

Ocean Academy Charter School

of Ocean County

Ocean Academy Charter School

Lakewood, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Of the

Ocean Academy Charter School

Lakewood, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

Cindy Coughlin  
School Business Administrator

# OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

	Page
<b>INTRODUCTORY SECTION</b>	
Letter of Introduction	1-4
Organizational Chart	5
Roster of Officials	6
Consultants, and Advisors	7
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	9-11
<b>Required Supplementary Information - Part I</b>	
<b>Management's Discussion and Analysis</b>	13-21
<b>Basic Financial Statements</b>	
A. District Wide Financial Statements	
A-1 Statement of Net Position	23
A-2 Statement of Activities	24
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	27
Proprietary Funds	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds	
B-7 Statement of Fiduciary Net Position	31
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements	32-46

## OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

### Required Supplementary Information - Part II

C.	Budgetary Comparison Schedules	48-50
	C-1 Budgetary Comparison Schedule - General Fund	
	C-1a Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual	N/A
	C-1b Community Development Block Grant - Budget and Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	51

### Notes to the Required Supplementary Information

	C-3 Budget-to-GAAP Reconciliation	52
--	-----------------------------------	----

### Required Supplementary Information - Part III

L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
	L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	N/A
	L-2 Schedule of District Contributions - PERS	N/A
	L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	N/A
M.	Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
	M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	N/A

### Notes to the Required Supplementary Information - Part III

### Other Supplementary Information

D.	School Based Budget Schedules	
	D-1 Combining Balance Sheet	N/A
	D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
	D-3 Blended Resource Fund - Schedule of Blended Expenditures Budget and Actual	N/A
E.	Special Revenue Fund	
	E-1 Combining Schedules of Program Revenues and Expenditures - Budgetary Basis	57
	E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A

## OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

F.	Capital Projects Fund	
	F-1 Summary Schedule of Project Expenditures	N/A
	F-2 Summary Schedule Revenues, Expenditures and Changes in Fund Balance- Budgetary Basis	N/A
G.	Proprietary Funds	
	Enterprise Fund	
	G-1 Combining Schedule of Net Position	N/A
	G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	N/A
	G-3 Combining Schedule of Cash Flows	N/A
H.	Fiduciary Funds	
	H-1 Combining Schedule of Fiduciary Net Position	61
	H-2 Combining Schedule of Changes in Fiduciary Net Position	N/A
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
	H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	62
I.	Long-Term Debt	
	I-1 Schedule of Serial Bonds	N/A
	I-2 Schedule of Obligations Under Capital Leases	N/A
	I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
	I-4 Statement of Loans Payable - N.J.D.E.A.	N/A

### STATISTICAL SECTION (Unaudited)

#### Introduction to the Statistical Section

	Financial Trends	
	J-1 Net Assets/Position by Component	66
	J-2 Changes in Net Asset/Net Position	67
	J-3 Fund Balances - Governmental Funds	68
	J-4 Changes in Fund Balances - Governmental Funds	69
	J-5 General Fund - Other Local Revenue by Source	N/A
	Revenue Capacity	
	J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
	J-7 Direct and Overlapping Property Tax Rates	N/A
	J-8 Principal Property Taxpayers	N/A
	J-9 Property Tax Levies and Collections	N/A
	Debt Capacity	
	J-10 Ratios of Outstanding Debt by Type	N/A
	J-11 Ratios of General Bonded Debt Outstanding	N/A
	J-12 Direct and Overlapping Governmental Activities Debt	N/A
	J-13 Legal Debt Margin Information	N/A

## OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

Demographic and Economic Information	
J-14 Demographic and Economic Statistics	N/A
J-15 Principal Employers	N/A
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	70
J-17 Operating Statistics	71
J-18 School Building Information	72
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	73
Performance Framework	
J-21 Financial Performance/Fiscal Ratios	74

### SINGLE AUDIT SECTION

K-1 Independent Auditor's 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	N/A
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08	76-77
K-3 Schedule of Expenditures of Federal Awards, Schedule A	78
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	79
K-5 Notes to the Schedules of Awards and Financial Assistance	80-83
K-6 Schedule of Findings and Questioned Costs	84
K-7 Summary Schedule of Prior Audit Findings	85-86

## INTRODUCTORY SECTION

# Ocean Academy Charter School

**Location: 678 5th Street, Lakewood, NJ 08701 - Phone 732 987-6525**

**Mailing Address: 2360 Lakewood Rd., Suite 3, Box 203, Toms River, NJ 08755**

**An Ocean of Opportunities**

December 5, 2019

Honorable President and Members  
of the Board of Trustees  
Ocean Academy Charter School  
County of Ocean, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Ocean Academy Charter School for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Ocean Academy Charter School. 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, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the charter school as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the charter school's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

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

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.



Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

**REPORTING ENTITY AND ITS SERVICES**

The Ocean Academy Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of Ocean Academy Charter School are included in this report. The Charter School has no component units.

The Charter School provides a full range of educational services appropriate to grade levels K through 3. The Charter School’s enrollment, as of June 30<sup>th</sup>, for the current audit year are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018-2019	214	+29%

**ECONOMIC CONDITION AND OUTLOOK**

The State of New Jersey continues to face serious budgetary constraints. This impacts the amount of state aid allocated to charter schools through the sending districts. This reality was taken into account when adopting the general state fund for 2018-19. Nothing was done to compromise the quality of the programs in place at Ocean Academy Charter School during the regular instructional day. The budget was prepared to ensure that all students have textbooks, materials, supplies, equipment, programs and staff they need to meet New Jersey’s Core Curriculum Content Standard.

**MAJOR INITIATIVES**

Ocean Academy Charter School continues to focus on the school’s mission. Ocean Academy Charter School’s mission is to provide elementary students with a rigorous curriculum in a safe nurturing environment, so that all students achieve their highest level of academic success. This will be accomplished through the implementation of a rigorous curriculum differentiated to meet the needs of each student within a climate of high expectations. To fulfill this mission, the administrative staff deliberately and thoughtfully works to improve instruction and student outcomes by growing and developing our staff, providing new resources and programs for our students and providing remedial instruction when needed.

**INTERNAL ACCOUNTING CONTROLS**

Management of Ocean Academy Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the charter school are protected from loss, theft and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general 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 delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

As a recipient of federal and state financial assistance, the charter school also is 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 evaluations by the charter school management.

### **BUDGETARY CONTROLS**

In addition to internal accounting controls, Ocean Academy Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

### **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 Charter School's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

### **FINANCIAL POLICIES**

The intent of the charter school's Board of Trustees is to ensure that Ocean Academy Charter School manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. The revenues allocated to Ocean Academy Charter School are determined by the New Jersey Department of Education General and are based on the revenues and per pupil costs of the sending districts. Fund revenues are the significant revenue sources and are considered susceptible to accrual.

### **OTHER INFORMATION**

#### *INDEPENDENT AUDIT*

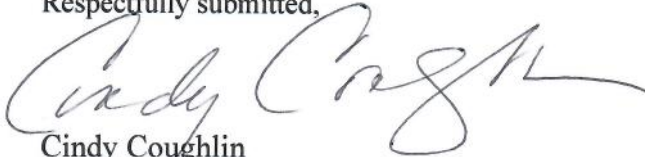
State statutes require an annual audit by independent certified public accountants. The accounting firm of Jump, Perry and Company, Certified Public Accounts, was appointed by the Board of Trustees.



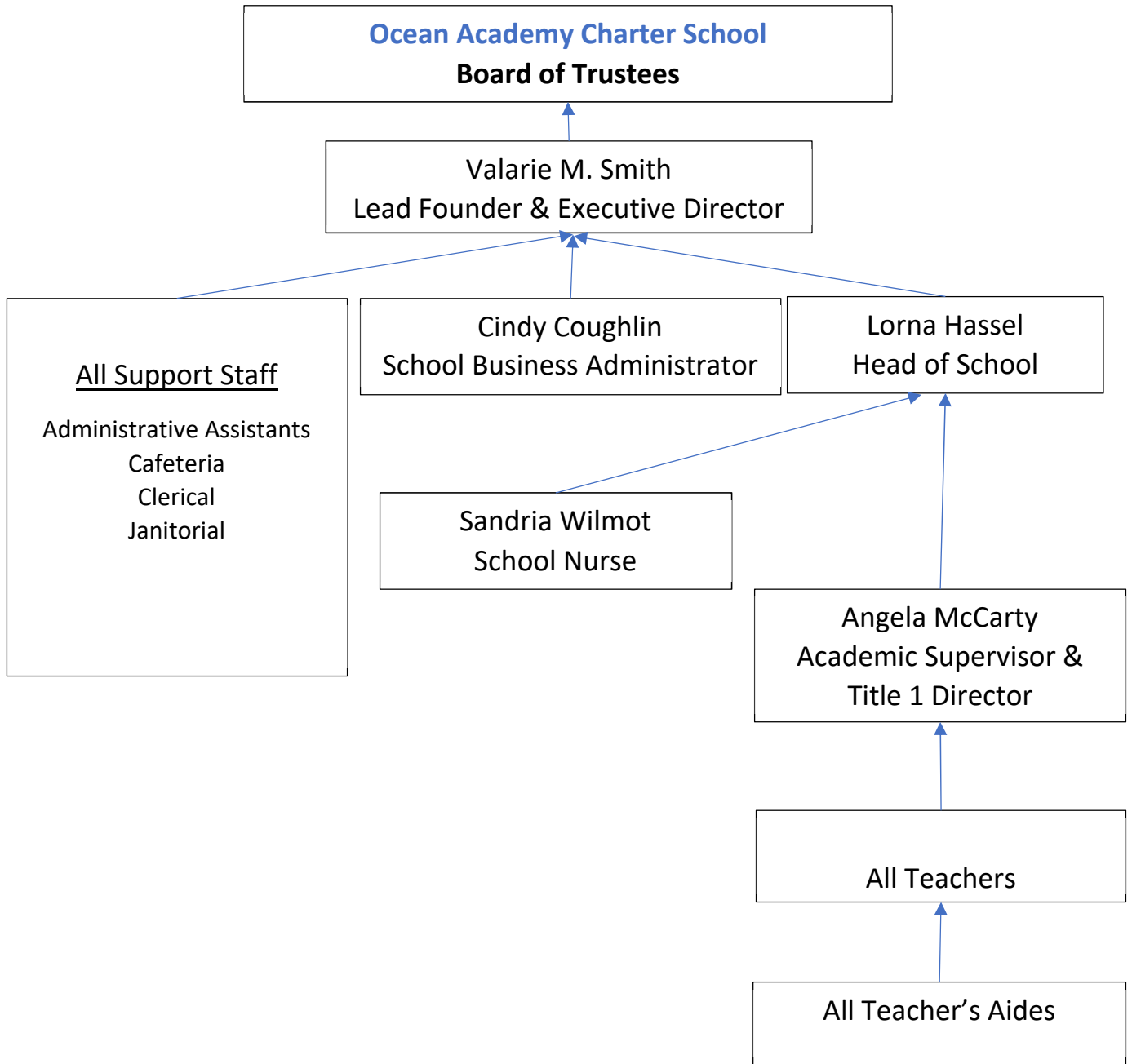
**ACKNOWLEDGEMENTS**

We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the community of the Ocean Academy Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Cindy Coughlin". The signature is written in black ink and is positioned above the printed name and title.

Cindy Coughlin  
School Business Administrator  
Ocean Academy Charter School



Ocean Academy Charter School  
Lakewood, New Jersey

Roster of Officials  
June 30, 2019

<u>Members of the Board of Trustees</u>	<u>Term Expires</u>
Marshall White, President	2022
Ken Seda, Vice President	2020
Anita Raynes Lepelstat	2020
Roxanne Martin	2022
Aase Schults Hare	2020
Reverend Juan Angel Monge-Santiago	2020
Jim Muzikowski	2021
Sharon Hollander	2021
Jeanmarie Lamme	2021

Other Officials

Lorna Hassel, Head of School

Cindy Coughlin, Board Secretary/Business Administrator

Ocean Academy Charter School  
Consultants and Advisors

Audit Firm

Kathryn Perry, CPA  
Jump, Perry and Company, L.L.P.  
12 Lexington Avenue  
Toms River, New Jersey 08753

Attorney

Perez & Bombelyn, PC  
402 Livingston Ave.  
New Brunswick, New Jersey 08901

Official Depositories

Ocean First Bank  
Toms River, New Jersey

## FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Trustees  
Ocean Academy Charter School:  
County of Ocean  
Lakewood, New Jersey

### **Report of the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ocean Academy Charter School ("Charter School") in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these 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 in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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



## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ocean Academy Charter School in the County of Ocean, State of New Jersey as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the schedules related to accounting and reporting for pensions and post-retirement benefits, as listed 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean Academy Charter School's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining fund financial statements and schedules 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

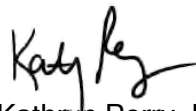
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2019 on our consideration of the Ocean Academy Charter School in the County of Ocean, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ocean Academy Charter School in the County of Ocean, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted,

Jump, Perry and Company L.L.P.  
Toms River, New Jersey



Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

December 1, 2019

REQUIRED SUPPLEMENTARY INFORMATION - PART I

## Ocean Academy Charter School

### Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

Unaudited

The discussion and analysis of Ocean Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2019. 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 notes to the basic financial statements and financial statements to enhance their understanding of the Charter School's financial performance.

#### **Financial Highlights**

Key financial highlights for June 30, 2019 are as follows:

Net position totaled \$635,964, which represents a 178.19 percent increase from June 30, 2018.

General revenues accounted for \$3,292,905 in revenue or 87.84 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$455,857 or 12.16 percent of total revenues of \$3,748,762.

Total assets increased by \$430,693 as current assets increased by \$430,693 and capital assets, net increased by \$-.

The Charter School had \$3,341,403 in expenses; only \$455,857 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$3,292,905 were adequate to provide for these programs.

Among major funds, the General Fund had \$3,348,792 in revenues and \$2,851,366 in expenditures and transfers. The General Fund's balance increased \$497,426 over June 30, 2018. The General Fund's balance is \$607,116.

#### **Using this Comprehensive Annual Financial Report (CAFR)**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the School Board, presenting both an aggregate view of the Charter School's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For government 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 Ocean Academy Charter School, the General Fund is by far the most significant.

## **Reporting the School Board as a Whole**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the Charter School and are designed to provide readers with a broad overview of the Charter School's finances, in a manner similar to private-sector business.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in net position. The change in net position is important because it informs the reader that the financial position of the Charter School has improved or worsened. The causes of the change may be the result of many factors, some financial and some not. Non-financial factors include, but are not limited to, the Charter School's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, and required educational programs. In the Statement of Net Position and the Statement of Activities, the Charter School is divided into two kinds of activities:

**Governmental Activities** - All of the Charter School's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Business-Type Activities** - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Funds are reported as a business activity.

## **Reporting the Charter School's Most Significant Funds**

### **Fund Financial Statement**

The analysis of the Charter School's major funds begins with Exhibit B-1. Fund financial reports provide detailed information about the Charter School's major funds. The Charter School's major governmental funds are the General Fund and Special Revenue Fund.

### **Governmental Funds**

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities.

## The School Board as a Whole

The Statement of Net Position provides the financial perspective of the Charter School as a whole.

Table 1 provides a summary comparison of the Charter School's net position for June 30, 2019 and 2018.

Table 1

Net Position as of June 30, 2019 and June 30, 2018

	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 691,674	\$ 47,849	\$ 739,523	\$ 268,923	\$ 39,907	\$ 308,830
Capital assets, net	-	-	-	-	-	-
Total assets	<u>691,674</u>	<u>47,849</u>	<u>739,523</u>	<u>268,923</u>	<u>39,907</u>	<u>308,830</u>
Deferred outflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:						
Current liabilities	84,558	19,001	103,559	68,013	12,212	80,225
Long-term liabilities outstanding	-	-	-	-	-	-
Total liabilities	<u>84,558</u>	<u>19,001</u>	<u>103,559</u>	<u>68,013</u>	<u>12,212</u>	<u>80,225</u>
Deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position:						
Net investment in capital assets	-	-	-	-	-	-
Restricted	75,000	-	75,000	75,000	-	75,000
Unrestricted	532,116	28,848	560,964	125,910	27,695	153,605
Total Net Position	<u>\$ 607,116</u>	<u>\$ 28,848</u>	<u>\$ 635,964</u>	<u>\$ 200,910</u>	<u>\$ 27,695</u>	<u>\$ 228,605</u>

The Charter School's combined net position was \$635,964 on June 30, 2019. This is a change of 178.19% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2019 and 2018.

Table 2

Changes in Net Position

	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ -	\$ 30,726	\$ 30,726	\$ -	\$ 11,072	\$ 11,072
Operating and capital grants and contributions	259,260	165,871	425,131	93,255	111,191	204,446
General revenues:						
Tuition	2,626,685	-	2,626,685	1,653,740	-	1,653,740
Federal and state aid	628,837	-	628,837	440,625	-	440,625
Investment earnings	43	-	43	-	-	-
Miscellaneous	37,340	-	37,340	4,355	-	4,355
<b>Total revenues</b>	<b>3,552,165</b>	<b>196,597</b>	<b>3,748,762</b>	<b>2,191,975</b>	<b>122,263</b>	<b>2,314,238</b>
<b>Expenses</b>						
Instructional services	1,202,177	-	1,202,177	805,922	-	805,922
Support services	1,898,172	241,054	2,139,226	1,118,075	161,636	1,279,711
Interest on long-term liabilities	-	-	-	-	-	-
<b>Total expenses</b>	<b>3,100,349</b>	<b>241,054</b>	<b>3,341,403</b>	<b>1,923,997</b>	<b>161,636</b>	<b>2,085,633</b>
Change in net position	451,816	(44,457)	407,359	267,978	(39,373)	228,605
Transfer	(45,610)	45,610	-	(67,068)	67,068	-
Net position - beginning	200,910	27,695	228,605	-	-	-
Net position (deficit) - ending	<u>\$ 607,116</u>	<u>\$ 28,848</u>	<u>\$ 635,964</u>	<u>\$ 200,910</u>	<u>\$ 27,695</u>	<u>\$ 228,605</u>

**Government Activities**

The tuition portion paid by the sending district is made up 73.95% of revenues for governmental activities for the fiscal year 2019. The Charter School's total revenues were \$3,552,165 for the year ended June 30, 2019. Federal, state and local grants accounted for another 26.05%.

The total cost of all programs and services was \$3,100,349. Instruction and instruction direct support comprises 40.58% of the Charter School's expenses.

## Expenses for Fiscal Year June 30, 2019

### Business-Type Activities

Revenues for the Charter School's business-type activities (food service program) were comprised of charges for services and grants.

Total Enterprise Fund expenses exceeded revenues by \$44,457.

Charges for services represent \$30,726 of revenue. This represents the amount paid by patrons for daily food service and child care.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches was \$165,871.

### 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 costs of services and the net cost of services. The net cost shows the financial burden that was placed on the Charter School's taxpayers by each of these functions.

Table 3

#### Governmental Activities

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 1,202,177	\$ 1,029,332	\$ 805,922	\$ 766,154
Support Services:				
Pupils and Instructional Staff	55,887	-	-	-
General Administration, School Administration, Business Operation and Maintenance of Facilities	1,842,285	1,811,757	1,118,075	1,064,588
Total Expenses	\$ 3,100,349	\$ 2,841,089	\$ 1,923,997	\$ 1,830,742



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

Extracurricular activities includes expenses related to student activities provided by the Charter School which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership. Approximately 90% of the student population participates in 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.

Interest expense relates to the mortgage the Charter school has on their building.

### The Charter School's Funds

Information about the Charter School's major funds starts with Exhibit B-1. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$3,552,165 and expenditures of \$3,145,959. The net positive change in fund balance for the year was most significant in the General Fund, with an increase of \$406,206.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2019.

<u>Revenue</u>	<u>2019 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2018</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 2,664,068	75.00 %	\$ 1,005,973	60.67 %
State Sources	684,724	19.28	244,099	55.40
Federal Sources	<u>203,373</u>	<u>5.72</u>	<u>110,118</u>	<u>118.08</u>
Total	<u>\$ 3,552,165</u>	<u>100.00 %</u>	<u>\$ 1,360,190</u>	<u>62.05 %</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2019.

<u>Expenditures</u>	<u>2019 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2018</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 1,202,177	38.78 %	\$ 396,255	49.17 %
Undistributed Expenditures	1,841,136	59.38	752,388	69.11
Capital Outlay	<u>57,036</u>	<u>1.84</u>	<u>27,709</u>	<u>94.48</u>
Total	<u>\$ 3,100,349</u>	<u>100.00 %</u>	<u>\$ 1,176,352</u>	<u>61.14 %</u>

**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.

During the course of the fiscal year 2019, the Charter School amended its General Fund budget as needed. The Charter School uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administration, Superintendent and Board of Trustees. Transfers were necessitated by:

- Changes to enrollment
- Staffing changes based on student needs
- Changes in appropriations to prevent budget overruns
- Purchase of building

While the Charter School final budget for the General Fund anticipated that expenditures would exceed revenues by approximately \$(11,000), the actual results for the year show a \$(406,206) surplus.

## **Capital Assets and Debt Administration**

*Capital Assets.* At the end of the fiscal year June 30, 2019, the School Board had \$- invested in land, buildings, and machinery and equipment.

During the current fiscal year, \$- of capital assets were capitalized as additions.

*Debt Administration.* The District had no long-term liabilities for the governmental and business-type activities :

## **Economic Factors and Next Year's Budget**

For the 2018-2019 school year, the Charter School was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 25.00% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 75.00% of total revenue is from local sources.

The \$532,116 in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the Charter School had to pay off all bills today, including all of the Charter School's non-capital liabilities (compensated absences, etc.), the Charter School would have that much in value.

The 2018-2019 budget was adopted in March 2018 based in part on the state education aid the Charter School anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Charter School to come up with alternative funding sources.

The Charter School anticipates an increase in enrollment for the 2019-2020 fiscal year when adding the fifth grade. If the Charter School were to experience a significant increase in enrollment with no appreciable increase in tuition revenue for future budgets, the Charter School will be faced with the following alternatives: (a) reduce programs and services or (b) seek alternative sources of funding.

### **Contacting the School School Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Charter School's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Ocean Academy Charter School, 678 5th St., Lakewood, NJ, 08701.

## BASIC FINANCIAL STATEMENTS

**OCEAN ACADEMY CHARTER SCHOOL**  
**Statement of Net Position**  
**June 30, 2019**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 205,353	\$ 83	\$ 205,436
Receivables - state	23,313	501	23,814
Receivables - federal	80,688	47,265	127,953
Receivables - other governments	264,426	-	264,426
Interfund receivable	42,894	-	42,894
Restricted cash	75,000	-	75,000
Total assets	<u>691,674</u>	<u>47,849</u>	<u>739,523</u>
<b>LIABILITIES</b>			
Accounts payable	83,744	15,626	99,370
Unearned revenue	814	-	814
Interfund payable	-	3,375	3,375
Total liabilities	<u>84,558</u>	<u>19,001</u>	<u>103,559</u>
<b>NET POSITION</b>			
Restricted for:			
Charter school escrow reserve	75,000	-	75,000
Unrestricted	532,116	28,848	560,964
Total net position	<u>\$ 607,116</u>	<u>\$ 28,848</u>	<u>\$ 635,964</u>

OCEAN ACADEMY CHARTER SCHOOL  
Statement of Activities  
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Current:							
Regular instruction	\$ 1,202,177	\$ -	\$ 172,845	\$ -	\$ (1,029,332)	\$ -	\$ (1,029,332)
Support services and undistributed costs:							
General administrative services	1,252,801				(1,252,801)		(1,252,801)
School administrative services	233,846		30,528		(203,318)		(203,318)
Other operation & maintenance of plant	57,036				(57,036)		(57,036)
Unallocated employee benefits	298,602				(298,602)		(298,602)
Non-budgeted expenditures	55,887		55,887		-		-
Total governmental activities	<u>3,100,349</u>	<u>-</u>	<u>259,260</u>	<u>-</u>	<u>(2,841,089)</u>	<u>-</u>	<u>(2,841,089)</u>
<b>Business-type activities:</b>							
Food Service	230,895	6,244	165,871	-	-	(58,780)	(58,780)
Childcare	10,159	24,482	-	-	-	14,323	14,323
Total business-type activities	<u>241,054</u>	<u>30,726</u>	<u>165,871</u>	<u>-</u>	<u>-</u>	<u>(44,457)</u>	<u>(44,457)</u>
Total primary government	<u>\$ 3,341,403</u>	<u>\$ 30,726</u>	<u>\$ 425,131</u>	<u>\$ -</u>	<u>(2,841,089)</u>	<u>(44,457)</u>	<u>(2,885,546)</u>
<b>General revenues:</b>							
Tuition					2,626,685	-	2,626,685
Federal and state aid not restricted					628,837	-	628,837
Interest income					43	-	43
Miscellaneous income					37,340	-	37,340
Total general revenues					<u>3,292,905</u>	<u>-</u>	<u>3,292,905</u>
<b>Change in net position before transfers</b>					451,816	(44,457)	407,359
<b>Transfers</b>					<u>(45,610)</u>	<u>45,610</u>	<u>-</u>
<b>Change in net position after transfers</b>					406,206	1,153	407,359
<b>Net position—beginning</b>					200,910	27,695	228,605
<b>Net position—ending</b>					<u>\$ 607,116</u>	<u>\$ 28,848</u>	<u>\$ 635,964</u>

**OCEAN ACADEMY CHARTER SCHOOL**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 281,525	\$ (76,172)	\$ 205,353
Capital reserve account	-	-	-
Receivable from the state	23,313	-	23,313
Receivables from other governments	264,426	80,688	345,114
Capital reserve account	-	-	-
Maintenance reserve account	-	-	-
Emergency reserve account	-	-	-
Receivables from other funds	42,894	-	42,894
Restricted cash	75,000	-	75,000
Total assets	687,158	4,516	691,674
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	80,042	3,702	83,744
Unearned revenue	-	814	814
Total liabilities	80,042	4,516	84,558
Fund Balances:			
Restricted for:			
Charter school escrow reserve	75,000	-	75,000
Assigned to:			
Other purposes	294	-	294
Unassigned to:			
General fund	531,822	-	531,822
Total fund balances	607,116	-	607,116
Total liabilities and fund balances	\$ 687,158	\$ 4,516	\$ 691,674



**OCEAN ACADEMY CHARTER SCHOOL**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local sources:			
Local tax levy	\$ 2,626,685	\$ -	\$ 2,626,685
Interest income	43	-	43
Miscellaneous	37,340	-	37,340
Total - Local sources	2,664,068	-	2,664,068
State sources	684,724	-	684,724
Federal sources	-	203,373	203,373
Total revenues	3,348,792	203,373	3,552,165
<b>EXPENDITURES</b>			
Current expense:			
Instruction	1,029,332	172,845	1,202,177
Undistributed - current:			
General administrative services	1,252,801	-	1,252,801
School administrative services	203,318	30,528	233,846
Other operation & maintenance of plant	-	-	-
Unallocated employee benefits	298,602	-	298,602
Non-budgeted expenditures	55,887	-	55,887
Capital Outlay	57,036	-	57,036
Total expenditures	2,896,976	203,373	3,100,349
Excess (Deficiency) of revenues over expenditures	451,816	-	451,816
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(45,610)	-	(45,610)
Total other financing sources and uses	(45,610)	-	(45,610)
Net change in fund balances	406,206	-	406,206
Fund balance—July 1	200,910	-	200,910
Fund balance—June 30	\$ 607,116	\$ -	\$ 607,116

**OCEAN ACADEMY CHARTER SCHOOL  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2019**

<b>Total net change in fund balances - governmental funds (from B-2)</b>	<b>\$</b>	<b>406,206</b>
--	-----------	----------------

There is no difference in the amounts reported for governmental activities in the statement of activities (A-2) :

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>406,206</u></b>
--	-----------	-----------------------

**OCEAN ACADEMY CHARTER SCHOOL**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Extended Daycare</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 83	\$ -	\$ 83
Receivables from state	501	-	501
Receivables from federal	47,265	-	47,265
Total current assets	<u>47,849</u>	<u>-</u>	<u>47,849</u>
Noncurrent assets:			
Furniture, machinery & equipment	-	-	-
Less accumulated depreciation	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 47,849</u>	<u>\$ -</u>	<u>\$ 47,849</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 15,626	\$ -	\$ 15,626
Interfund payable	3,375	-	3,375
Total current liabilities	<u>19,001</u>	<u>-</u>	<u>19,001</u>
Noncurrent Liabilities:			
Compensated absences	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>19,001</u>	<u>-</u>	<u>19,001</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted for:			
Other	-	-	-
Unrestricted	28,848	-	28,848
Total net position	<u>28,848</u>	<u>-</u>	<u>28,848</u>
Total liabilities and net position	<u>\$ 47,849</u>	<u>\$ -</u>	<u>\$ 47,849</u>

**OCEAN ACADEMY CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-type Activities - Enterprise Fund</b>		
	<b>Food Service</b>	<b>Extended Daycare</b>	<b>Total Enterprise</b>
Operating revenues:			
Local sources:			
Child care charges	\$ -	\$ 24,482	\$ 24,482
Daily sales reimbursable programs			
School lunch and breakfast	6,244	-	6,244
Total operating revenues	<u>6,244</u>	<u>24,482</u>	<u>30,726</u>
Operating expenses:			
Salaries	36,094	9,615	45,709
Supplies and materials	7,920	544	8,464
Depreciation	-	-	-
Cost of sales - reimbursable programs	186,881	-	186,881
Cost of sales - non-reimbursable programs	-	-	-
Total operating expenses	<u>230,895</u>	<u>10,159</u>	<u>241,054</u>
Operating income (loss)	<u>(224,651)</u>	<u>14,323</u>	<u>(210,328)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	1,718	-	1,718
Federal sources:			
School breakfast program	62,701	-	62,701
National school lunch program	97,355	-	97,355
School snack program	4,097	-	4,097
Total nonoperating revenues (expenses)	<u>165,871</u>	<u>-</u>	<u>165,871</u>
Income (loss) before contributions & transfers	<u>(58,780)</u>	<u>14,323</u>	<u>(44,457)</u>
Transfers in (out)	58,780	(13,170)	45,610
Change in net position	-	1,153	1,153
Total net position—beginning	28,848	(1,153)	27,695
Total net position—ending	<u>\$ 28,848</u>	<u>\$ -</u>	<u>\$ 28,848</u>

**OCEAN ACADEMY CHARTER SCHOOL**  
**Food Services Enterprise Fund**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Extended Daycare</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and other funds	\$ 6,244	\$ 24,482	\$ 30,726
Payments to employees & benefits	(36,094)	(9,615)	(45,709)
Payments to suppliers	(190,234)	(544)	(190,778)
Net cash provided by (used in) operating activities	<u>(220,084)</u>	<u>14,323</u>	<u>(205,761)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State sources	1,478	-	1,478
Federal sources	140,139	-	140,139
Board interfund transfers	62,155	(13,170)	48,985
Net cash provided by (used in) non-capital financing activities	<u>203,772</u>	<u>(13,170)</u>	<u>190,602</u>
Net increase (decrease) in cash and cash equivalents	(16,312)	1,153	(15,159)
Balances—beginning of year	16,395	(1,153)	15,242
Balances—end of year	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 83</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (224,651)	\$ 14,323	\$ (210,328)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and net amortization	-	-	-
Increase (decrease) in accounts payable	4,567	-	4,567
Total adjustments	<u>4,567</u>	<u>-</u>	<u>4,567</u>
Net cash provided by (used in) operating activities	<u>\$ (220,084)</u>	<u>\$ 14,323</u>	<u>\$ (205,761)</u>

**OCEAN ACADEMY CHARTER SCHOOL**  
**Statement of Fiduciary Net Position**  
**June 30, 2019**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 45,490
Total assets	<u>45,490</u>
<b>LIABILITIES</b>	
Payroll deductions and withholdings	5,971
Interfund payable	39,519
Payable to student groups	-
Total liabilities	<u>45,490</u>
<b>NET POSITION</b>	
Reserved for scholarships	-
Total net position	<u>-</u>
Total liabilities and net position	<u>\$ 45,490</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

**1. Description of the School District and Reporting Entity**

Ocean Academy Charter School ("Charter School") is an instrumentality of the State of New Jersey, established to function as an education institution in Lakewood, New Jersey. The Charter School is governed by an independent Board of Trustees (the "Board") which consists of appointed parents, founders, and other community representatives in accordance with its charter, which was appointed by the State Department of Education. An Educational Director is appointed by the Board and is responsible for the administrative control of the Charter School.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities for the Charter School. The Charter School had no component units for the year ended June 30, 2019.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, section of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. The Charter School serves students in grades Kindergarten through fifth grade. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

**2. Summary of Significant Accounting Policies**

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Charter School also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below.

**A. Basis of Presentation**

The Charter School's basic financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

**2. Summary of Significant Accounting Policies (Cont'd)**

**A. Basis of Presentation (Cont'd)**

**1. Government-Wide Statements**

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statement of net position presents the financial condition of the governmental activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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 are presented as general revenues of the Charter School, with certain limited expectations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

**2. Fund Financial Statements**

During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Charter School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

**B. Fund Accounting**

The Charter School uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.



Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Cont'd)

B. Fund Accounting (Cont'd)

1. Governmental Funds

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service of the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

2. Proprietary Funds

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Charter School:

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Cont'd)

B. Fund Accounting (Cont'd)

2. Proprietary Funds (Cont'd)

**Enterprise Fund** - The Enterprise Fund is utilized to account for operations that were financed and operated in a manner similar to private business enterprises - where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing education basis be financed or recovered primarily through user charges; or, where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Charter School's Enterprise Fund is comprised of the Food Service and Childcare Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into invested in capital assets net of related debt and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations.

3. Fiduciary Funds

**Agency 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 do not involve measurement of results of operations. Agency Funds include payroll.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Charter School are included on the Statement of Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental funds types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Cont'd)

D. Basis of Accounting (Cont'd)

The Charter School receives a portion of the local tax levy and state aid from several school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local school district revises the amounts to be received by the Charter School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Charter School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available. The Charter School is entitled to receive monies under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable". At June 30, 2019, the Charter School had accounts receivable of \$264,426 that represented amounts that had not been paid based upon the current year final enrollment count.

In its accounting and final reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office 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. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C 6A:23:23-16.2(f). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Cont'd)

E. Budgets/Budgetary Control (Cont'd)

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

F. Encumbrances

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 unearned revenues at fiscal year end. There were \$814 of encumbrances at June 30, 2019.

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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Cont'd)

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

Additionally, the Charter 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.

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods are recorded as an expenditure during the year of purchase.

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased. The Charter School did not have inventory at June 30, 2019.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Cont'd)

I. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

J. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building Improvements	20-50 years
Furniture and Equipment	5-10 years
Vehicles	3-5 years

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Cont'd)

K. Compensated Absences (Cont'd)

The entire sick leave and vacation liabilities are reported on the government-wide financial statements. The Charter School currently does allow for the carryover of accrued time off.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The Charter School had a compensated absence liability of \$- at year end.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of compensated absences and mortgage payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

M. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is 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.

N. Unearned Revenue

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

O. Fund Equity

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.



Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Cont'd)

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

3. Deposits and Investments

Deposits

The Charter School's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank Balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At June 30, 2019, the book value of the Board's deposits was \$325,926 and bank balances of the Charter School's cash and deposits amounted to \$380,762. Of the bank balances \$250,000 was covered by the FDIC. The Charter School's deposits which are displayed on the combined balance sheet as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Uninsured and Collateralized	<u>130,762</u>
	<u>\$ 380,762</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

**3. Deposits and Investments (Continued)**

As of June 30, 2019, the Charter School had no investments.

**Restricted Cash**

The restricted cash is the required Charter School Escrow Reserve. In accordance with the New Jersey Charter School agreement the Charter School has established an escrow that is restricted for the possible costs associated with the dissolution of the charter school. Within five years of the signing of the agreement, the reserve must reach a balance of \$75,000. At June 30, 2019, the balance of the escrow is \$75,000.

**4. Receivables**

Receivables at June 30, 2019, consisted of interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of governmental receivables is as follows:.

	Governmental Fund Financial Statements	District-Wide Financial Statements
State Aid	\$ 23,313	\$ 23,814
Federal Aid	80,688	127,953
Interfunds	42,894	42,894
Other	<u>264,426</u>	<u>264,426</u>
Gross Receivables	411,321	459,087
Allowance for Uncollectible	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 411,321</u>	<u>\$ 459,087</u>

**5. Capital Assets**

The Charter School had no capital asset activity for the year ended June 30, 2019 .

**6. Long-term Obligations**

The Charter School had no long-term obligation activity for the year ended June 30, 2019.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

**7. Leasing Arrangements**

The School leases its 2 facilities under a non-cancelable operating lease. The lease in the monthly amount of \$44,225 with an annual basic rent of \$530,726. Total rental expense for the year ended June 30, 2019 was \$530,726.

Future minimum lease payments are as follows:

June 30, 2020	<u>\$485,000</u>
---------------	------------------

**8. Pension Plans**

As of June 30, 2019, Ocean Academy Charter School became part the State Pension for PERS or TPAF in September 2018. Since the school was not officially enrolled in the plans after June 30, 2017, they are not included in the most recent valuation and thus have no reportable amounts related to pensions.

**9. Post-Retirement Benefits**

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

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. (GASB Cod. Sec. 2300.106(g))

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

**10. Economic Dependency**

The Charter School receives its support from federal, state and local governments. A significant reduction in the level of support, if this were to occur, would have an impact on the Charter School's programs and activities.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

**11. 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; employee health and accident claims; and natural disasters.

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

**12. Interfund/Internal Balances and Transfers**

The following inter-fund balances remained on the balance sheet at June 30, 2019.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 42,894	-
Special Revenue Fund	-	-
Enterprise Fund	-	3,375
Trust and Agency Fund	-	39,519
	<u>\$ 42,894</u>	<u>\$ 42,894</u>

The Enterprise Fund owes the General Fund for cash advances during the year.

The Trust and Agency Fund owes the General Fund for payments made during the year.

**13. Fund Balance Appropriated**

**General Fund** - Of the \$607,116 General Fund balance at June 30, 2019, there is a \$294 assigned for encumbrances, \$75,000 is the Charter School Escrow Reserve; therefore, \$531,822 is unassigned. \$- of the unassigned fund balance has been designated for capital projects, and \$531,822 is unassigned and undesignated.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

**14. Contingent Liabilities**

The Charter School is a party defendant in some lawsuits, none of a kind unusual for a Charter School of its size and scope of operation. In the opinion of the Charter School's Attorney the potential claims against the Charter School not covered by insurance policies would not materially affect the financial condition of the Charter School.

**15. Subsequent Events**

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, December 1, 2019. No such disclosures were required.

**16. Uncertain Tax Positions**

The district had no unrecognized tax benefits. Furthermore, the district had no unrecognized tax benefits at June 30, 2019. The school district files tax returns in the U.S. federal jurisdiction and New Jersey. The school district has no open years prior to June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**OCEAN ACADEMY CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 3,467,419	\$ -	\$ 3,467,419	\$ 2,626,685	\$ (840,734)
Interest income	-	-	-	43	43
Miscellaneous	-	-	-	37,340	37,340
Total - local sources	<u>3,467,419</u>	<u>-</u>	<u>3,467,419</u>	<u>2,664,068</u>	<u>(803,351)</u>
State sources:					
Equalization aid (Local levies - state share)	-	-	-	534,361	534,361
Special Education Aid	-	-	-	17,860	17,860
Security aid	-	-	-	76,616	76,616
TPAF LTDI (on-behalf - non-budgeted)	-	-	-	-	-
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	-	-
Teacher's pension and annuity fund (on-behalf - non-budgeted)	-	-	-	-	-
TPAF social security (reimbursed - non-budgeted)	-	-	-	55,887	55,887
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>684,724</u>	<u>684,724</u>
<b>Total revenues</b>	<u>3,467,419</u>	<u>-</u>	<u>3,467,419</u>	<u>3,348,792</u>	<u>(118,627)</u>
<b>EXPENDITURES:</b>					
<b>Current Expenditures:</b>					
<b>Regular programs - instruction</b>					
Kindergarten - salaries of teachers	198,975	16,000	214,975	181,009	33,966
Grades 1-5 - salaries of teachers	527,100	34,000	561,100	525,323	35,777
Other salaries for instruction	247,950	11,299	259,249	214,585	44,664
Purchased professional-educational services	20,000	(8,708)	11,292	6,944	4,348
Other purchased services	15,000	-	15,000	100	14,900
General supplies	131,960	(88,526)	43,434	18,211	25,223
Textbooks	114,466	(14,466)	100,000	75,191	24,809
Other objects	59,636	-	59,636	7,969	51,667
<b>Total instruction</b>	<u>1,315,087</u>	<u>(50,401)</u>	<u>1,264,686</u>	<u>1,029,332</u>	<u>235,354</u>

**OCEAN ACADEMY CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Support services - general administration</b>					
Salaries	\$ 410,500	\$ 36,984	\$ 447,484	\$ 439,432	\$ 8,052
Legal fees	7,500	-	7,500	7,500	-
Audit fees	18,000	-	18,000	18,000	-
Communications/telephone	60,000	(36,000)	24,000	14,589	9,411
Purchased Professional & Tech Services	37,000	36,104	73,104	70,209	2,895
Other purchased services	30,000	(10,000)	20,000	18,617	1,383
General supplies	30,000	4,500	34,500	31,977	2,523
Miscellaneous	10,000	15,946	25,946	24,496	1,450
<b>Total support services</b>	<b>603,000</b>	<b>47,534</b>	<b>650,534</b>	<b>624,820</b>	<b>25,714</b>
<b>Support services - school administration</b>					
Other Salaries	102,469	5,282	107,751	103,751	4,000
Purchased Professional & Tech Services	65,000	22,718	87,718	85,056	2,662
Other Purchased Services	25,000	(3,000)	22,000	14,511	7,489
<b>Total support services - school administration</b>	<b>192,469</b>	<b>25,000</b>	<b>217,469</b>	<b>203,318</b>	<b>14,151</b>
<b>Other support services</b>					
Rent of Buildings	529,476	1,250	530,726	530,726	-
Insurance	70,000	1,552	71,552	60,351	11,201
Energy costs	60,000	-	60,000	-	60,000
Supplies & Materials	20,000	(5,635)	14,365	10,477	3,888
Miscellaneous	25,000	(2,802)	22,198	9,729	12,469
Transportation	12,000	5,000	17,000	16,698	302
Other undistrib. expenditures - Bus. & other supplies	-	-	-	-	-
<b>Total other support services</b>	<b>716,476</b>	<b>(635)</b>	<b>715,841</b>	<b>627,981</b>	<b>87,860</b>
<b>Unallocated Expenditures:</b>					
Health Benefits	475,379	(17,088)	458,291	264,596	193,695
Tuition Reimbursement	15,000	5,635	20,635	20,016	619
Other Employee Benefits	39,000	-	39,000	13,990	25,010
<b>Total unallocated benefits</b>	<b>529,379</b>	<b>(11,453)</b>	<b>517,926</b>	<b>298,602</b>	<b>219,324</b>
<b>On-behalf contributions:</b>					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	-	-
On-behalf TPAF OPEB (post-retirement med) (non-budgeted)	-	-	-	-	-
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	-	-
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	55,887	(55,887)
<b>Total on-behalf contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,887</b>	<b>(55,887)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>2,041,324</b>	<b>60,446</b>	<b>2,101,770</b>	<b>1,810,608</b>	<b>291,162</b>
<b>TOTAL GENERAL CURRENT EXPENDITURES</b>	<b>3,356,411</b>	<b>10,045</b>	<b>3,366,456</b>	<b>2,839,940</b>	<b>526,516</b>



OCEAN ACADEMY CHARTER SCHOOL  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Instructional equipment	\$ 30,000	\$ -	\$ 30,000	\$ 27,589	\$ 2,411
Non-instructional equipment	25,000	-	25,000	9,163	15,837
Purchase of land/improvements	15,000	-	15,000	14,812	188
Other Objects	20,000	-	20,000	5,472	14,528
<b>Total capital outlay</b>	<u>90,000</u>	<u>-</u>	<u>90,000</u>	<u>57,036</u>	<u>32,964</u>
<b>Total general fund</b>	<u>3,446,411</u>	<u>10,045</u>	<u>3,456,456</u>	<u>2,896,976</u>	<u>559,480</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>21,008</u>	<u>(10,045)</u>	<u>10,963</u>	<u>451,816</u>	<u>440,853</u>
<b>Other Financing Sources / Uses:</b>					
Operating transfer out - deficit in food service	-	-	-	45,610	(45,610)
<b>Total Other Financing Sources:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,610</u>	<u>(45,610)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>21,008</u>	<u>(10,045)</u>	<u>10,963</u>	<u>406,206</u>	<u>395,243</u>
<b>Fund Balance, July 1</b>	200,910	-	200,910	200,910	-
<b>Fund Balance, June 30</b>	<u>\$ 221,918</u>	<u>\$ (10,045)</u>	<u>\$ 211,873</u>	<u>\$ 607,116</u>	<u>\$ 395,243</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Escrow reserve				\$ 75,000	
<b>Assigned Fund Balance:</b>					
Year-end encumbrances				294	
Restricted for other purposes					
Unassigned				531,822	
<b>Fund balance per governmental funds (GAAP)</b>				<u>\$ 607,116</u>	

OCEAN ACADEMY CHARTER SCHOOL  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Private sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	205,118	-	205,118	204,187	(931)
<b>Total Revenues</b>	205,118	-	205,118	204,187	(931)
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Personal services - salaries	80,199	-	80,199	80,199	-
Purchased professional and technical services	-	-	-	-	-
General supplies	69,823	-	69,823	69,820	3
Professional services	13,271	-	13,271	12,875	396
Other objects	10,000	-	10,000	9,951	49
<b>Total instruction</b>	173,293	-	173,293	172,845	448
<b>Support services:</b>					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Principal	-	-	-	-	-
Salaries of Other Professional Staff	2,790	-	2,790	2,790	-
Salaries of Secr. And Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Other purchased services	232	-	232	-	232
Employee benefits	11,065	-	11,065	11,060	5
Rentals	-	-	-	-	-
Travel	-	-	-	-	-
Supplies - materials	17,738	-	17,738	17,492	246
<b>Total support services</b>	31,825	-	31,825	31,342	483
<b>Facilities acquisition and const. serv.:</b>					
Instructional equipment	-	-	-	-	-
Non-Instructional equipment	-	-	-	-	-
<b>Total facilities acquisition and const. serv.</b>	-	-	-	-	-
<b>Total expenditures</b>	205,118	-	205,118	204,187	931
<b>Excess (deficiency) of revenues Over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OCEAN ACADEMY CHARTER SCHOOL  
Required Supplementary Information  
Budget-to-GAAP Reconciliation  
Note to Required Supplementary Information  
For the Year Ended June 30, 2019**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 3,348,792	[C-2]	\$ 204,187
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		(814)
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		-		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		-		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 3,348,792</u>	[B-2]	<u>\$ 203,373</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 2,942,586	[C-2]	\$ 204,187
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		-		
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.		-		(814)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 2,942,586</u>	[B-2]	<u>\$ 203,373</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III  
Not Applicable

## OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules  
Not Applicable

E. Special Revenue Fund

**OCEAN ACADEMY CHARTER SCHOOL**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2019**

	I.D.E.A Regular Program Part B 18/19	Title I 18/19	Realloc Title I 18/19	Title II-A 18/19	Title III 18/19	Total 2019
<b>Revenues:</b>						
Private sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	26,460	137,043	4,832	12,875	22,977	204,187
<b>Total revenues</b>	<b>26,460</b>	<b>137,043</b>	<b>4,832</b>	<b>12,875</b>	<b>22,977</b>	<b>204,187</b>
<b>Expenditures:</b>						
Instruction:						
Salaries	20,199	60,000	-	-	-	80,199
Other salaries - instruction	-	-	-	-	-	-
General supplies	-	53,197	-	-	16,623	69,820
Professional services	-	-	-	12,875	-	12,875
Other Objects	-	9,951	-	-	-	9,951
<b>Total instruction</b>	<b>20,199</b>	<b>123,148</b>	<b>-</b>	<b>12,875</b>	<b>16,623</b>	<b>172,845</b>
<b>Support services:</b>						
Other support services - students - special:						
Salaries of Supervisors of Instruction	-	-	-	-	-	-
Salaries of Principal	-	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	2,790	2,790
Salaries of Secr. And Clerical Assistants	-	-	-	-	-	-
Other Salaries	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
Employee benefits	6,261	4,585	-	-	214	11,060
Rentals	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Supplies and materials	-	9,310	4,832	-	3,350	17,492
<b>Total other support services - students - special</b>	<b>6,261</b>	<b>13,895</b>	<b>4,832</b>	<b>-</b>	<b>6,354</b>	<b>31,342</b>
<b>Total support services</b>	<b>6,261</b>	<b>13,895</b>	<b>4,832</b>	<b>-</b>	<b>6,354</b>	<b>31,342</b>
<b>Facilities acquisition and construction equipment:</b>						
Instructional equipment	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-
<b>Total facilities acquisition and construction equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$ 26,460</b>	<b>\$ 137,043</b>	<b>\$ 4,832</b>	<b>\$ 12,875</b>	<b>\$ 22,977</b>	<b>\$ 204,187</b>



F. Capital Projects Fund  
Not Applicable

G. Proprietary Funds  
See B-4 through B-6

## H. Fiduciary Funds

**OCEAN ACADEMY CHARTER SCHOOL**  
**Combining Schedule of Fiduciary Net Position**  
**June 30, 2019**

	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 45,490	\$ 45,490
Investments	-	-
Intrafund receivable	-	-
Total assets	<u>45,490</u>	<u>45,490</u>
<b>LIABILITIES</b>		
Payroll deductions and withholdings	5,971	5,971
Payable to student groups	-	-
Interfund payable	39,519	39,519
Intrafund payable	-	-
Total liabilities	<u>45,490</u>	<u>45,490</u>
<b>Net Position</b>		
Designated for future payments	-	-
Total net position	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 45,490</u>	<u>\$ 45,490</u>

OCEAN ACADEMY CHARTER SCHOOL  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 6,198	\$ 1,753,773	\$ 1,714,481	\$ 45,490
<b>Total assets</b>	<u>6,198</u>	<u>1,753,773</u>	<u>1,714,481</u>	<u>45,490</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	6,198	1,714,254	1,714,481	5,971
Interfund payable	<u>-</u>	<u>39,519</u>	<u>-</u>	<u>39,519</u>
<b>Total liabilities</b>	<u>\$ 6,198</u>	<u>\$ 1,753,773</u>	<u>\$ 1,714,481</u>	<u>\$ 45,490</u>

I. Long-Term Debt  
Not Applicable

## STATISTICAL SECTION

OCEAN ACADEMY CHARTER SCHOOL  
Statistical Section

J series

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over	66-69
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	N/A
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	N/A
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial	N/A
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it	70-73
<b>Performance Framework</b>	74

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.*



**OCEAN ACADEMY CHARTER SCHOOL**  
**Net Positions by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2018	2019
Governmental activities		
Net investment in capital assets	\$ -	\$ -
Restricted	75,000	75,000
Unrestricted	125,910	532,116
Total governmental activities net position	200,910	607,116
Business-type activities		
Net investment in capital assets	-	-
Restricted	-	-
Unrestricted	27,695	28,848
Total business-type activities net position	27,695	28,848
District-wide		
Net investment in capital assets	-	-
Restricted	75,000	75,000
Unrestricted	153,605	560,964
Total district net position	\$ 228,605	\$ 635,964

Source: CAFR Schedule A-1 and District records.

GASB No. 54 was implemented in the 2011 fiscal year, which required a change in the presentation of net investment in capital assets. This required presentation did not impact any of the balances from prior years.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change in the presentation of net investment in capital assets. This required presentation did not impact any of the balances from prior years.

**OCEAN ACADEMY CHARTER SCHOOL**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2018	2019
<b>Expenses</b>		
Governmental activities		
Instruction		
Regular	\$ 805,922	\$ 1,202,177
Special Education instruction	-	-
Other special instruction	-	-
Support Services:		
Health services	-	-
Other support services	-	-
General administrative services	523,543	1,252,801
School administrative services	374,178	233,846
School central services	-	-
Other operation & Maintenance of plant	29,327	57,036
Student transportation services	-	-
Unallocated employee benefits	191,027	298,602
Non-budgeted expenditures	-	55,887
Interest expense	-	-
School Support services	-	-
General administration	-	-
Total governmental activities expenses	<u>1,923,997</u>	<u>3,100,349</u>
Business-type activities:		
Food service	161,636	230,895
Childcare	-	10,159
Total business-type activities expense	<u>161,636</u>	<u>241,054</u>
Total district expenses	<u>2,085,633</u>	<u>3,341,403</u>
<b>Program Revenues</b>		
Governmental activities:		
Operating grants and contributions	-	259,260
Capital grants and contributions	93,255	-
Total governmental activities program revenues	<u>93,255</u>	<u>259,260</u>
Business-type activities:		
Charges for services		
Food service	11,072	6,244
Child Care	-	24,482
Operating grants and contributions	111,191	165,871
Total business type activities program revenues	<u>122,263</u>	<u>196,597</u>
Total district program revenues	<u>215,518</u>	<u>455,857</u>
<b>Net (Expense)/Revenue</b>		
Governmental activities	(1,830,742)	(2,841,089)
Business-type activities	(39,373)	(44,457)
Total district-wide net expense	<u>(1,870,115)</u>	<u>(2,885,546)</u>
<b>General Revenues and Other Changes in Net Assets/Position</b>		
Governmental activities:		
Tuition from taxes	1,653,740	2,626,685
Unrestricted grants and contributions	440,625	628,837
Miscellaneous income	4,355	37,383
Transfers	(67,068)	(45,610)
Total governmental activities	<u>2,031,652</u>	<u>3,247,295</u>
Business-type activities:		
Transfers	67,068	45,610
Total business-type activities	<u>67,068</u>	<u>45,610</u>
Total district-wide	<u>2,098,720</u>	<u>3,292,905</u>
<b>Change in Net Position</b>		
Governmental activities	200,910	406,206
Business-type activities	27,695	1,153
Total district	<u>\$ 228,605</u>	<u>\$ 407,359</u>

Source: CAFR Schedule A-2 and District records.

Exhibit J-3

OCEAN ACADEMY CHARTER SCHOOL  
 Fund Balances - Governmental Funds  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

	<u>2018</u>	<u>2019</u>
General Fund		
Restricted	\$ 75,000	\$ 75,000
Committed	-	-
Assigned	10,045	294
Unassigned	115,865	531,822
Unreserved	-	-
Reserved	-	-
Total general fund	<u>200,910</u>	<u>607,116</u>
All Other Governmental Funds		
Reserved	-	-
Restricted		
Special revenue fund	-	-
Unreserved, reported in:		
Special revenue fund	-	-
Capital projects fund	-	-
Debt service fund	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>

Source: CAFR Schedule B-1 and District records.

GASB No. 54 was implemented in the 2011 fiscal year, which required a change in the  
 This required presentation did not impact any of the balance #

**OCEAN ACADEMY CHARTER SCHOOL**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2018	2019
<b>Revenues</b>		
Tuition charges	\$ -	\$ -
Interest earnings	-	43
Miscellaneous	-	37,340
Local sources	1,658,095	2,626,685
State sources	440,625	684,724
Federal sources	93,255	203,373
Total revenue	2,191,975	3,552,165
<b>Expenditures</b>		
Instruction		
Regular Instruction	805,922	1,202,177
Support Services:		
Other support services	374,178	-
General administrative services	523,543	1,252,801
School administrative services	-	233,846
Unallocated employee benefits	191,027	298,602
Non-budgeted expenditures	-	55,887
Capital outlay	29,327	57,036
Total expenditures	1,923,997	3,100,349
Excess (Deficiency) of revenues over (under) expenditures	267,978	451,816
<b>Other Financing sources (uses)</b>		
Transfers out	(67,068)	(45,610)
Total other financing sources (uses)	(67,068)	(45,610)
Net change in fund balances	\$ 200,910	\$ 406,206
Debt service as a percentage of noncapital expenditures	0.00%	0.00%

Source: CAFR Schedule B-2 and District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

**OCEAN ACADEMY CHARTER SCHOOL**  
**Full-time Equivalent District Employees by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2018</u>	<u>2019</u>
Number of Classes:		
Kindergarten	4	4
Grade 1	3	3
Grade 2	3	3
Grade 3		2
Total Number of Classes	<u>10</u>	<u>12</u>
Full-Time Employees:		
Executive Director	1	1
Teachers	11	15
Supervisor/Title I Coordinator	1	1
Teacher Aides	7	12
School Nurse	1	1
Head of School	1	1
Custodian	1	2
Administrative Assistant	1	2
Total Employees	<u>24</u>	<u>35</u>
Teacher/Student Ratio	<u>1:7</u>	<u>1:8</u>
Student Count at June 30	<u>151</u>	<u>216</u>

**Source:** Charter School's Personnel Records

OCEAN ACADEMY CHARTER SCHOOL  
 Operating Statistics  
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	0	-	-	0.00%	-	0	-	0.0	0.0	0.00%	0.00%
2011	0	-	-	0.00%	-	0	-	0.0	0.0	0.00%	0.00%
2012	0	-	-	0.00%	-	0	-	0.0	0.0	0.00%	0.00%
2013	0	-	-	0.00%	-	0	-	0.0	0.0	0.00%	0.00%
2014	0	-	-	0.00%	-	0	-	0.0	0.0	0.00%	0.00%
2015	0	-	-	0.00%	-	0	-	0.0	0.0	0.00%	0.00%
2016	0	-	-	0.00%	-	0	-	0.0	0.0	0.00%	0.00%
2017	0	-	-	0.00%	-	0	-	0.0	0.0	0.00%	0.00%
2018	151	1,830,742	12,124	N/A	19.0	1:7	-	151.0	145.0	N/A	96.00%
2019	216	3,043,313	14,089	16.21%	27.0	1:8	-	216.0	207.0	43.05%	95.83%

Sources: District records

Note: Enrollment based on annual October district count ASSA 10/15/18 count for FYE 2019.

a Operating expenditures equal total expenditures less debt service, on behalf and capital outlay per schedule c -1

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS). From Gvancardo

OCEAN ACADEMY CHARTER SCHOOL  
 School Building Information  
 Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>District Building</b>											
Elementary and Middle School (Combined)											
Ocean Academy Charter School											
Square Feet	-	-	-	-	-	-	-	-	-	10,000	10,000
Capacity (students)	-	-	-	-	-	-	-	-	-	220	220
Enrollment	-	-	-	-	-	-	-	-	-	151	216

Number of Schools at June 30, 2019  
 Elementary and Middle School combined = 1

**Source:** Charter School Records

**OCEAN ACADEMY CHARTER SCHOOL**  
**Insurance Schedule**  
**June 30, 2019**

	<u>Coverage</u>	<u>Deductible</u>
<b>FORTITUDE INSURANCE GROUP'S SCHOOL</b>		
<b>INSURANCE PROGRAM</b>		
<u>Educators Errors and Omissions</u>		
Educators Errors and Omissions	\$ 1,000,000	
Employment Practices Liability	1,000,000	
<u>Property</u>		
Business Personal Property Replacement	\$ 250,000	\$ 1,000
EDP (Computer)	200,000	1,000
Business Income and Extra Expense	100,000	
Equipment Breakdown	250,000	1,000
Fire Department Service Charge	25,000	
Pollutant Clean-Up & Removal/Debris Removal	25,000	
Lease Cancellation Moving Expense	5,000	
Accounts Receivable	25,000	
Key Replacement	2,500	
Outdoor Property	50,000	
<u>Umbrella</u>		
Auto, General Liability, Educators, Legal	4,000,000	
<u>Crime</u>		
Blanket Employee Theft	125,000	1,000
<u>General Liability</u>		
Each Occurrence	1,000,000	
Sexual Abuse	1,000,000	
Personal & Advertising	1,000,000	
Employee Benefits	1,000,000	
Medical Payments	5,000	
<u>Business Auto</u>		
Hired & Non-Owned Auto Liability	1,000,000	
<u>Workers Compensation</u>		
Bodily Injury by Accident	500,000	
Bodily Injury by Disease	500,000	

Source: Charter School Insurance Policy



**OCEAN ACADEMY CHARTER SCHOOL**  
**Fiscal Performance/Fiscal Ratios**  
**Last Two Years**

	2018 Audit	2019 Audit
Cash	106,147	205,436
Current Assets	308,830	151,767
Total Assets	308,830	739,523
Current Liabilities	80,225	103,559
Total Liabilities	80,225	103,559
Net Position	228,605	635,964
Total Revenue	2,314,238	3,292,905
Total Expenses	2,085,633	2,841,089
Change in Net Assets	228,605	451,816
Depreciation Expense	-	-
Interest Expense	-	-
Principal Payments	-	-
Interest Payments	-	-
Final Average Daily Enrollment	145	215
March 30th Budgeted Enrollment	155	220

<b>RATIO ANALYSIS</b>		
<u>Near Term Indicators</u>		
1a	Current Ratio	3.85
1b	Unrestricted Days Cash	18.58
1c	Enrollment Variance	94%
1d	Default	NO
<u>Sustainability Indicators</u>		
2a	Total Margin	10%
2b	Debt to Asset	26
2c	Cash Flow	106,147
2d	Debt Service Coverage Ratio	N/A

SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR'S 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***

Honorable President and  
Members of the Board of Trustees  
Ocean Academy Charter School  
County of Ocean  
Lakewood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Ocean Academy Charter School in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Ocean Academy Charter School basic financial statements, and have issued our report thereon dated December 1, 2019.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

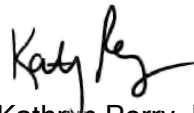
As part of obtaining reasonable assurance about whether the Ocean Academy Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### **Purpose of this Report**

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

Respectfully Submitted,

Jump, Perry and Company, L.L.P.  
Toms River, NJ



Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

December 1, 2019

OCEAN ACADEMY CHARTER SCHOOL  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2018</u>	<u>Adjustments</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue at June 30, 2019</u>	<u>Accounts Receivable at June 30, 2019</u>	<u>Due to Grantor at June 30, 2019</u>
U.S. Department of Education Passed-through State Department of Education:										
Special Revenue Fund:										
Title I, Part A	84.010A	7/1/18-6/30/19	\$ 137,043	\$ -	\$ -	\$ 111,582	\$ (137,043)	\$ -	\$ (25,461)	\$ -
Title I, Part A - Reallocated	84.010A	7/1/18-6/30/19	4,832	-	-	-	(4,832)	-	(4,832)	-
Title I, Part A	84.010A	7/1/17-6/30/18	81,672	(81,672)	-	81,672	-	-	-	-
Title II, Part A	84.367A	7/1/17-6/30/18	3,439	(3,439)	-	3,439	-	-	-	-
Title II, Part A	84.367A	7/1/18-6/30/19	12,875	-	-	11,917	(12,875)	-	(958)	-
Title III	84.367A	7/1/18-6/30/19	22,977	-	-	-	(22,977)	-	(22,977)	-
Title III	84.367A	7/1/17-6/30/18	8,144	(8,144)	-	8,144	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/18-6/30/19	26,460	-	-	-	(26,460)	-	(26,460)	-
Total Special Revenue Fund				(93,255)	-	216,754	(204,187)	-	(80,688)	-
U.S. Department of Agriculture Passed-through State Department of Education:										
Food Service Enterprise Fund:										
Child Nutrition Cluster:										
School Breakfast Program	10.553	7/1/17-6/30/18	39,100	(463)	-	463	-	-	-	-
School Breakfast Program	10.553	7/1/18-6/30/19	62,701	-	-	45,265	(62,701)	-	(17,436)	-
School Snack Program	10.553	7/1/18-6/30/19	4,097	-	-	2,527	(4,097)	-	(1,570)	-
National School Lunch Program	10.555	7/1/18-6/30/19	97,355	-	-	69,096	(97,355)	-	(28,259)	-
National School Lunch Program	10.555	7/1/17-6/30/18	69,184	(22,788)	-	22,788	-	-	-	-
Subtotal of Child Nutrition Cluster				(23,251)	-	140,139	(164,153)	-	(47,265)	-
Total Enterprise (Food Service) Fund				(23,251)	-	140,139	(164,153)	-	(47,265)	-
Total Expenditures of Federal Awards				\$ (116,506)	\$ -	\$ 356,893	\$ (368,340)	\$ -	\$ (127,953)	\$ -

See accompanying notes to schedules of expenditures.

**OCEAN ACADEMY CHARTER SCHOOLS**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Year Ended June 30, 2019**

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2018</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue at June 30, 2019</u>	<u>(Accounts Receivable) at June 30, 2019</u>	<u>Due to Grantor at June 30, 2019</u>
New Jersey Department of Education									
General Fund:									
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 17,860	\$ -	\$ 17,860	\$ (17,860)	\$ -	\$ -	\$ -
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	76,616	-	76,616	(76,616)	-	-	-
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	534,361	-	534,361	(534,361)	-	-	-
Reimbursed TPAF Social Security Tax Contribution	19-495-034-5094-003	7/1/18-6/30/19	55,887	-	32,574	(55,887)	-	(23,313)	-
Total General Fund				-	661,411	(684,724)	-	(23,313)	-
Enterprise Fund:									
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	1,231	(261)	261	-	-	-	-
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	1,718	-	1,217	(1,718)	-	(501)	-
Total Enterprise Fund				(261)	1,478	(1,718)	-	(501)	-
Total Expenditures of State Awards for testing			\$	(261)	\$ 662,889	\$ (686,442)	\$ -	\$ (23,814)	\$ -
State Financial Assistance Not Subject to Single Audit Determination				-	-	-	-	-	-
Total State Financial Assistance			\$	(261)	\$ 662,889	\$ (686,442)	\$ -	\$ (23,814)	\$ -

See accompanying notes to schedules of expenditures.

## Ocean Academy Charter School

## Notes to Schedules of Awards and Financial Assistance

June 30, 2019

## 1. General

The accompanying schedules of expenditures of award present the activity of all federal and state awards of the Ocean Academy Charter School. The Charter School is defined in Note 1(A) to the Charter School's general purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

## 2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements.

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

## Ocean Academy Charter School

## Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2019

## 3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(0) for the general fund and \$814 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 684,724	\$ 684,724
Special Revenue Fund	203,373	-	203,373
Food Service Fund	<u>164,153</u>	<u>1,718</u>	<u>165,871</u>
Total awards and financial assistance	\$ <u>367,526</u>	\$ <u>686,442</u>	\$ <u>1,053,968</u>

## 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.

## 5. Other

TPAF Social Security Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

## 6. Indirect Costs

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



## Ocean Academy Charter School

## Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2019

**Section I - Summary of Auditor's Results**Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified?     yes                     no
- 2) Significant deficiencies identified  
that are not considered to be  
material weaknesses?                     yes                     none reported

Noncompliance material to general-purpose  
financial statements noted?                     yes                     no

Federal Awards Section - N/A

Internal Control over major programs:

- 1) Material weakness(es) identified?    \_\_\_\_\_ yes                    \_\_\_\_\_ no
- 2) Significant deficiencies identified  
that are not considered to be  
material weaknesses?                    \_\_\_\_\_ yes                    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are  
required to be reported in accordance with  
2 CFR section .516(a) of Circular the Uniform Guidance? \_\_\_\_\_yes \_\_\_no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
N/A	

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?    yes                    no

## Ocean Academy Charter School

## Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2019

**Section I - Summary of Auditor's Results (continued)**State Awards Section

N/A

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

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

Internal Control over major programs:

1) Material weakness(es) identified?  yes  no2) Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB

Circular Letter 15-08?  yes  no

Identification of major programs:

GMIS Number(s)

Name of State Program

N/A

Ocean Academy Charter School  
Summary of Findings and Questioned Costs

June 30, 2019

**Section II - Financial Statement Findings**

No matters were reported for the period ended June 30, 2019.

**Section III - State Award Findings and Questioned Costs**

Current year findings and questioned costs

None

Ocean Academy Charter School  
Summary Schedule of Prior Audit Findings  
June 30, 2019

There were prior year findings for the period ended June 30, 2018. The Corrective Action Plan was reviewed for proper implementation.

**Finding 2018-001**

**Criteria or Specific Requirement:**

Internal controls are in place to ensure proper procurement procedures are followed by Charter School Personnel.

**Condition:**

It was noted during our audit that various purchases did not have properly approved purchase orders, proper supporting documentation or claimant signatures, and in some cases, properly signed checks.

**Current Status:**

The Charter School has implemented controls over the purchasing procedures. There were no findings in the current year.

**Finding 2018-002**

**Criteria or Specific Requirement:**

Monthly bank reconciliations are completed and reconciled to the Charter School's General Ledger

**Condition:**

It was noted during our audit that the Charter School is not properly reconciling school bank accounts to its general ledger.

**Current Status:**

The Charter School has implemented revised bank reconciliation procedures to be properly reconciled to the general ledger. There were no findings in the current year.

Ocean Academy Charter School  
Summary Schedule of Prior Audit Findings

June 30, 2019

**Finding 2018-003**

**Criteria or Specific Requirement:**

Proper petty cash procedures should be implemented and followed by Charter School Personnel.

**Condition:**

It was noted during our testing of petty cash that proper petty cash procedures are not in place. Petty cash is improperly being utilized to reimburse employees for out of pocket expenses. Petty cash should be used for emergency purchases. Reimbursements to employees should be done through properly approved purchase orders. Further, there was an unreconciled difference noted during our count of the petty cash.

**Current Status:**

The Charter School has implemented controls over the petty cash procedures. Petty cash is no longer used for employee reimbursements, only emergency purchases. There were no findings in the current year.