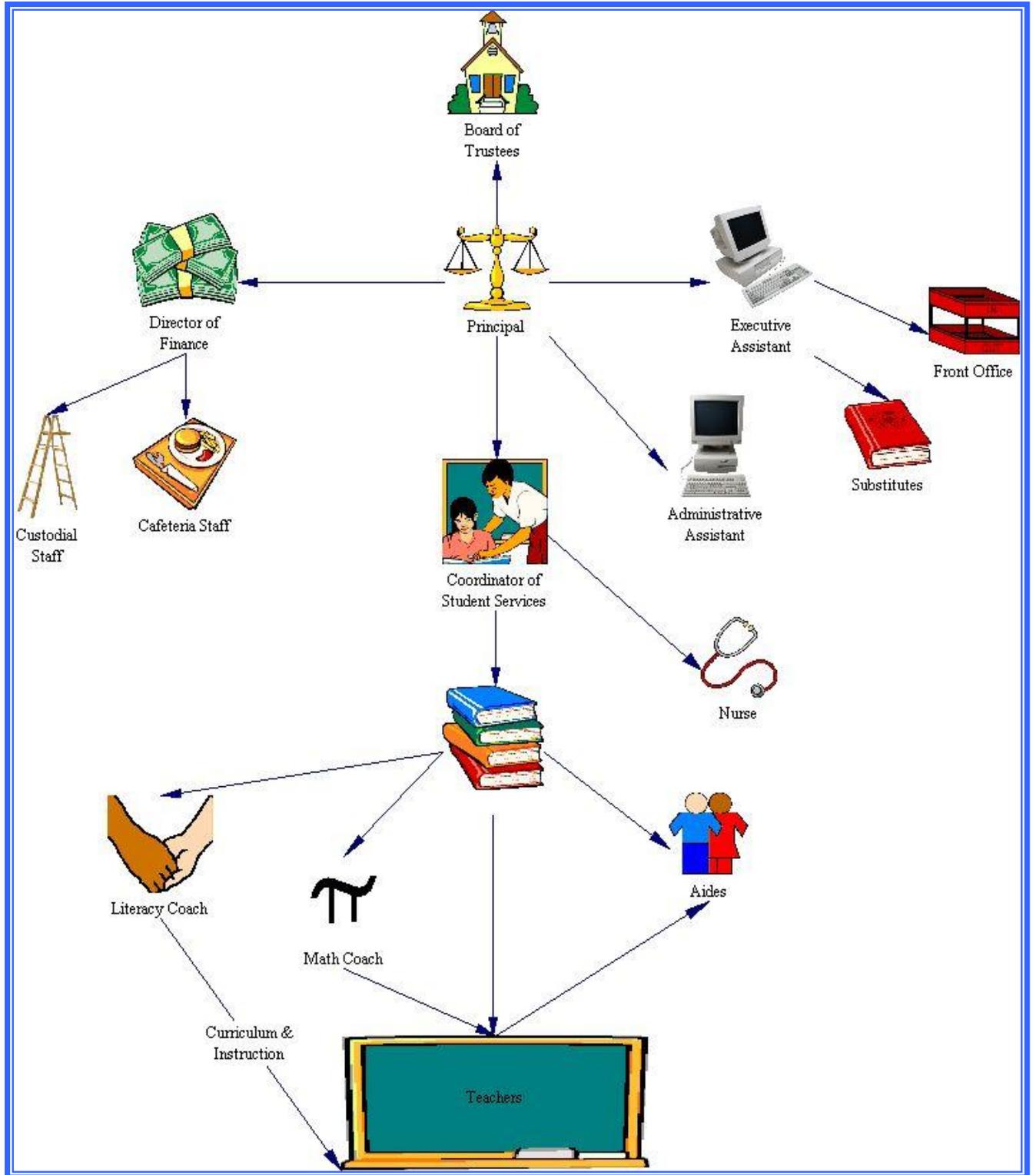
We would like to express our appreciation to the members of the Oceanside Charter School for their concern in providing fiscal accountability for the Charter School and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully Submitted,

Todd D'Anna

Todd D'Anna
Director of Finance

OCEANSIDE CHARTER SCHOOL ORGANIZATIONAL CHART



OCEANSIDE CHARTER SCHOOL
ATLANTIC CITY, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2012

<u>Members of the Board of Trustees</u>	<u>Term Expires</u>
Robert Preston (President)	9/30/12
Anthony Bethel (Vice-President)	9/30/12
Hamiyd Washington	9/30/12
Tammy Jones	9/30/12
Stacey Zacharoff	9/30/12
Jeanine Middleton (ex-officio)	
Todd D'Anna (ex-officio)	
Paul Firetto (ex-officio)	9/30/12
Sheldis Hewish (ex-officio)	9/30/12
<u>Other Officials</u>	
Jeanine Middleton	Lead Administrator
Todd D'Anna	Director of Finance
Sherrylynn Kimbrough	Treasurer

**OCEANSIDE CHARTER SCHOOL
Consultants and Advisors**

Audit Firm

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Avenue
P.O. Box 538
Ocean City, N.J. 08226-0538

Attorney

Cooper Levenson
Attorneys at Law
1125 Atlantic Avenue
Atlantic City, N.J. 08401

Schwartz, Simon, Edelstein, Celso and Zitomer, L.L.C.
44 Whippany Road
Suite 210, P.O. Box 2355
Morristown, N.J. 07962

Official Depository

TD Bank, N.A.
Commerce Atrium
1701 Route 70 East
Cherry Hill, N.J. 08034-5400

Financial Section

1535 HAVEN AVENUE • PO BOX 538
OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710



F O R D - S C O T T

& A S S O C I A T E S , L . L . C .

C E R T I F I E D P U B L I C A C C O U N T A N T S

www.ford-scott.com

1409 CANTILLON BLVD. • PO BOX 548
MAYS LANDING, NJ 08330
PHONE 609.625.0999 • FAX 609.625.2421

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Oceanside Charter School
County of Atlantic
Atlantic City, New Jersey 08401

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Board of Trustees of the Oceanside Charter School, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Oceanside Charter School Board of Trustees' management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, of the Oceanside Charter School Board of Trustees, in the County of Atlantic, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012 on our consideration of the Oceanside Charter School Board of Trustees' 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information identified in the table of contents 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 responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Office of Management and Budget Circular 04-04 and is also not a required part of the basic financial statements. The introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining statements and major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman
Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

November 26, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**OCEANSIDE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED**

The discussion and analysis of Oceanside Charter School's financial performance provides an overall review of the Charter School's financial activities for the year ended June 30, 2012. 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.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net assets decreased \$388,025.74, which represents a 67.57% decrease from 2011. The decrease is due to mainly to the repayment of a School Renovation Grant from prior years, that was ordered by the Office of Compliance Investigation (OCI). The OCI disallowed certain expenditures that were not compliant with requirements of the Public School Contracts Law.
- General revenues accounted for \$5,295,808.45 in revenue or 84% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,011,458.90 or 16% of total revenues of \$6,307,267.35.
- Total assets of governmental activities decreased by \$398,910.07 as cash and cash equivalents decreased by \$109,028.39, receivables decreased by \$230,921.64, internal balances increased by \$9,765.27 and net capital assets decreased by \$68,725.31.
- The Charter School had \$6,695,293.09 in expenses; only \$1,011,458.90 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily local and state aid) of \$5,295,808.45 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$5,697,863.64 in revenues and \$5,917,773.58 in expenditures. The General Fund's fund balance had a decrease of \$294,909.94 over 2011.

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

**OCEANSIDE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED (CONTINUED)**

Reporting the Charter School as a Whole

Statement of Net Assets 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 2012?" The Statement of Net Assets 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 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 assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the Charter School's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Governmental Activities - All of the Charter School's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

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 transaction. The Charter School's governmental funds are the General Fund and the 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**OCEANSIDE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED (CONTINUED)**

Reporting the Charter School's Most Significant Funds (Continued)

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the School-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 30 to 45 of this report.

The Charter School as a Whole

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

The school's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the Charter School's net assets for 2012 and 2011.

Table 1 Net Assets		
	2012	2011
Assets		
Current and Other Assets	\$ 414,686.47	\$ 742,964.95
Capital Assets	125,323.88	194,049.19
Total Assets	540,010.35	937,014.14
Liabilities		
Long-Term Liabilities	115,151.46	88,854.69
Other Liabilities	238,623.86	273,898.68
Total Liabilities	353,775.32	362,753.37
Net Assets		
Invested in Capital Assets, Net of Debt	125,323.88	194,049.19
Restricted	7,344.15	21,213.57
Unrestricted	53,567.00	358,998.01
Total Net Assets	\$ 186,235.03	\$ 574,260.77

The School's combined net assets were 186,235.03 on June 30, 2012. This was a decrease of 67.57% from the prior year.

**OCEANSIDE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED (CONTINUED)**

The Charter School as a Whole (Continued)

Table 2 shows changes in net assets for years 2012 and 2011.

**Table 2
Changes in Net Assets**

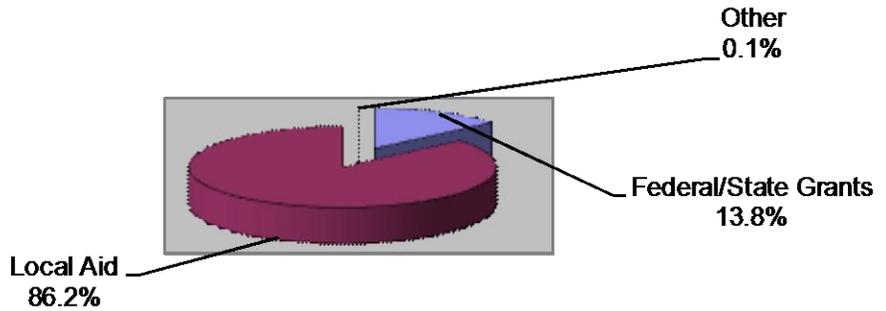
	2012	2011
Revenues		
Program Revenues:		
Charges for Services	\$ 802.51	\$ 4,493.72
Operating Grants and Contributions	1,010,656.39	1,050,550.49
General Revenues:		
Local Aid	4,316,303.00	4,113,792.00
Grants and Entitlements	978,446.00	816,930.00
Other	1,059.45	17,398.64
Total Revenues	6,307,267.35	6,003,164.85
Program Expenses		
Instruction	3,363,188.78	2,990,202.27
Support Services:		
Pupils and Instructional Staff	631,112.65	574,079.81
General Administration, School Administration, Business Operations and Maintenance of Facilities	1,826,784.09	1,450,967.23
Pupil Transportation	27,693.99	31,553.56
Food Service	236,296.01	251,542.54
Loss on Disposal of Fixed Assets	5,173.67	5,566.85
Total Expenses	6,695,293.09	5,984,209.65
Increase/(Decrease) in Net Assets	\$ (388,025.74)	\$ 18,955.20

**OCEANSIDE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED (CONTINUED)**

Governmental Activities

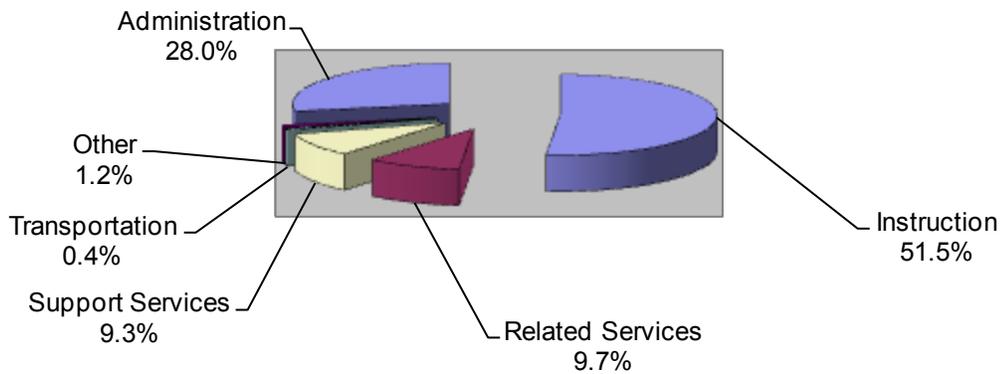
The School's total revenues were \$6,144,065.06 for the year ended June 30, 2012. Federal and state grants accounted for 13.8% of School revenue.

Sources of Revenue for Fiscal Year 2012



The total cost of all program and services was \$6,533,997.00. Instruction comprises 51.5% of School expenses.

Expenses for 2012



**OCEANSIDE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED (CONTINUED)**

Business-Type Activities

Revenues for the School's business-type activities (food service program) were mostly comprised of federal and state reimbursements.

- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast was \$162,399.78.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services.

Table 3

	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Instruction	\$ 3,363,188.78	\$ 2,826,270.24	\$ 2,990,202.27	\$ 2,390,876.72
Support Services:				
Pupils and Instructional Staff	631,112.65	447,007.63	574,079.81	408,274.29
General Administration, School Administration	1,826,784.09	1,733,020.49	1,450,967.23	1,368,202.56
Transportation	27,693.99	27,693.99	31,553.56	31,553.56
Business Operation and Maintenance of Facilities	605,043.90	571,574.45	680,297.39	654,222.28
Total Expenses	<u>\$ 6,453,823.41</u>	<u>\$ 5,605,566.80</u>	<u>\$ 5,727,100.26</u>	<u>\$ 4,853,129.41</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the School.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition and the rental of the school buildings.

**OCEANSIDE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED (CONTINUED)**

The Charter School's Funds

All governmental funds (i.e., general fund, special revenue fund and capital fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$6,144,065.06 and expenditures were \$6,363,975.00.

As demonstrated by the various statements and schedules included in the financial section of this report, the 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 year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	2011-12 Amount	Percent of Total	Increase (Decrease) from 2011	Percent of Increase (Decrease)
Local Sources	\$ 5,295,808.45	86.20%	\$ 337,475.31	12.73%
State Sources	402,055.19	6.54%	93,262.36	6.31%
Federal Sources	446,201.42	7.26%	(108,764.10)	-23.95%
Total	<u>\$ 6,144,065.06</u>	100.00%	<u>\$ 321,973.57</u>	7.02%

Local revenues increased due to an increase in the local aid paid by Sending Districts based upon enrollment counts.

The following schedule represents a summary of general fund, special revenue fund, and capital project fund expenditures for the year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	2011-12 Amount	Percent of Total	Increase (Decrease) from 2011	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 2,669,027.94	41.94%	\$ 244,870.74	10.10%
Administrative	1,549,642.04	24.35%	385,743.63	33.14%
Support Services	2,089,303.22	32.83%	148,627.61	7.66%
Capital Outlay	56,001.80	0.88%	(86,038.06)	-60.57%
Total	<u>\$ 6,363,975.00</u>	100.00%	<u>\$ 693,203.92</u>	12.22%

Changes in expenditures were the results of varying factors. Current expense increased due to additional staff and students, and increased health benefits and utility costs.

**OCEANSIDE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
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. As our budget is directly related to enrollment, our business office takes special care to monitor enrollment throughout the year and adjust budgetary projections to ensure sound fiscal management. Our business staff now has the experience of five years of operation and the budgeting process is becoming more efficient with each year. We expect this trend to continue into the future.

Capital Assets

At the end of the year 2012, the Charter School had \$125,323.88 invested in building, furniture and equipment. Table 4 shows year 2012 balances compared to 2011.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	2011	2011
Land Improvements	\$ 30,285.35	\$ 37,147.61
Building and Building Improvements	78,118.62	85,961.84
Machinery and Equipment	16,919.91	70,939.74
Total	\$ 125,323.88	\$ 194,049.19

Overall capital assets decreased \$68,725.31 from year 2011 to year 2012. The decrease in capital assets is primarily due depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

Long-Term Liabilities

At June 30, 2012, the Charter School had \$115,151.46 in accrued compensated absences.

The Oceanside Charter School

The Founders of the Oceanside Charter School began the original charter in 1999 with the goal of serving Atlantic City's most impoverished communities. More specifically, Oceanside sought to remedy the inequities faced by Atlantic City's most disadvantaged residents by offering school choice, providing honest performance data, and ensuring equal opportunity educational programs. Our focus has been to build an internal culture in which students value their education and see it as a vehicle for advancement.

Because Atlantic City's communities are sharply divided by race and culture, residents' educational success has traditionally been determined by their fortune or misfortune in living within a specific neighborhood where falling victim to educational indifference is pervasive. Oceanside's founders addressed this problem by placing the school's facility within Atlantic City's most troubled area, subsequently drawing 83% of its student population from that region. Accordingly, Oceanside sought to provide parents with new options regarding safety, rigor in instruction, and curriculum, while also providing each child with fairness and an individualized learning environment. Overall, our philosophy has been to cultivate interest, create hope, and set high standards for each child. We work with passion, dedication, and the urgency of understanding that their lives depend on our success. Our school was set up to build a culture of excellence where education is valued and seen as a means to attain life goals.

**OCEANSIDE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED (CONTINUED)**

The Oceanside Charter School (Continued)

Mission Statement - The mission of the Oceanside Charter School is to create an environment, which enables all children to reach their maximum potential. The school will be clean, safe, and equipped with the necessary technological, curricular, and human resources needed to facilitate effective learning. Children will be nurtured emotionally and challenged intellectually in order to produce respected and productive citizens.

The weight and importance of the task before us has stimulated numerous unique and innovative strategies in our daily and extended week programs. The following program components have dramatically improved the quality of education provided to our student population.

- Intervention (flex) Programs
- Saturday & Sunday School Model
- Low Teacher to Student Ratios
- Internally Sponsored Pre-K Program
- School-Wide Data Driven Instructional Model
- Merit Evaluation Model
- After-School / In-Home Tutoring Model
- Stem / Robotics Program

In addition, the foregoing innovations are provided with a budget that is 30 percent lower than the surrounding school districts. While that is the reality for all charter schools, it is specifically relevant for Oceanside because of the additional programs we are able to provide. Though Oceanside's innovations, such as extended school days and weekend programs, are not quantifiable, they are equally relevant to the achievement of Oceanside's core mission. Oceanside understands that neighborhood factors can have a profound impact on each student's educational success. Thus, Oceanside designed its model to allow students to participate in additional school programs, maximizing students' opportunities to reach their full potential.

Financial Stability

The Oceanside Charter School is in good financial condition presently. Oceanside's business operation is grounded in fundamentally sound business practices. A detailed budget process, adherence to daily operational procedures, and a focus on revenue generation have allowed the school to maintain financial health in the first three years of the charter. The financial operation of the Oceanside Charter School in the next five years will not deviate far from this simple plan, but rather increase efficiency in each area. Additionally, facility financing will play a major role in the first few years of our subsequent five-year charter.

Financial development will be a core focus of the business department over the next five years of our charter. Funding an exemplary instructional program that is founded on small class sizes poses a substantial financial challenge. Lower class sizes equal lower revenue. Therefore, it is the duty of the business office to find additional revenue in order to sustain the instructional integrity of the school. We will accomplish this through small class size increases, a sustained fund development effort, and development of relationships with other non-profit entities.

**OCEANSIDE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED (CONTINUED)**

Financial Stability (Continued)

Oceanside Charter School has always been proud of its small class sizes. It was one of the core instructional ideals of the founders. However, it has become evident that the initial structure of our class sizes does not work for both programmatic and economic reasons. Economically, although Oceanside has maintained financial health, it has been a struggle to make our budget work with the innovative programs that we want to offer the community. Due to the small class sizes, our operating budget is extremely stretched to meet our instructional program. Furthermore, there is no room for the design of creative or innovative programs that we would like to offer our school and the community.

Grant awards have been a solid source of additional revenue for our school. These awards have allowed our school to maintain a quality tutoring program for three years, open a state of the art community computer lab, develop a comprehensive service learning curriculum, and initiate a special education inclusion program. This revenue has brought our school to a level of innovation that we could not have achieved without the awards. A sustained effort in this area will ensure continued revenue for these purposes.

The grant writing and management process involves a substantial time commitment from the business office. As this effort has increased in magnitude over the last few years, it was necessary to hire an additional part-time member of the business office to handle daily operational tasks. This has allowed the Director of Finance to increase grant writing efforts and other revenue generation.

In conclusion, the Oceanside Charter School has committed itself to financial excellence 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 challenges of the future.

Contacting the Charter School's Management

This financial report is designed to provide our citizens, taxpayers, 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 Todd D'Anna, Business Administrator at Oceanside Charter School, 1750 Bacharach Blvd., Atlantic City, N.J., 08401. **Please visit our website at www.oceansidecharter.com.**

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the Charter School. These statements include the financial activities of the 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.

OCEANSIDE CHARTER SCHOOL
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 161,746.72	\$ 2,443.62	\$ 164,190.34
Receivables, Net	222,427.77	21,334.89	243,762.66
Internal Balances	7,500.00	(7,500.00)	-
Due from Payroll Agency Fund	6,733.47	-	6,733.47
Capital Assets Being Depreciated, Net	125,323.88	-	125,323.88
Total Assets	<u>523,731.84</u>	<u>16,278.51</u>	<u>540,010.35</u>
LIABILITIES			
Accounts Payable	41,210.00	-	41,210.00
Payable to State Government	20,732.12	-	20,732.12
Payable to Other Government	176,681.74	-	176,681.74
Noncurrent Liabilities			
Due Beyond One Year	115,151.46	-	115,151.46
Total Liabilities	<u>353,775.32</u>	<u>-</u>	<u>353,775.32</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	125,323.88	-	125,323.88
Restricted for:			
Other Purposes	7,344.15	-	7,344.15
Unrestricted	37,288.49	16,278.51	53,567.00
Total Net Assets	<u>\$ 169,956.52</u>	<u>\$ 16,278.51</u>	<u>\$ 186,235.03</u>

The accompanying Notes to financial Statements are an integral part of this statement

OCEANSIDE CHARTER SCHOOL
Statement of Activities
For the Year Ended June 30, 2012

Function/Programs	Program Revenue			Net (Expense Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 3,363,188.78		\$ 536,918.54		\$ (2,826,270.24)	\$ -	\$ (2,826,270.24)
Support Services:							
Student & Instruction Related Serv.	631,112.65		184,105.02		(447,007.63)		(447,007.63)
School Administrative Services	1,511,873.42		93,763.60		(1,418,109.82)		(1,418,109.82)
Other Administrative Services	314,910.67				(314,910.67)		(314,910.67)
Plant Operation and Maintenance	520,504.94				(520,504.94)		(520,504.94)
Pupil Transportation	27,693.99				(27,693.99)		(27,693.99)
Business and Other Support Services	84,538.96		33,469.45		(51,069.51)		(51,069.51)
Total Governmental Activities	6,453,823.41	-	848,256.61	-	(5,605,566.80)	-	(5,605,566.80)
Business-Type Activities:							
Food Service	236,296.01	802.51	162,399.78			(73,093.72)	(73,093.72)
Total Business-Type Activities	236,296.01	802.51	162,399.78	-	(73,093.72)	(73,093.72)	(73,093.72)
Total Primary Government	\$ 6,690,119.42	\$ 802.51	\$ 1,010,656.39	\$ -	\$ (5,605,566.80)	\$ (73,093.72)	\$ (5,678,660.52)
General Revenues:							
Local Aid					\$ 4,316,303.00		\$ 4,316,303.00
Federal and State Aid not Restricted					978,446.00		978,446.00
Investment Earnings					473.75		473.75
Miscellaneous					585.70		585.70
Loss on Disposal of Capital Assets					(5,173.67)		(5,173.67)
Transfers					(75,000.00)	75,000.00	-
Total General Revenues, Special Items, Extraordinary Items and Transfers					5,215,634.78	75,000.00	5,290,634.78
Change in Net Assets					(389,932.02)	1,906.28	(388,025.74)
Net Assets - Beginning					559,888.54	14,372.23	574,260.77
Net Assets - Ending					\$ 169,956.52	\$ 16,278.51	\$ 186,235.03

The accompanying Notes to financial Statements are an integral part of this statement

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.

OCEANSIDE CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 159,321.72	\$ 2,425.00	\$ 161,746.72
Due from Other Funds	47,499.00		47,499.00
Due from Payroll Agency Fund	6,733.47		6,733.47
Receivables from Other Governments	144,593.77	77,834.00	222,427.77
Total Assets	\$ 358,147.96	\$ 80,259.00	\$ 438,406.96
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 950.00	\$ 40,260.00	\$ 41,210.00
Intergovernmental Payable	197,413.86		197,413.86
Interfunds Payable		39,999.00	39,999.00
Total Liabilities	198,363.86	80,259.00	278,622.86
Fund Balances:			
Assigned to:			
Designated by the BOE for Subsequent Year's Expenditures	7,641.26		7,641.26
Other Purposes	7,344.15		7,344.15
Unassigned:			
General Fund	144,798.69		144,798.69
Total Fund Balances	159,784.10	-	159,784.10
Total Liabilities and Fund Balances	\$ 358,147.96	\$ 80,259.00	

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

Capital assets used in governmental activities are not resources and therefore are not reported in the funds.

The cost of the assets is \$ 488,807.70 and the accumulated depreciation is \$ 363,483.82

125,323.88

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(115,151.46)

\$ 169,956.52

The accompanying Notes to financial Statements are an integral part of this statement

OCEANSIDE CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Charter School Aid:			
Local Share	\$ 4,316,303.00		\$ 4,316,303.00
Miscellaneous	1,059.45	-	1,059.45
Total Local Sources	4,317,362.45	-	4,317,362.45
State Sources	1,380,501.19	-	1,380,501.19
Federal Sources	-	446,201.42	446,201.42
Total Revenues	5,697,863.64	446,201.42	6,144,065.06
EXPENDITURES			
Current:			
Regular Instruction	2,406,931.54	262,096.40	2,669,027.94
Support Services:			
Student & Instruction Related Serv.	447,007.63	184,105.02	631,112.65
School Administrative Services	1,234,731.37		1,234,731.37
Other Administrative Services	314,910.67		314,910.67
Plant Operation and Maintenance	441,260.32		441,260.32
Pupil Transportation	27,693.99		27,693.99
Employee Benefits	989,236.26		989,236.26
Capital Outlay	56,001.80		56,001.80
Total Expenditures	5,917,773.58	446,201.42	6,363,975.00
Excess (Deficiency) of Revenues Over Expenditures	(219,909.94)	-	(219,909.94)
OTHER FINANCING SOURCES (USES)			
Transfer out	(75,000.00)		(75,000.00)
Total Other Financing Sources and Uses	(75,000.00)	-	(75,000.00)
Net Changes in Fund Balance	(294,909.94)	-	(294,909.94)
Fund Balance - July 1	454,694.04		454,694.04
Fund Balance - June 30	\$ 159,784.10	\$ -	\$ 159,784.10

The accompanying Notes to financial Statements are an integral part of this statement

OCEANSIDE CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ (294,909.94)

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount capital outlays exceeded depreciation for the period.

	Depreciation Expense	\$ (80,617.64)	
	Capital Outlays	<u>17,066.00</u>	
			(63,551.64)

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.

(5,173.67)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).

(26,296.77)

Change in Net Assets of Governmental Activities

\$ (389,932.02)

OCEANSIDE CHARTER SCHOOL
Proprietary Funds
Statement of Net Assets
June 30, 2012

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,443.62	\$ 2,443.62
Accounts Receivable	21,334.89	21,334.89
Total Current Assets	23,778.51	23,778.51
Total Assets	\$ 23,778.51	\$ 23,778.51
LIABILITIES		
Current Liabilities:		
Interfund Payable	7,500.00	7,500.00
Total Current Liabilities	7,500.00	7,500.00
NET ASSETS		
Unrestricted	16,278.51	16,278.51
Total Net Assets	\$ 16,278.51	\$ 16,278.51

The accompanying Notes to financial Statements are an integral part of this statement

OCEANSIDE CHARTER SCHOOL
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
Operating Revenue:		
Charges for Service:		
Daily Sales - Reimbursable Programs	\$ 802.51	\$ 802.51
Total Operating Revenue	<u>802.51</u>	<u>802.51</u>
Operating Expenses:		
Cost of Sales	196,097.28	196,097.28
Salaries	37,342.05	37,342.05
Employee Benefits	2,856.68	2,856.68
Total Operating Expenses	<u>236,296.01</u>	<u>236,296.01</u>
Operating Loss	<u>(235,493.50)</u>	<u>(235,493.50)</u>
Nonoperating Revenues:		
State Sources:		
State School Lunch Program	2,544.29	2,544.29
Federal Sources:		
National School Lunch Program	124,074.29	124,074.29
Federal School Breakfast Program	31,158.12	31,158.12
After School Snacks Program	4,623.08	4,623.08
Total Nonoperating Revenues	<u>162,399.78</u>	<u>162,399.78</u>
Income (loss) before Contributions & Transfers	(73,093.72)	(73,093.72)
Transfers In (Out)	<u>75,000.00</u>	<u>75,000.00</u>
Changes in Net Assets	1,906.28	1,906.28
Total Net Assets-Beginning	<u>14,372.23</u>	<u>14,372.23</u>
Total Net Assets - Ending	<u>\$ 16,278.51</u>	<u>\$ 16,278.51</u>

The accompanying Notes to financial Statements are an integral part of this statement

OCEANSIDE CHARTER SCHOOL
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 802.51	\$ 802.51
Payments to Employees	(37,342.05)	(37,342.05)
Payments for Employee Benefits	(2,856.68)	(2,856.68)
Payments for Supplies	(196,097.28)	(196,097.28)
Net Cash Provided by (Used for) Operating Activities	(235,493.50)	(235,493.50)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	2,626.60	2,626.60
Federal Sources	150,815.52	150,815.52
Operating Subsidies and Transfers to Other Funds	82,500.00	82,500.00
Net Cash Provided by (Used for) Noncapital Financing Activities	235,942.12	235,942.12
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and Dividends	-	-
Net Cash Provided by (Used for) Investing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	448.62	448.62
Balance - Beginning of Year	1,995.00	1,995.00
Balance - End of Year	\$ 2,443.62	\$ 2,443.62
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$ (235,493.50)	\$ (235,493.50)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities		
Increase (Decrease) in Accounts Payable		-
Total Adjustments	-	-
Net Cash Used for Operating Activities	\$ (235,493.50)	\$ (235,493.50)

The accompanying Notes to financial Statements are an integral part of this statement

OCEANSIDE CHARTER SCHOOL
Fiduciary Funds
Statement of Net Assets
June 30, 2012

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 38,048.78
Total Assets	\$ 38,048.78
 LIABILITIES	
Accounts Payable	\$ 27,970.64
Interfunds Payable	6,733.47
Payable to Student Groups	3,344.67
Total Liabilities	\$ 38,048.78

The accompanying Notes to financial Statements are an integral part of this statement

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Oceanside Charter School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the school. A Master Teacher is appointed by the Board and is responsible for the administrative control of the school.

B. Basis of Presentation, Measurement Focus and Basis of Accounting

Basis of Presentation

The School's basic financial statements consist of Charter School statements (i.e. statement of net assets and a statement of activities) and fund financial statements, which provide a more detailed level of financial information.

Charter School Financial Statements: The statement of net assets and the statement of activities display information about the Charter School as a whole. These statements report the financial activities of the overall school, except for fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by property taxes, intergovernmental revenues, and other non-exchange transactions from business-type activities, generally financed in whole or in part with fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activity of the Charter School at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges and fees 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 taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing, or draws from the general revenues of the Charter School.

Fund Financial Statements: During the year, the School Charter School segregates transactions related to certain School Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* - are presented. The New Jersey Department of Education ("Department") has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued

Basis of Presentation - Continued

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund – The Charter School accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Proprietary Fund Type

Enterprise (Food Service) Fund – The Enterprise Fund accounts for all revenues and expenses pertaining to cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (including depreciation and indirect costs) of providing goods and services to the students on a continuing basis is financed or recovered primarily through user charges.

Fiduciary Fund Types

Trust and Agency Funds – The trust and agency funds are used to account for assets held by the Charter School on behalf of outside parties, including other governments or on behalf of other funds within the Charter School. Agency funds (Payroll and Student Activities Fund) are used to account for the assets that the Charter School holds on behalf of others as their agent.

Agency funds are custodial in nature and do not involve measurement of results of operations

Expendable Trust Fund – An expendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby both principal and revenues maybe expended for specific purposes. Included in this category are contributions for specific purposes, awards or scholarships. Expendable Trust Funds include the Unemployment Compensation Fund. The Oceanside Charter School did not have an expendable trust fund at year end.

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

Non-Expendable Trust Fund - A Non-Expendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligation to maintain the trust principal. The Oceanside Charter School did not have a non-expendable trust fund at year end.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued

Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The Charter School financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Revenue from federal, state and other grants designated for payment of specific school Charter School expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Annual appropriated budgets are prepared each year for the general and special revenue. The budgets are submitted to the State of New Jersey, Department of Education office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. All budget amendments must be approved by the School Board of Trustees.

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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 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.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets/Budgetary Control

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. The following table presents a reconciliation of the differences between the budgetary basis and GAAP basis in the special revenue fund at June 30, 2012 and 2011.

	2012	2011
Total Revenues and Expenditures (Budgetary Basis)	\$ 398,777.00	\$ 612,602.44
Adjustments:		
Plus encumbrances at prior year	47,424.42	
Less encumbrances at current year		(47,424.42)
	\$ 446,201.42	\$ 565,178.02
Total Revenues and Expenditures (GAAP Basis)		

D. Encumbrance Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity

Cash, Cash Equivalents and Investments

Cash and cash equivalents include 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. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

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 Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Interfund Transactions

Transfers between governmental and business-type activities on the Charter School statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditure/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories

Inventories, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Inventories in the Enterprise Fund are recorded at cost, computed on a first-in, first out method. In the fund based financial statements, commodities received from the U.S. Department of Agriculture are recorded as deferred revenue until consumed.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity - Continued

Capital Assets

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by school Charter Schools in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over their estimated useful lives. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

The Charter School does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Compensated Absences

The Charter School accounts for compensated absences (e.g., unused sick, vacation leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits.

Charter School employees are granted varying amounts of sick leave in accordance with the Charter School's personnel policies. Upon retirement, employees are paid \$75 for each accrued sick day up to a maximum of \$10,000. The Charter School's policy permits employees to accumulate unused personal and vacation days and convert them to sick days to be carried forward to subsequent years.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The Charter School estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the Charter School Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and Charter School presentations.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensation absences in the Food Service Fund.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity - Continued

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. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as deferred revenue.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the Charter School, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used be spent first when expenditures are made.

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classified governmental fund balances as follows;

- Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity - Continued

Fund Balance Reserves - Continued

- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education, Superintendent or Business Administrator.

- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Revenues – Exchange and Nonexchange Transactions

Revenues 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 year end.

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlement, and donations is recognized in the period 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 year. When use is first permitted; matching requirements, in which the School Charter School must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the School Charter School on a reimbursement basis. On the modified accrual basis, revenue from nonexchange 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 as an advance, interest and tuition.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School 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.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity - Continued

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 direct 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.

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 control of management and are either unusual in nature or infrequent in occurrence.

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.

F. Recent Accounting Pronouncements

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" to improve financial reporting related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. This statement will become effective for fiscal periods beginning after December 15, 2011. This statement is not anticipated to have any effect on the District's financial reporting.

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement, which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Recent Accounting Pronouncements - Continued

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position". The statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. This statement is not anticipated to have any effect on the District's financial reporting.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 64 "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53". This statement, which is effective for fiscal periods beginning after June 15, 2011, is not anticipated to have any effect on the District's financial reporting.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$269,008.79 as of June 30, 2012, \$50,731.69 was uninsured and uncollateralized.

Investments

The Oceanside Charter School had no investments in fiscal year ending June 30, 2012.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2012, consisted of accounts, interfunds, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial Statements	District Wide Financial Statements
State Aid	\$ 65,979.08	\$ 66,078.68
Federal Aid	77,834.00	99,069.29
Interfunds	54,232.47	6,733.47
Other	78,614.69	78,614.69
Gross Receivables	276,660.24	250,496.13
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u>\$ 276,660.24</u>	<u>\$ 250,496.13</u>

**OCEANSIDE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012
 (CONTINUED)**

NOTE 4 – INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to; (1) repay expenses paid by another fund; and (2) make a Board contribution to the Food Service and Unemployment Compensation Trust Fund.

The following interfund balances remained on the fund financial statements at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 54,232.47	\$
Special Revenue Fund		39,999.00
Food Service Fund		7,500.00
Trust and Agency Fund		6,733.47
Total	\$ 54,232.47	\$ 54,232.47

NOTE 5 – INVENTORY

The Charter School utilizes an outside provider, thus there is no inventory in the Food Service Enterprise Fund at June 30, 2012.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Site Improvements	58,332.25	-	-	58,332.25
Buildings and building improvements	156,864.44	-	-	156,864.44
Machinery and Equipment	269,424.01	17,066.00	12,879.00	273,611.01
Total capital assets being depreciated at historical cost	<u>484,620.70</u>	<u>17,066.00</u>	<u>12,879.00</u>	<u>488,807.70</u>
Less accumulated depreciation for:				
Site Improvements	(21,184.64)	(6,862.26)	-	(28,046.90)
Buildings and improvements	(70,902.60)	(7,843.22)	-	(78,745.82)
Machinery and Equipment	(198,484.27)	(65,912.16)	(7,705.33)	(256,691.10)
Total capital assets being depreciated, Total Depreciation	<u>(290,571.51)</u>	<u>(80,617.64)</u>	<u>(7,705.33)</u>	<u>(363,483.82)</u>
net of accumulated depreciation	<u>194,049.19</u>	<u>(63,551.64)</u>	<u>5,173.67</u>	<u>125,323.88</u>
Governmental activity capital assets, net	<u>\$ 194,049.19</u>	<u>\$ (63,551.64)</u>	<u>\$ 5,173.67</u>	<u>\$ 125,323.88</u>
Business-type activities:				
Capital assets being depreciated:				
None	\$ -	\$ -	\$ -	\$ -
Enterprise Fund capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 – PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 7 – PENSION PLANS (CONTINUED)

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

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District has no employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2012.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 7 – PENSION PLANS (CONTINUED)

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) that changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF. The School District's contributions to TPAF for the years ending June 30, 2012, 2011 and 2010 were \$69,470, \$0, and \$0 respectively, and paid by the State of New Jersey on behalf of the Board. The State of New Jersey did not make the required contributions for two of the last three years. The School District's contributions to PERS for the years ending June 30, 2012, 2011, 2010 were \$54,405.00, \$51,142.00, and \$48,575.00 respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2012, the State of New Jersey made a contribution to the TPAF for non-contributory insurance and post-retirement benefits on behalf of the District in the amount of \$209,120. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$192,935.19 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB Statement No. 24.

NOTE 8 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2012 are as follows:

	<u>Balance July 1, 2011</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Compensated Absences					
Governmental	\$ 88,854.69	\$ 34,736.62	\$ 8,439.85	\$ 115,151.46	\$
Business	-			-	
	<u>\$ 88,854.69</u>	<u>\$ 34,736.62</u>	<u>\$ 8,439.85</u>	<u>\$ 115,151.46</u>	<u>\$ -</u>

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 9 – 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.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property and liability coverage. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory method". Under this plan, the Charter School is required to remit deductions directly to the New Jersey Commissioner of Labor. The Charter School no longer uses the "Benefit Reimbursement method" or makes deposits into the Unemployment Compensation Insurance Trust Fund.

NOTE 10 – FEDERAL AND STATE GRANTS

The Office of Compliance Investigation conducted a detailed review of the School Renovation Grants awarded to Oceanside Charter School as requested by the Office of Grants Management. The OCI examiner grouped the school's expenditures for the project according to firm, disallowing any expenditure that was not compliant with the requirements of the Public School Contracts Law. Expenditures totaling \$354,765.04, including \$299,287.00 paid to Century Builders and \$55,478.04 paid to the 7 Group were disallowed.

The Charter School lost its appeal of the State's findings to the Commissioner of Education. The above amount of \$354,765.04, has been paid plus interest in the amount of \$29,977.50 and was included as an appropriation in the 2011-12 budget.

NOTE 11 – COMMITMENTS

The District does not have an encumbrance policy for the fiscal year end to determine significant encumbrances. All encumbrances are classified as Assigned Fund Balance in the General Fund. Significant encumbrances at June 30th are as follows;

Fund	Amount
General Fund Encumbered Orders	\$ 7,344.15
	\$ 7,344.15

NOTE 12 – CONTINGENT LIABILITIES

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance would result in the disallowance of program expenditures.

**OCEANSIDE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)**

NOTE 13 – POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pension and Annuity Fund (TPAF) and 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 and payment of post-retirement medical benefits for retired state employees through 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, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. 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 premiums 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 free health benefits for members PERS and the Alternative Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

NOTE 14 – FUND BALANCES

Restrictions of funds balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District's major sources of special revenue funds is federal grant funding for the No Child Left Behind (NCLB) program and federal grants for special education.

Specific classifications of fund balance are summarized below;

Non-Spendable Fund Balance – The District had no non-spendable fund balance at June 30, 2012.

Restricted Fund Balance – The District had no restricted fund balance at June 30, 2012.

Committed Fund Balance – The District had no committed fund balance at June 30, 2012.

Assigned Fund Balance – At June 30, 2012, the District has assigned \$7,641.26 of general fund balance to expenditures in the 2012-13 budget. In addition, the District assigned fund balance in the general fund for other purposes of \$7,344.15. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District Officials.

Unassigned Fund Balance – At June 30, 2012, the District has a balance of \$144,798.69 of unassigned fund balance in the general fund.

NOTE 15 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2012 through November 26, 2012, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

OCEANSIDE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Charter School Aid - "Local Levy" Local Share	\$ 5,034,889.00	\$ (46,841.00)	\$ 4,988,048.00	\$ 4,316,303.00	\$ (671,745.00)
Total Local Sources	5,034,889.00	(46,841.00)	4,988,048.00	4,316,303.00	(671,745.00)
State Sources:					
Charter School Aid - "Local Levy" State Share	325,337.00	(18,636.00)	306,701.00	978,446.00	671,745.00
TPAF Social Security (Reimbursed- Non-Budgeted)				192,935.19	192,935.19
On-behalf TPAF Post Retirement Medical Contribution (Non-budgeted)				139,650.00	139,650.00
On-behalf TPAF NCGI Premiums (Non-budgeted)				69,470.00	69,470.00
Total State Sources	325,337.00	(18,636.00)	306,701.00	1,380,501.19	1,073,800.19
Other Sources:					
Other Miscellaneous Income	8,500.00		8,500.00	1,059.45	(7,440.55)
Total Other Sources	8,500.00	-	8,500.00	1,059.45	(7,440.55)
Total Revenues	5,368,726.00	(65,477.00)	5,303,249.00	5,697,863.64	394,614.64
EXPENDITURES:					
GENERAL INSTRUCTION					
Salaries of Teachers	1,821,170.50	128,229.00	1,949,399.50	1,941,900.98	7,498.52
Other Instructional Salaries	95,923.00	26,000.00	121,923.00	121,444.34	478.66
Purchasing/Professional Technical Services	40,000.00	(16,000.00)	24,000.00	9,343.65	14,656.35
General Supplies	235,049.00	35,952.00	271,001.00	255,253.64	15,747.36
Textbooks	5,000.00	42,500.00	47,500.00	47,174.11	325.89
Miscellaneous Expense	36,100.00		36,100.00	31,814.82	4,285.18
TOTAL GENERAL INSTRUCTION	2,233,242.50	216,681.00	2,449,923.50	2,406,931.54	42,991.96
ADMINISTRATIVE:					
Salaries - Administrative	422,528.00	82,974.00	505,502.00	502,018.25	3,483.75
Salaries - Secretarial/Clerical	240,806.48	(32,564.00)	208,242.48	201,952.24	6,290.24
Benefit Costs	598,375.81	13,205.00	611,580.81	587,181.07	24,399.74
Purchasing/Professional Technical Services	54,900.00	6,500.00	61,400.00	56,697.95	4,702.05
Interest on Loans		250.00	250.00	207.14	42.86
Other Purchasing Services	254,847.00	65,320.00	320,167.00	294,971.18	25,195.82
Miscellaneous Expense		2,000.00	2,000.00	1,058.80	941.20
Communication/Telephone	25,237.27	2,000.00	27,237.27	18,673.55	8,563.72
Supplies & Materials	64,934.00	27,243.00	92,177.00	89,320.39	2,856.61
Judgements against Charter School	384,743.00		384,743.00	384,742.54	0.46
TOTAL ADMINISTRATIVE EXPENSE	2,046,371.56	166,928.00	2,213,299.56	2,136,823.11	76,476.45

**OCEANSIDE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
SUPPORT SERVICES:					
Salaries	\$ 276,454.20	\$ (24,189.00)	\$ 252,265.20	\$ 251,286.25	\$ 978.95
Other Purchased Services	97,500.00	48,500.00	146,000.00	141,914.56	4,085.44
Rentals of Land and Buildings	272,000.00		272,000.00	267,888.00	4,112.00
Insurance, Liability	82,951.31	(4,149.00)	78,802.31	73,601.70	5,200.61
Supplies & Materials	73,500.00	(17,290.00)	56,210.00	53,806.82	2,403.18
Transportation - Other than Between Home and School	33,358.00	(5,500.00)	27,858.00	27,693.99	164.01
Energy Cost Utilities	100,000.00	6,000.00	106,000.00	99,770.62	6,229.38
Miscellaneous Expenses	1,000.00	-	1,000.00	-	1,000.00
TPAF Social Security (Reimbursed- Non-Budgeted)				192,935.19	(192,935.19)
On-behalf TPAF Post Retirement Medical Contribution (Non-budgeted)				139,650.00	(139,650.00)
On-behalf TPAF NCGI Premiums (Non-budgeted)				69,470.00	(69,470.00)
TOTAL SUPPORT SERVICES	<u>936,763.51</u>	<u>3,372.00</u>	<u>940,135.51</u>	<u>1,318,017.13</u>	<u>(377,881.62)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>5,216,377.57</u>	<u>386,981.00</u>	<u>5,603,358.57</u>	<u>5,861,771.78</u>	<u>(258,413.21)</u>
CAPITAL OUTLAY					
Instructional Equipment	25,000.00	(500.00)	24,500.00	23,381.00	1,119.00
Noninstructional Equipment	20,000.00	4,400.00	24,400.00	23,544.64	855.36
Purchase of Land/Improvements	372,500.00	(357,619.00)	14,881.00	9,076.16	5,804.84
TOTAL CAPITAL OUTLAY	<u>417,500.00</u>	<u>(353,719.00)</u>	<u>63,781.00</u>	<u>56,001.80</u>	<u>7,779.20</u>
TOTAL EXPENDITURES	<u>5,633,877.57</u>	<u>33,262.00</u>	<u>5,667,139.57</u>	<u>5,917,773.58</u>	<u>(250,634.01)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(265,151.57)</u>	<u>(98,739.00)</u>	<u>(363,890.57)</u>	<u>(219,909.94)</u>	<u>143,980.63</u>
Other Financing Sources:					
Operating Transfers Out:				-	
Transfer to Food Service		(75,000.00)	(75,000.00)	(75,000.00)	-
Total Other Financing Sources:	-	<u>(75,000.00)</u>	<u>(75,000.00)</u>	<u>(75,000.00)</u>	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(265,151.57)</u>	<u>(173,739.00)</u>	<u>(438,890.57)</u>	<u>(294,909.94)</u>	<u>143,980.63</u>
Fund Balance July 1	<u>454,694.04</u>		<u>454,694.04</u>	<u>454,694.04</u>	-
Fund Balance June 30	<u>\$ 189,542.47</u>	<u>\$ (173,739.00)</u>	<u>\$ 15,803.47</u>	<u>\$ 159,784.10</u>	<u>\$ 143,980.63</u>
Recapitulation of Fund Balance:					
Nonspendable Fund Balance:				\$ -	
None				-	
Restricted Fund Balance:				-	
None				-	
Committed Fund Balance:				-	
None				-	
Assigned Fund Balance:					
Year End Encumbrances				7,344.15	
Designated for Subsequent Year's Expenditures				7,641.26	
Unassigned Fund Balance				<u>144,798.69</u>	
				<u>\$ 159,784.10</u>	

**OCEANSIDE CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-
Federal Sources	438,840.00	-	438,840.00	398,777.00	(40,063.00)
Total Revenues	438,840.00	-	438,840.00	398,777.00	(40,063.00)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	72,326.00	(1,932.60)	70,393.40	70,393.40	-
Other Salaries for Instruction	165,000.00	(1,328.42)	163,671.58	163,671.58	-
Purchased Professional - Technical Services	62,500.00		62,500.00	22,437.00	40,063.00
General Supplies	2,210.00	3,384.42	5,594.42	5,594.42	-
Total Instruction	302,036.00	123.40	302,159.40	262,096.40	40,063.00
Support Services:					
Salaries	5,000.00		5,000.00	5,000.00	-
Personal Services - Employee Benefits	45,377.00	(5,117.00)	40,260.00	40,260.00	-
Purchased Professional - Technical Services	86,427.00	4,993.60	91,420.60	91,420.60	-
Total Support Services	136,804.00	(123.40)	136,680.60	136,680.60	-
Total Outflows	438,840.00	0.00	438,840.00	398,777.00	40,063.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

OCEANSIDE CHARTER SCHOOL
Required Supplementary Information
Budget to GAAP Reconciliation
Note to RSI
For the Year Ended June 30, 2012

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 5,697,863.64	[C-2]	\$ 398,777.00
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized				47,424.42
Encumbrances at June 30, 2011				47,424.42
	[B-2]	\$ 5,697,863.64	[B-2]	\$ 446,201.42
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 5,917,773.58	[C-2]	\$ 398,777.00
Difference - 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 reporting purposes.				47,424.42
Encumbrances at June 30, 2011				47,424.42
	[B-2]	\$ 5,917,773.58	[B-2]	\$ 446,201.42

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

OCEANSIDE CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2012

	IDEA Part B	IDEA Preschool	Title I	Title IIA	Totals 2012
REVENUES:					\$
Local Sources					-
State Sources					-
Federal Sources	97,620.00	1,370.00	272,434.00	27,353.00	398,777.00
Total Revenues	97,620.00	1,370.00	272,434.00	27,353.00	398,777.00
EXPENDITURES:					
Instruction:					
Salaries of Teachers	47,055.40			23,338.00	70,393.40
Other Salaries for Instruction	-		163,671.58		163,671.58
Purchased Professional - Technical Services			22,437.00		22,437.00
General Supplies			5,594.42		5,594.42
Total Instruction	47,055.40	-	191,703.00	23,338.00	262,096.40
Support Services:					
Salaries			5,000.00		5,000.00
Personal Services - Employee Benefits	8,093.00		28,152.00	4,015.00	40,260.00
Purchased Professional - Technical Services	42,471.60	1,370.00	47,579.00		91,420.60
Other Purchased Services (400-500 series)					-
General Supplies					-
Total Support Services	50,564.60	1,370.00	80,731.00	4,015.00	136,680.60
Facilities Acquisition and Constr. Services:					
Land Improvements					-
Total Facilities Acquisition and Constr. Services					-
Total Outflows	97,620.00	1,370.00	272,434.00	27,353.00	398,777.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary funds are used to account for gifts and bequests to the Charter School for a specific purpose.

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

Student Activity Fund - This agency fund is used to account for student funds held at the school.

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

OCEANSIDE CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2012

	<u>Agency Funds</u>	<u>Totals</u>
ASSETS		
Cash and Cash Equivalents	\$ 38,048.78	\$ 38,048.78
Total Assets	<u>38,048.78</u>	<u>38,048.78</u>
LIABILITIES		
Payroll Deductions & Withholding	27,970.64	27,970.64
Interfunds Payable	6,733.47	6,733.47
Payable to Student Groups	3,344.67	3,344.67
Total Liabilities	<u>\$ 38,048.78</u>	<u>\$ 38,048.78</u>

**OCEANSIDE CHARTER SCHOOL
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 As of June 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Student Activities	\$ 3,649.67	\$ 3,894.05	\$ 4,199.05	\$ 3,344.67
Total	\$ <u>3,649.67</u>	\$ <u>3,894.05</u>	\$ <u>4,199.05</u>	\$ <u>3,344.67</u>

**OCEANSIDE CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2012**

	<u>Balance July 1, 2011</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance June 30, 2012</u>
ASSETS:							
Cash and Cash Equivalents	\$ 34,863.01	\$	3,806,445.07	\$	3,806,603.97	\$	34,704.11
Other Receivable							-
Total Assets	<u>\$ 34,863.01</u>	<u>\$</u>	<u>3,806,445.07</u>	<u>\$</u>	<u>3,806,603.97</u>	<u>\$</u>	<u>34,704.11</u>
LIABILITIES:							
Payroll Deductions & Withholding	\$ 30,394.81	\$	3,804,179.80	\$	3,806,603.97	\$	27,970.64
Interfund Payable - General	4,468.20		2,265.27				6,733.47
Total Liabilities	<u>\$ 34,863.01</u>	<u>\$</u>	<u>3,806,445.07</u>	<u>\$</u>	<u>3,806,603.97</u>	<u>\$</u>	<u>34,704.11</u>

Statistical Section

OCEANSIDE CHARTER SCHOOL
Net Assets by Component,
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ 191,427.32	\$ 482,662.55	\$ 481,959.88	\$ 491,925.68	\$ 183,754.60	\$ 181,079.04	\$ 249,844.44	\$ 194,049.19	\$ 125,323.88
Restricted	945,039.73	946,646.34	17,840.99	870.44	6,051.00	10,807.06	17,516.99	21,213.57	7,344.15
Unrestricted	14,164.76	32,315.20	111,850.92	121,890.50	430,539.49	577,938.32	269,302.73	344,625.78	37,288.49
Total governmental activities net assets	\$1,150,631.81	\$ 1,461,624.09	\$ 611,651.79	\$ 614,686.62	\$ 620,345.09	\$ 769,824.42	\$ 536,664.16	\$ 559,888.54	\$ 169,956.52
Business-type activities									
Unrestricted	474.91	5,011.56	14,510.37	16,450.90	20,822.35	21,872.64	18,641.41	14,372.23	16,278.51
Total business-type activities net assets	\$ 474.91	\$ 5,011.56	\$ 14,510.37	\$ 16,450.90	\$ 20,822.35	\$ 21,872.64	\$ 18,641.41	\$ 14,372.23	\$ 16,278.51
District-wide									
Invested in capital assets, net of related debt	\$ 191,427.32	\$ 482,662.55	\$ 481,959.88	\$ 491,925.68	\$ 183,754.60	\$ 181,079.04	\$ 249,844.44	\$ 194,049.19	\$ 125,323.88
Restricted	945,039.73	946,646.34	17,840.99	870.44	6,051.00	10,807.06	17,516.99	21,213.57	7,344.15
Unrestricted	14,639.67	37,326.76	126,361.29	138,341.40	451,361.84	599,810.96	287,944.14	358,998.01	53,567.00
Total district net assets	\$1,151,106.72	\$ 1,466,635.65	\$ 626,162.16	\$ 631,137.52	\$ 641,167.44	\$ 791,697.06	\$ 555,305.57	\$ 574,260.77	\$ 186,235.03

Source: CAFR Schedule A-1

OCEANSIDE CHARTER SCHOOL
Changes in Net Assets,
Last Nine Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
Instruction:									
Regular	\$ 1,713,619.24	\$ 2,255,775.87	\$ 2,551,247.99	\$ 3,114,176.57	\$ 3,230,875.26	\$ 3,171,239.79	\$ 3,342,156.73	\$ 2,990,202.27	\$ 3,363,188.78
Support Services:									
Tuition	397,318.37	304,605.04	378,094.79	423,713.51	495,918.57	446,114.49	822,484.15	574,079.81	631,112.65
Student & instruction related services	133,315.56	836,263.27	999,427.30	805,918.08	973,847.33	991,700.73	1,061,941.46	1,142,364.40	1,511,873.42
General administrative services	616,880.48	154,876.36	196,069.81	217,374.04	192,677.49	127,215.11	220,859.51	308,602.83	314,910.67
School administrative services	454,027.01	307,140.76	368,459.44	338,433.10	361,780.17	567,817.05	459,305.81	606,481.62	520,504.94
Business administrative services	365,527.19				15,169.60	22,512.78	22,512.78	31,553.56	27,893.99
Plant operations and maintenance					29,361.44	53,558.80	76,545.03	73,815.77	84,538.96
Transportation									
Business and other support services									
Total governmental activities expenses	3,680,687.85	3,858,661.30	4,530,853.56	4,926,175.56	5,299,829.86	5,380,158.75	6,005,805.47	5,727,100.26	6,453,823.41
Business-type activities:									
Food service	190,421.58	165,399.91	169,763.45	189,114.75	173,093.91	193,889.08	236,872.99	251,542.54	236,296.01
Total business-type activities expenses	190,421.58	165,399.91	169,763.45	189,114.75	173,093.91	193,889.08	236,872.99	251,542.54	236,296.01
Total district expenses	\$ 3,871,109.43	\$ 4,024,061.21	\$ 4,700,417.01	\$ 5,115,290.31	\$ 5,472,723.77	\$ 5,574,047.83	\$ 6,242,678.46	\$ 5,978,642.80	\$ 6,690,119.42
Program Revenues									
Governmental activities:									
Operating grants and contributions	\$ 530,830.77	\$ 422,609.32	\$ 598,574.45	\$ 703,156.14	\$ 1,007,318.73	\$ 722,720.10	\$ 1,005,628.64	\$ 873,970.85	\$ 848,256.61
Capital grants and contributions	51,589.25								
Total governmental activities program revenues	582,420.02	422,609.32	598,574.45	703,156.14	1,007,318.73	722,720.10	1,005,628.64	873,970.85	848,256.61
Business-type activities:									
Charges for services:									
Food service	6,189.90	7,772.35	8,912.67	3,503.29	151,165.36	155,939.37	156,441.76	4,493.72	802.51
Operating grants and contributions	105,484.48	117,164.21	127,349.59	132,551.99	136,055.28	155,939.37	156,441.76	176,579.64	162,399.78
Total business-type activities program revenue	111,674.38	124,936.56	136,262.26	136,055.28	151,165.36	155,939.37	156,441.76	181,073.36	163,202.29
Total district program revenue	\$ 694,094.40	\$ 547,545.88	\$ 734,836.71	\$ 839,211.42	\$ 1,158,484.09	\$ 878,659.47	\$ 1,162,070.40	\$ 1,055,044.21	\$ 1,011,458.90
Net (Expense)/Revenue									
Governmental activities	\$ (3,098,287.83)	\$ (3,436,051.98)	\$ (3,932,079.11)	\$ (4,223,019.42)	\$ (4,292,311.13)	\$ (4,657,438.65)	\$ (5,000,176.83)	\$ (4,853,129.41)	\$ (5,605,566.80)
Business-type activities	(78,747.20)	(40,463.35)	(33,501.19)	(53,059.47)	(21,928.55)	(37,949.71)	(80,431.23)	(70,469.18)	(73,093.72)
Total district-wide net expense	\$ (3,177,035.03)	\$ (3,476,515.33)	\$ (3,965,580.30)	\$ (4,276,078.89)	\$ (4,314,239.68)	\$ (4,695,388.36)	\$ (5,080,608.06)	\$ (4,923,598.59)	\$ (5,678,660.52)

OCEANSIDE CHARTER SCHOOL
Changes in Net Assets,
Last Nine Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 2,332,900.00	\$ 2,413,361.81	\$ 2,624,390.00	\$ 2,568,134.00	\$ 2,687,887.00	\$ 3,874,752.00	\$ 3,943,707.00	\$ 4,113,792.00	\$ 4,316,303.00
Unrestricted grants and contributions	773,100.61	1,055,514.52	1,334,108.00	1,693,088.00	1,930,564.00	967,409.00	898,453.99	816,930.00	978,446.00
Federal School Renovation Grant		309,491.63	(859,791.82)						
Investment earnings	4,285.65	12,013.47	25,250.57	27,374.48	14,144.90	3,756.98	2,055.58	774.16	473.75
Miscellaneous income	3,632.69	1,662.83	1,150.06	8,450.85	1,165.33	-	-	16,624.48	585.70
Special - Loss on Disposal of Fixed Assets	(349,009.00)	(45,000.00)	(43,000.00)	(15,983.08)	(309,491.63)	-	-	(5,566.85)	(5,173.67)
Transfers	2,764,909.95	3,747,044.26	3,082,106.81	4,226,054.25	4,297,969.60	4,806,917.98	4,767,016.57	4,876,353.79	(75,000.00)
Total governmental activities									
Business-type activities:									
Transfers	32,709.71	45,000.00	43,000.00	55,000.00	26,300.00	39,000.00	77,200.00	66,200.00	75,000.00
Total business-type activities	32,709.71	45,000.00	43,000.00	55,000.00	26,300.00	39,000.00	77,200.00	66,200.00	75,000.00
Total district-wide	<u>\$ 2,797,619.66</u>	<u>\$ 3,792,044.26</u>	<u>\$ 3,125,106.81</u>	<u>\$ 4,281,054.25</u>	<u>\$ 4,324,269.60</u>	<u>\$ 4,845,917.98</u>	<u>\$ 4,844,216.57</u>	<u>\$ 4,942,553.79</u>	<u>\$ 5,290,834.78</u>
Changes in Net Assets									
Governmental activities	\$ (333,357.88)	\$ 310,992.28	\$ (849,972.30)	\$ 3,034.83	\$ 5,658.47	\$ 149,479.33	\$ (233,160.26)	\$ 23,224.38	\$ (389,832.02)
Business-type activities	(46,037.49)	4,536.65	9,498.81	1,940.53	4,371.45	1,050.29	(3,231.23)	(4,269.18)	1,906.28
Total district	<u>\$ (379,395.37)</u>	<u>\$ 315,528.93</u>	<u>\$ (840,473.49)</u>	<u>\$ 4,975.36</u>	<u>\$ 10,029.92</u>	<u>\$ 150,529.62</u>	<u>\$ (236,391.49)</u>	<u>\$ 18,955.20</u>	<u>\$ (388,025.74)</u>

Source: CAFR Schedule A-2

OCEANSIDE CHARTER SCHOOL
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

General Fund	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265,151.57	\$ 14,985.41
Unassigned	4,146.11	21,639.95	23,246.56	17,840.99	870.44	6,051.00	10,807.06	17,516.99	189,542.47	144,798.69
Reserved	107,264.06	85,064.76	113,538.20	182,225.92	195,643.50	509,451.99	658,500.82	352,056.64	-	-
Unreserved	\$ 111,410.17	\$ 106,704.71	\$ 136,784.76	\$ 200,066.91	\$ 196,513.94	\$ 515,502.99	\$ 669,307.88	\$ 369,573.63	\$ 454,694.04	\$ 159,784.10
Total general fund	\$ 115,556.27	\$ 127,344.66	\$ 250,323.52	\$ 382,133.82	\$ 392,027.88	\$ 521,554.99	\$ 680,115.76	\$ 386,540.26	\$ 644,236.51	\$ 154,768.21
All Other Governmental Funds	\$ 43,935.78	\$ 250.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	1,228,473.00	923,149.78	923,399.78	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,272,408.78	\$ 923,399.78	\$ 923,399.78	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: CAFR Schedule B-1

OCEANSIDE CHARTER SCHOOL
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Exhibit J-4

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Charter School Aid - Local Share		\$ 2,332,900	\$ 2,413,362	\$ 2,624,390	\$ 2,568,134	\$ 2,687,887	\$ 3,874,752	\$ 3,943,707	\$ 4,113,792	\$ 4,316,303
Charter School Aid - State Share					129,816	119,950	725,514	703,243	816,930	978,446
Tuition charges	N/A				35,825	15,310	32,158	2,056	27,811	1,059
Miscellaneous		7,918	13,676	26,401	1,863,989	2,317,576	519,459	469,551	308,793	402,055
State sources		777,101	1,059,515	1,478,459	402,439	500,357	416,755	731,288	554,965	448,202
Federal sources		578,420	728,101	454,223	5,000,203	5,641,080	5,568,638	5,849,845	5,822,091	6,144,065
Total revenue		3,696,339	4,214,654	4,583,473	5,000,203	5,641,080	5,568,638	5,849,845	5,822,091	6,144,065
Expenditures										
Instruction:										
Regular instruction		1,627,897	1,837,870	2,075,907	2,412,631	2,552,434	2,516,862	2,686,711	2,424,157	2,669,028
Support Services:										
Tuition										
Student & instruction related services		364,937	248,284	378,095	423,714	495,919	446,114	810,218	574,080	631,113
School administrative services		575,631	673,784	845,027	617,893	745,054	765,125	831,481	855,296	1,234,731
Business administrative services		133,316	126,240	166,814	217,374	192,678	127,215	217,566	308,603	314,911
Plant operations and maintenance		343,500	299,519	307,535	375,060	375,060	445,758	466,984	466,984	441,260
Pupil transportation					15,170	15,170	22,513	22,513	31,553	27,694
Unallocated employee benefits		564,632	644,385	703,813	892,062	919,476	918,640	907,530	868,058	983,236
Capital outlay		58,422	309,492	63,608			165,829	150,602	142,040	56,002
Debt service:										
Principal										
Interest and other charges										
Total Expenditures		3,668,335	4,139,574	4,540,799	4,948,756	5,295,791	5,375,833	6,072,379	5,670,771	6,363,975
Excess (Deficiency) of revenues over (under) expenditures		-	75,080	42,674	51,447	345,289	192,805	(222,534)	151,320	(219,910)
Other Financing Sources (Uses)										
Disallowed Grant Costs				(859,792)						
Transfer Out			(45,000)	(43,000)						
Total other financing sources (uses)			(45,000)	(902,792)	(55,000)	(26,300)	(39,000)	(77,200)	(66,200)	(75,000)
Net change in fund balances		\$ (381,719)	\$ (45,000)	\$ (902,792)	\$ (55,000)	\$ (26,300)	\$ (39,000)	\$ (77,200)	\$ (66,200)	\$ (75,000)
Debt service as a percentage of noncapital expenditures		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		\$ (353,714)	\$ 30,080	\$ (860,118)	\$ (3,553)	\$ 318,989	\$ 153,805	\$ (299,734)	\$ 85,120	\$ (294,910)

Source: CAFR Schedule B-2

OCEANSIDE CHARTER SCHOOL
General Fund Other Local Revenue by Source,
Last Ten Fiscal Years
 Unaudited

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Void Checks</u>	<u>Miscellaneous</u>	<u>Totals</u>
2003	\$ -	\$ -	\$ 113,862.06	\$ 113,862.06
2004	4,285.65	1,170.09	2,462.60	7,918.34
2005	12,013.47	137.75	1,525.08	13,676.30
2006	25,250.57	595.05	555.01	26,400.63
2007	27,374.48	-	8,450.85	35,825.33
2008	14,144.90	-	1,165.33	15,310.23
2009	3,756.98	-	-	3,756.98
2010	2,055.58	-	-	2,055.58
2011	774.16	-	16,624.48	17,398.64
2012	473.75	585.70	-	1,059.45

Source: District Records

**OCEANSIDE CHARTER SCHOOL
Demographic and Economic Statistics,
Last Ten Fiscal Years**

Exhibit J-14

Fiscal Year Ended June 30,	* Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2003	261,810	-	33,427	6.90%
2004	266,015	-	34,442	6.10%
2005	268,318	-	35,552	5.20%
2006	269,495	-	36,874	5.70%
2007	269,945	-	38,351	7.00%
2008	270,609	-	39,370	6.90%
2009	271,712	-	38,175	12.10%
2010	274,666	-	39,746	12.40%
2011	274,338	-	Not Available	12.90%
2012	Not Available	-	Not Available	Not Available

* Population is for entire County of Atlantic

Source: U.S. Department of Commerce, Bureau of Economic Analysis,
Regional Economic Information system: New Jersey Department of Labor,
Bureau of Labor Force Statistics: U.S. Bureau of Census, Population Division

**OCEANSIDE CHARTER SCHOOL
Principal Employers,
Current Year and Ten Years Ago**

Exhibit J-15

Employer	2012			2002		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Information Not Available		1				
		2				
		3				
		4				
		5				
		6				
		7				
		8				
		9				
		10				
Totals	-		0.00%	-		0.00%

Source:

OCEANSIDE CHARTER SCHOOL
 Full-time Equivalent Charter School Employees by Function/Program,
 Last Ten Fiscal Years

Exhibit J-16

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction:										
Regular instruction	24	24	24	24	24	24	24	25	25	25
Special education instruction	2	2	2.5	3	4	4	4	6	6	6
Other special education instruction	-	-	-	-	-	-	-	-	-	-
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	7	7	7	8	9	10	13	8	7	7
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	1	1	1	1	1	1	1	2	2	2
General administrative services	2.5	2	2	2	2	2	2	2	2	2
School administrative services	6	6	6	5	5	4	4	4	3	3
Business administrative services	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0
Plant operations and maintenance	1.5	1.5	1.5	1.5	1.5	1.5	2.5	2.5	2.5	2.5
Pupil transportation										
Special schools	2	2	2	2	2	2	2	2	2.5	2.5
Food Service										
Child Care										
Total	47.5	47.0	47.5	48.0	50.0	50.5	54.0	53.0	52.0	52.0

Source: District Personnel Records

OCEANSIDE CHARTER SCHOOL
 Operating Statistics,
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2003	294	3,116,618	10,601	2.90%		18:1	18:1	N/A	294	276	-0.68%	93.88%
2004	311	3,698,443	11,892	12.18%		18:1	18:1	N/A	311	294	5.78%	94.53%
2005	313	4,050,357	12,940	8.82%		18:1	18:1	N/A	313	297	0.64%	94.89%
2006	331	4,700,417	14,201	9.74%		19:1	19:1	N/A	331	314	5.75%	94.86%
2007	359	5,115,290	14,249	0.34%		19:1	19:1	N/A	359	333	8.46%	92.76%
2008	364	5,472,724	15,035	5.52%		19:1	19:1	N/A	364	336	1.39%	92.31%
2009	346	5,574,048	16,110	7.15%		19:1	19:1	N/A	346	316	-4.95%	91.33%
2010	349	5,921,777	16,968	5.33%		19:1	19:1	N/A	349	325	0.87%	93.12%
2011	348	5,528,731	15,887	-6.37%		19:1	19:1	N/A	348	328	-0.29%	94.25%
2012	343	6,307,973	18,391	15.76%		19:1	19:1	N/A	343	327	-1.44%	95.34%

Source: District records, ASSA and Schedule J-2

OCEANSIDE CHARTER SCHOOL
 School Building Information,
 Last Ten Fiscal Years

Exhibit J-18

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>District Buildings</u>										
<u>Elementary (Grades PreK-8)</u>										
Oceanside Charter School	31,400	31,400	31,400	31,400	36,900	36,900	36,900	36,900	36,900	36,900
Square Feet	314	338	338	356	370	370	370	370	370	370
Capacity (students)	307	325	327	331	359	364	346	349	348	343
Enrollment										

Number of Schools at June 30, 2012

- Elementary - 1
- Middle -
- Other -

Source: District Records, ASSA

OCEANSIDE CHARTER SCHOOL
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility,
 Last Ten Fiscal Years
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Building # 1	\$ 637,947	\$ 740,696	\$ 592,802	\$ 554,286	\$ 719,037	\$ 696,725	\$ 792,930	\$ 1,007,913	\$ 506,115	
Total School Facilities	637,947	740,696	592,802	554,286	719,037	696,725	792,930	1,007,913	506,115	-
Other Facilities										
Grand Total	\$ 637,947	\$ 740,696	\$ 592,802	\$ 554,286	\$ 719,037	\$ 696,725	\$ 792,930	\$ 1,007,913	\$ 506,115	\$ -

Source: District Records

OCEANSIDE CHARTER SCHOOL
Insurance Schedule
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Exhibit J-20

Company	Type of Coverage	Amount of Coverage	Deductible
NJSBAIG	Property Coverage		
	Blanket Real and Personal Property	\$ 500,000,000	\$ 1,000
	Blanket Extra Expense	50,000,000	1,000
	Blanket Valuable Papers and Records	10,000,000	1,000
	Liability Coverage		
	Combined Single Limit for Bodily Injury & Property Damage	6,000,000	
	Sexual Abuse	6,000,000	
	Sexual Abuse Pool Annual Aggregate	17,000,000	
	Bodily injury for Products & Completed Operations	6,000,000	
	Personal & Advertising Injury per Occurance/ Annual Aggregate	6,000,000	
	Premises medical Payments - Each Accident	10,000	
	Premises medical Payments - Each Person	5,000	
	Terrorism per Occurance / Annual Aggregate	1,000,000	
	Employee benefits Program liability	6,000,000	1,000
	Crime		
	Employee Dishonesty Including Faithful Performance	100,000	
	Theft, Disappearance & Destruction	25,000	
	Forgery or Alterations	25,000	
	Computer Fraud	25,000	
	Crime Deductible - Per Occurance		500
	Auto Coverages		
	Combined bodily Injury/Property Damage	6,000,000	
	Underinsured/Uninsured Motorist - Private Passenger Auto	1,000,000	
	Underinsured/Uninsured Motorist - All Other Vehicles	15,000	
	Basic PIP	250,000	
	Hired Car Physical Damage	75,000	1,000
	Public Official Bond		
Treasurer of School Monies	160,000		
Workmen's Compensation	Statutory		
Markel Group	Student Accident	1,000,000	

Source: District Records

Single Audit Section

1535 HAVEN AVENUE • PO BOX 538
OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710



1409 CANTILLON BLVD. • PO BOX 548
MAYS LANDING, NJ 08330
PHONE 609.625.0999 • FAX 609.625.2421

**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 GOVERNMENT AUDITING STANDARDS**

The Honorable President and
Members of the Board of Trustees
Oceanside Charter School
County of Atlantic
Atlantic City, New Jersey 08401

We have audited the financial statements of the Board of Trustees of the Oceanside Charter School, in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oceanside Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as item #12-1.

We noted certain other matters that we have reported to the Oceanside Charter School in the separate *Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance*, dated November 26, 2012.

This report is intended solely for the information of the management of the Oceanside Charter School, the Oceanside Charter School's Board of Trustees, the New Jersey State Department of Education (the cognizant audit agency), other state and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman
Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

November 26, 2012

1535 HAVEN AVENUE • PO BOX 538
OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710



1409 CANTILLON BLVD. • PO BOX 548
MAYS LANDING, NJ 08330
PHONE 609.625.0999 • FAX 609.625.2421

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 OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Trustees
Oceanside Charter School
County of Atlantic
Atlantic City, New Jersey 08401

Compliance

We have audited the compliance of the Board of Trustees of the Oceanside Charter School, in the County of Atlantic, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State 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, 2012. Oceanside 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Oceanside Charter School's management. Our responsibility is to express an opinion on the Oceanside Charter School's compliance based on our audit.

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

In our opinion, the Oceanside Charter School, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB 04-04 and which is described in the accompanying schedule of findings and questioned costs as item #12-3 and 12-4.

Internal Control Over Compliance

The management of the Oceanside Charter School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Oceanside Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Oceanside 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 and 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 and state program will not be prevented or detected and corrected, on a timely basis.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the management, the Oceanside Charter School's Board of Trustees, the New Jersey State Department of Education (the cognizant audit agency), other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman
Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

November 26, 2012

OCEANSIDE CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Deferred Revenue	Accounts Receivable	Due to Grantor
U.S. Department of Education													
Passed-Through State													
Department of Education													
Special Revenue Fund:													
Title I, Part A Cluster													
Title I, Part A Basic	84.010	NCLB742011	9/1/2010 to 08/31/11	\$ 312,235.00	\$ (151,699.00)	\$	\$ 151,699.00	\$	\$	\$	\$	\$	\$
Title I, Part A Basic	84.010	NCLB742010	9/1/2009 to 08/31/10	340,419.00	(34,979.00)		34,979.00					(62,770.00)	
Title I, Part A Basic	84.010	NCLB742012	9/1/2010 to 08/31/12	218,412.00	(24,674.00)		24,674.00	(272,434.00)					
ABRA - Title A Basic	84.389	NCLB742011	9/1/2009 to 08/31/10		(21,352.00)		431,016.00	(272,434.00)				(62,770.00)	
Total Title I, Part A Cluster													
Title II Program - Part A	84.367	NCLB742011	9/1/2009 to 08/31/10	34,634.00	(4,904.00)		4,904.00						
Title II Program - Part A	84.367	NCLB742012	9/1/2011 to 08/31/12	27,353.00			22,794.00	(27,353.00)				(4,559.00)	
Title II Program - Part A	84.367	NCLB742011	9/1/2010 to 08/31/11	30,880.00	(23,161.00)		23,161.00						
Education Technology State Grant Cluster:													
Title II Program - Part D	84.318	NCLB742011	9/1/2010 to 08/31/11	723.00	(723.00)		723.00						
Total Education Technology State Grant Cluster													
Special Education Cluster (IDEA)													
I.D.E.A. Basic	84.027	FT742011	9/1/2010 to 08/31/11	77,595.00	(37,449.00)		37,449.00					(19,135.00)	
I.D.E.A. Basic	84.027	FT742012	9/1/2011 to 08/31/12	97,620.00	(1,317.00)		78,485.00	(97,620.00)					
I.D.E.A. Preschool	84.173	FT742011	9/1/2010 to 08/31/11	1,370.00	(38,766.00)		117,251.00	(1,370.00)				(1,370.00)	
I.D.E.A. Preschool	84.173	FT742012	9/1/2011 to 08/31/12	1,370.00	(278,906.00)		599,849.00	(398,777.00)				(77,834.00)	
Total Special Education Cluster													
Total Special Revenue Fund													
U.S. Department of Agriculture													
Passed-through State Department of Education													
Enterprise Fund:													
Cluster:													
National School Lunch Program	10.555	N/A	7/1/2010 to 06/30/11	130,893.40	(8,831.42)		8,831.42					(19,596.12)	
National School Lunch Program	10.555	N/A	7/1/2011 to 6/30/12	124,074.29			104,475.17	(124,074.29)					
National School Breakfast Program	10.553	N/A	7/1/2010 to 06/30/11	40,450.08	(3,363.90)		3,363.90					(1,636.17)	
National School Breakfast Program	10.553	N/A	7/1/2011 to 6/30/12	31,156.12			29,521.95	(31,156.12)					
Snack Program	10.556	N/A	7/1/2011 to 6/30/12	4,623.08	(12,195.32)		150,815.55	(4,623.08)				(21,235.29)	
Total Enterprise Fund													
Total Federal Financial Awards					\$ (291,101.32)	\$	\$ 750,664.52	\$ (558,632.49)		\$	\$	\$ (99,069.29)	\$

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

OCEANSIDE CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011		Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year Balances	Balance at June 30, 2012		Memo Cumulative Total Expenditures	
				Deferred Revenue (Accts Rec)	Due to Grantor				Deferred Revenue	Accounts Receivable		Due to Grantor
State Department of Education												
General Fund:												
State Aid - Public Cluster:												
Equalization Aid	11-495-034-5120-078	7/1/10 to 6/30/11	\$ 492,993.00	\$ (48,793.74)	\$ 9,420.94	\$ 48,352.37	\$ (671,745.00)	\$ (9,420.94)	\$ (441.37)	\$ 9,552.25	\$ 671,745.00	
Equalization Aid	12-495-034-5120-078	7/1/11 to 6/30/12	671,745.00	(1,774.67)	7,767.67	1,774.67	(671,745.00)	(7,767.67)	(59,565.79)	9,552.25	-	
Special Education Aid	11-495-034-5120-089	7/1/10 to 6/30/11	191,968.00			171,814.41	(167,668.00)		(1,929.16)	6,075.57	167,668.00	
Special Education Aid	12-495-034-5120-089	7/1/11 to 6/30/12	167,668.00			1,217.85	(167,668.00)		(238.23)		-	
Security Aid	11-495-034-5120-084	7/1/10 to 6/30/11	131,977.00	(1,456.08)	5,196.78	141,877.63	(139,033.00)	(5,196.78)	(2,259.67)	5,104.30	139,033.00	
Security Aid	12-495-034-5120-084	7/1/11 to 6/30/12	139,033.00				(139,033.00)				-	
Adjustment Aid	11-495-034-5120-085	7/1/10 to 6/30/11	-	(52,024.49)	27,609.00	986,768.39	(978,446.00)	(27,609.00)	(64,434.22)	20,732.12	978,446.00	
Adjustment Aid	12-495-034-5120-085	7/1/11 to 6/30/12	192,935.19			191,390.33	(192,935.19)		(1,544.86)		192,935.19	
TPAF Social Security Reimbursement	11-495-034-5095-002	7/1/10 to 6/30/11	177,076.83	(17,906.42)		17,906.42					-	
TPAF Social Security Reimbursement	12-495-034-5095-002	7/1/11 to 6/30/12		(69,530.91)	49,994.39	1,196,065.14	(1,171,381.19)	(49,994.39)	(65,979.08)	20,732.12	1,171,381.19	
Total General Fund												
Enterprise Fund:												
Food Service Fund:												
Child Nutrition Program Cluster (State):												
State School Lunch Program	11-100-010-3350-023	7/1/10 to 6/30/11	2,609.16	(181.91)		181.91	(2,544.29)		(89.60)		-	
State School Lunch Program	12-100-010-3360-067	7/1/11 to 6/30/12	2,544.29	(181.91)		2,526.60	(2,544.29)		(89.60)		2,544.29	
Total Child Nutrition Program Cluster (State)												
Total State Financial Assistance			\$	(70,112.82)	\$ 49,994.39	\$ 1,198,091.74	\$ (1,173,925.48)	\$ (49,994.39)	\$ (66,078.68)	\$ 20,732.12	\$ 1,173,925.48	

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

**OCEANSIDE CHARTER SCHOOL
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012**

Note 1: General

The accompanying schedules of expenditures of financial assistance present the activity of all federal and state financial assistance programs of The Oceanside Charter School. The Charter School is defined in Note 1(A) of the School's basic financial statements. All federal and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the schedule of expenditures of federal and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) and 1(D) to the Charter School's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in 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 expenditures have been made (GASB 34).

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0.00 for the general fund and \$47,424.42 for the special revenue fund. See the 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 follows:

	<u>Federal</u>	<u>State</u>	<u>TPAF Pension</u>	<u>Total</u>
General Fund	\$	\$ 1,380,501.19	\$ (209,120.00)	\$ 1,171,381.19
Special Revenue Fund	446,201.42			446,201.42
Enterprise Fund	<u>159,855.49</u>	<u>2,544.29</u>		<u>162,399.78</u>
Total Financial Assistance	<u>\$ 606,056.91</u>	<u>\$ 1,383,045.48</u>	<u>\$ (209,120.00)</u>	<u>\$ 1,779,982.39</u>

The On-Behalf Pension Contributions made for the Charter School by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

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.

OCEANSIDE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes No
- 2) Significant deficiencies identified? yes none reported

Non-compliance material to basic financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

- 1) Material weakness(es) identified: yes No
- 2) Significant deficiencies identified? yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	<u>Child Nutrition Cluster</u>
10.553	National School Lunch Program
10.556	School Breakfast Program
	Special Milk Program for Children
84.010	<u>Title I, part A Cluster</u>
	Title I, Part A

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes No

OCEANSIDE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

Section I - Summary of Auditor's Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X No

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified? yes X none reported

Any audit findings disclosed that are required to be reported
in accordance with NJOMB Circular Letter 04-04? X yes no

Identification of major programs:

GMIS Number(s)

495-034-5120-078
495-034-5120-089
495-034-5120-084

Name of State Program

State Aid – Public Cluster
Equalization Aid
Special Education Aid
Security Aid

OCEANSIDE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

Section II - Financial Statement Findings

Finding #12-1:

There were numerous expense vouchers that did not have the required receiving signatures or claimants signatures, prior to payment being made.

Criteria

School board policy requires that school board personnel sign the voucher package acknowledging that the goods or services were received or rendered and, that the vendor also sign the voucher package.

Condition

Numerous expense vouchers were paid without obtaining all of the required receiving or claimants signatures.

Cause

Unknown

Effect

Lack of internal controls over payment of claims.

Recommendation

That the required signatures be obtained on all expense vouchers, prior to payment being made.

Section III - Federal Awards and State Financial Statement Findings and Questioned Costs

FEDERAL AWARDS

U.S. Department of Agriculture – Child Nutrition Cluster – CFDA # 10.555

Finding #12-4:

During our testing of the Application for Charter School Aid, we noted that 8 applications for free and reduced price meals could not be located.

Criteria

School districts should have documentation on file to support the low income classification and also free and reduced price meals.

Condition

Eight applications for free and reduced price meals could not be located to properly support the low income classifications on the Application for Charter School Aid. This represents 2.4% of the students tested.

Cause

Unknown

Effect

Incorrect state and federal aid could be paid to the Charter School.

Recommendation

That all applications for free and reduced price meals be kept on file to support the low income classifications.

OCEANSIDE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

STATE AWARDS

Finding #12-4:

During our testing of the Application for Charter School Aid, we noted that 8 applications for free and reduced price meals could not be located.

Criteria

School districts should have documentation on file to support the low income classification and also free and reduced price meals.

Condition

Eight applications for free and reduced price meals could not be located to properly support the low income classifications on the Application for Charter School Aid. This represents 2.4% of the students tested.

Cause

Unknown

Effect

Incorrect state and federal aid could be paid to the Charter School.

Recommendation

That all applications for free and reduced price meals be kept on file to support the low income classifications.

Finding #12-3:

During our testing of the Application for Charter School Aid, we noted errors were made in the accumulation, recording and summarization of student counts (and their specific categories).

Criteria

Accurate maintenance of the enrollment system is vital so that the resident districts can rely on the accuracy of the payment schedules.

Condition

Errors were made in the accumulation, recording and summarization of student counts (and their specific categories).

Cause

Unknown

Effect

Incorrect state aid could be paid to the Charter School.

Recommendation

That more care and a good understanding of the preparation requirements be obtained by District staff when preparing the Application of Charter School Aid.

OCEANSIDE CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT
FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

In accordance with government auditing standards, our procedures are to include a review of all prior year recommendations.

FINANCIAL STATEMENT FINDINGS

Finding #11-1:

Condition:

Numerous vouchers were paid without obtaining all required signatures.

Current Year Status:

This condition is repeated in the current year as finding #12-1.

Federal Awards and State Financial Statement Findings

Federal Awards:

None

State Awards:

FINDING #11-2:

Condition

Errors were made in the accumulation, recording and summarization of student counts (and their specific categories).

Current Year Status:

This condition is repeated in the current year as finding #12-3.