

Ocean Academy Charter School

of Ocean County

Ocean Academy Charter School

Lakewood, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Ocean Academy Charter School

Lakewood, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

Cindy Coughlin
School Business Administrator

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION



Ocean Academy Charter School

1650 Massachusetts Avenue, Lakewood, NJ 08701

732 987-6525

January 21, 2021

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, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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, 2020, 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.

Valarie M. Smith, Lead Founder & Executive Director

Lorna Hassel, Head of School

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 4. The Charter School's enrollment, as of June 30th, for the current audit year are detailed below.

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2019-2020 | 270 | +26% |

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 2019-20. 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 Trustees for their concern in providing fiscal accountability to the community of the Ocean Academy Charter School and thereby

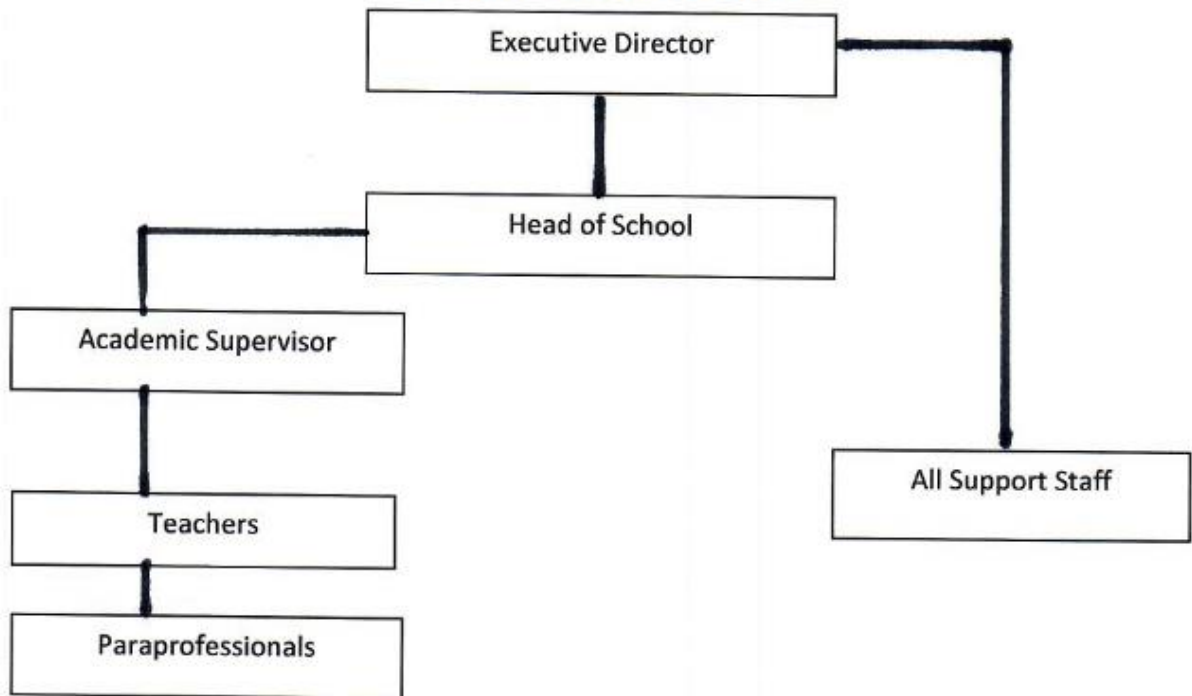
contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. Coughlin', with a long horizontal flourish extending to the right.

Cindy Coughlin
School Business Administrator
Ocean Academy Charter School

Ocean Academy Charter School Organizational Chart



Ocean Academy Charter School
Lakewood, New Jersey

Roster of Officials
June 30, 2020

| <u>Members of the Board of Trustees</u> | <u>Term Expires</u> |
|---|---------------------|
| Marshall White, President | 2022 |
| Thomas A. D'Ambola | 2023 |
| Anita Raynes Lepelstat | 2022 |
| Roxanne Martin | 2022 |
| Aase Schults Hare | 2023 |
| Reverend Juan Angel Monge-Santiago | 2022 |
| 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

Porzio, Broberg & Newman, PC
100 Southgate Pkwy.
Morristown, New Jersey 07960

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, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ocean Academy Charter School in the County of Ocean, State of New Jersey as of June 30, 2020 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.

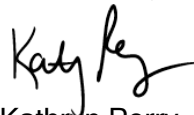
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2021 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

January 21, 2021

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Ocean Academy Charter School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
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, 2020. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the 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, 2020 are as follows:

Net position totaled \$2,107,551, which represents a 231.39 percent increase from June 30, 2019.

General revenues accounted for \$4,994,377 in revenue or 90.18 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 \$543,622 or 9.82 percent of total revenues of \$5,537,999.

Total assets increased by \$1,420,844 as current assets increased by \$1,321,484 and capital assets, net increased by \$99,360.

The Charter School had \$4,066,412 in expenses; only \$543,622 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$4,994,377 were adequate to provide for these programs.

Among major funds, the General Fund had \$5,083,353 in revenues and \$3,682,333 in expenditures and transfers. The General Fund's balance increased \$1,401,020 over June 30, 2019. The General Fund's balance is \$2,008,136.

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, 2020 and 2019.

Table 1

Net Position as of June 30, 2020 and June 30, 2019

| | June 30, 2020 | | | June 30, 2019 | | |
|-----------------------------------|-------------------------|--------------------------|---------------------|-------------------------|--------------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Assets: | | | | | | |
| Current and other assets | \$ 2,008,136 | \$ 52,871 | \$ 2,061,007 | \$ 691,674 | \$ 47,849 | \$ 739,523 |
| Capital assets, net | <u>38,000</u> | <u>61,360</u> | <u>99,360</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>2,046,136</u> | <u>114,231</u> | <u>2,160,367</u> | <u>691,674</u> | <u>47,849</u> | <u>739,523</u> |
| Deferred outflow of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Liabilities: | | | | | | |
| Current liabilities | - | 52,816 | 52,816 | 84,558 | 19,001 | 103,559 |
| Long-term liabilities outstanding | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>52,816</u> | <u>52,816</u> | <u>84,558</u> | <u>19,001</u> | <u>103,559</u> |
| Deferred inflow of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 38,000 | 61,360 | 99,360 | - | - | - |
| Restricted | 104,035 | - | 104,035 | 75,000 | - | 75,000 |
| Unrestricted | <u>1,904,101</u> | <u>55</u> | <u>1,904,156</u> | <u>532,116</u> | <u>28,848</u> | <u>560,964</u> |
| Total Net Position | <u>\$ 2,046,136</u> | <u>\$ 61,415</u> | <u>\$ 2,107,551</u> | <u>\$ 607,116</u> | <u>\$ 28,848</u> | <u>\$ 635,964</u> |

The Charter School's combined net position was \$2,107,551 on June 30, 2020. This is a change of 231.39% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2020 and 2019.

Table 2

Changes in Net Position

| | June 30, 2020 | | | June 30, 2019 | | |
|--|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ - | \$ 21,381 | \$ 21,381 | \$ - | \$ 30,726 | \$ 30,726 |
| Operating and capital grants and contributions | 361,064 | 161,177 | 522,241 | 259,260 | 165,871 | 425,131 |
| General revenues: | | | | | | |
| Tuition | 4,026,150 | - | 4,026,150 | 2,626,685 | - | 2,626,685 |
| Federal and state aid | 951,272 | - | 951,272 | 628,837 | - | 628,837 |
| Investment earnings | 80 | - | 80 | (43) | - | (43) |
| Miscellaneous | 16,875 | - | 16,875 | 37,340 | - | 37,340 |
| Total revenues | <u>5,355,441</u> | <u>182,558</u> | <u>5,537,999</u> | <u>3,552,079</u> | <u>196,597</u> | <u>3,748,676</u> |
| Expenses | | | | | | |
| Instructional services | 1,493,776 | - | 1,493,776 | 1,202,177 | - | 1,202,177 |
| Support services | 2,326,063 | 246,573 | 2,572,636 | 1,898,172 | 230,895 | 2,129,067 |
| Total expenses | <u>3,819,839</u> | <u>246,573</u> | <u>4,066,412</u> | <u>3,100,349</u> | <u>230,895</u> | <u>3,331,244</u> |
| Change in net position | 1,535,602 | (64,015) | 1,471,587 | 451,730 | (34,298) | 417,432 |
| Transfer | (96,582) | 96,582 | - | (45,610) | 45,610 | - |
| Net position - beginning | <u>607,116</u> | <u>28,848</u> | <u>635,964</u> | <u>200,910</u> | <u>27,695</u> | <u>228,605</u> |
| Net position (deficit) - ending | <u>\$ 2,046,136</u> | <u>\$ 61,415</u> | <u>\$ 2,107,551</u> | <u>\$ 607,030</u> | <u>\$ 39,007</u> | <u>\$ 646,037</u> |

The tuition portion paid by the sending district is made up 75.18% of revenues for governmental activities for the fiscal year 2020. The Charter School's total revenues were \$5,355,441 for the year ended June 30, 2020. Federal, state and local grants accounted for another 24.82%.

The total cost of all programs and services was \$3,819,839. Instruction and instruction direct support comprises 41.44% of the Charter School's expenses.

Expenses for Fiscal Year June 30, 2020

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 \$64,015. The General Fund had to transfer \$96,582 to cover the expenses.

Charges for services represent \$21,381 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 \$161,177.

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

| | 2020 | | 2019 | |
|---|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction | \$ 1,493,776 | \$ 1,388,776 | \$ 1,202,177 | \$ 1,029,332 |
| Support Services: | | | | |
| Pupils and Instructional Staff | 88,976 | - | 55,887 | - |
| General Administration, School Administration, Business Operation and Maintenance of Facilities | <u>2,237,087</u> | <u>2,069,999</u> | <u>1,842,285</u> | <u>1,811,757</u> |
| Total Expenses | <u>\$ 3,819,839</u> | <u>\$ 3,458,775</u> | <u>\$ 3,100,349</u> | <u>\$ 2,841,089</u> |

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.

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 \$5,355,441 and expenditures of \$3,954,421. The net positive change in fund balance for the year was most significant in the General Fund, with an increase of \$1,401,020.

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, 2020.

| <u>Revenue</u> | <u>2020 Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2019</u> | <u>Percent of Increase/ (Decrease)</u> |
|-----------------|------------------------|-------------------------|---|--|
| Local Sources | \$ 4,043,105 | 75.50 % | \$ 1,379,037 | 51.76 % |
| State Sources | 1,040,248 | 19.42 | 355,524 | 51.92 |
| Federal Sources | <u>272,088</u> | <u>5.08</u> | <u>68,715</u> | <u>33.79</u> |
| Total | <u>\$ 5,355,441</u> | <u>100.00 %</u> | <u>\$ 1,803,276</u> | <u>50.77 %</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, 2020.

| <u>Expenditures</u> | <u>2020 Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2019</u> | <u>Percent of Increase/ (Decrease)</u> |
|----------------------------|------------------------|-------------------------|---|--|
| Current Expenditures: | | | | |
| Instruction | \$ 1,493,776 | 38.72 % | \$ 291,599 | 24.26 % |
| Undistributed Expenditures | 2,286,600 | 59.27 | 445,464 | 24.20 |
| Capital Outlay | <u>77,463</u> | <u>2.01</u> | <u>20,427</u> | <u>35.81</u> |
| Total | <u>\$ 3,857,839</u> | <u>100.00 %</u> | <u>\$ 757,490</u> | <u>24.43 %</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 2020, 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 \$395,000, the actual results for the year show a \$1,401,020 surplus.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2020, the School Board had \$99,360 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2020 and June 30, 2019

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------|-------------------------|-------------|--------------------------|-------------|------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Construction in Progress | - | - | - | - | - | - |
| Building and Improvements | 38,000 | - | - | - | 38,000 | - |
| Machinery and Equipment | - | - | 61,360 | - | 61,360 | - |
| Total | \$ 38,000 | \$ - | \$ 61,360 | \$ - | \$ 99,360 | \$ - |

During the current fiscal year, \$104,589 of capital assets were capitalized as additions.

Debt Administration. The Charter School had no long-term liabilities for the governmental and business-type activities.

Economic Factors and Next Year's Budget

For the 2019-2020 school year, the Charter School was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 24.50% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 75.50% of total revenue is from local sources.

The \$1,904,101 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 2019-2020 budget was adopted in March 2019 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 exceeded 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 2020-2021 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 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, 1650 Massachusetts Avenue, Lakewood, NJ, 08701.

BASIC FINANCIAL STATEMENTS

OCEAN ACADEMY CHARTER SCHOOL
Statement of Net Position
June 30, 2020

| | Governmental Activities | Business-type Activities | Total |
|----------------------------------|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 728,136 | \$ 55 | \$ 728,191 |
| Receivables - other | 5,123 | - | 5,123 |
| Receivables - state | 58,881 | 512 | 59,393 |
| Receivables - federal | 194,160 | 52,304 | 246,464 |
| Receivables - other governments | 855,633 | - | 855,633 |
| Interfund receivable | 91,203 | - | 91,203 |
| Restricted cash | 75,000 | - | 75,000 |
| Mortgage escrow-restricted | - | - | - |
| Capital assets, non-depreciable | - | - | - |
| Capital assets, depreciable, net | 38,000 | 61,360 | 99,360 |
| Total assets | <u>2,046,136</u> | <u>114,231</u> | <u>2,160,367</u> |
| LIABILITIES | | | |
| Accounts payable | - | - | - |
| Unearned revenue | - | - | - |
| Interfund payable | - | 52,816 | 52,816 |
| Total liabilities | <u>-</u> | <u>52,816</u> | <u>52,816</u> |
| NET POSITION | | | |
| Investment in Capital Assets | 38,000 | 61,360 | 99,360 |
| Restricted for: | | | |
| Other Purposes | 29,035 | - | 29,035 |
| Charter school escrow reserve | 75,000 | - | 75,000 |
| Unrestricted | 1,904,101 | 55 | 1,904,156 |
| Total net position | <u>\$ 2,046,136</u> | <u>\$ 61,415</u> | <u>\$ 2,107,551</u> |

OCEAN ACADEMY CHARTER SCHOOL
 Statement of Activities
 For the Year Ended June 30, 2020

| 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 |
| Governmental activities: | | | | | | | |
| Current: | | | | | | | |
| Regular instruction | \$ 1,493,776 | \$ - | \$ 105,000 | \$ - | \$ (1,388,776) | \$ - | \$ (1,388,776) |
| Support services and undistributed costs: | | | | | | | |
| General administrative services | 1,315,648 | | | | (1,315,648) | | (1,315,648) |
| School administrative services | 428,401 | | 167,088 | | (261,313) | | (261,313) |
| Other operation & maintenance of plant | 39,463 | | | | (39,463) | | (39,463) |
| Unallocated employee benefits | 453,575 | | | | (453,575) | | (453,575) |
| Non-budgeted expenditures | 88,976 | | 88,976 | | - | | - |
| Total governmental activities | <u>3,819,839</u> | <u>-</u> | <u>361,064</u> | <u>-</u> | <u>(3,458,775)</u> | <u>-</u> | <u>(3,458,775)</u> |
| Business-type activities: | | | | | | | |
| Food Service | 209,763 | 1,820 | 161,177 | - | - | (46,766) | (46,766) |
| Childcare | 36,810 | 19,561 | - | - | - | (17,249) | (17,249) |
| Total business-type activities | <u>246,573</u> | <u>21,381</u> | <u>161,177</u> | <u>-</u> | <u>-</u> | <u>(64,015)</u> | <u>(64,015)</u> |
| Total primary government | <u>\$ 4,066,412</u> | <u>\$ 21,381</u> | <u>\$ 522,241</u> | <u>\$ -</u> | <u>(3,458,775)</u> | <u>(64,015)</u> | <u>(3,522,790)</u> |
| General revenues: | | | | | | | |
| | | | | | 4,026,150 | - | 4,026,150 |
| | | | | | 951,272 | - | 951,272 |
| | | | | | 80 | - | 80 |
| | | | | | 16,875 | - | 16,875 |
| Total general revenues | | | | | <u>4,994,377</u> | <u>-</u> | <u>4,994,377</u> |
| Change in net position before transfers | | | | | 1,535,602 | (64,015) | 1,471,587 |
| Transfers | | | | | <u>(96,582)</u> | <u>96,582</u> | <u>-</u> |
| Change in net position after transfers | | | | | 1,439,020 | 32,567 | 1,471,587 |
| Net position—beginning | | | | | 607,116 | 28,848 | 635,964 |
| Net position—ending | | | | | <u>\$ 2,046,136</u> | <u>\$ 61,415</u> | <u>\$ 2,107,551</u> |

OCEAN ACADEMY CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2020

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|--------------------------------------|-----------------|----------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 927,419 | \$ (199,283) | \$ 728,136 |
| Escrow | 75,000 | - | 75,000 |
| Receivables from the state | 58,881 | - | 58,881 |
| Receivables from other governments | 855,633 | - | 855,633 |
| Receivables from other funds | 91,203 | - | 91,203 |
| Receivables from federal | - | 194,160 | 194,160 |
| Other receivables | - | 5,123 | 5,123 |
| Total assets | 2,008,136 | - | 2,008,136 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | - | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | - | - | - |
| Fund Balances: | | | |
| Restricted for: | | | |
| Charter school escrow reserve | 75,000 | - | 75,000 |
| Committed to: | | | |
| Other purposes | - | - | - |
| Assigned to: | | | |
| Debt service fund | - | - | - |
| Capital projects fund | - | - | - |
| Other purposes | 29,035 | - | 29,035 |
| Unassigned to: | | | |
| General fund | 1,904,101 | - | 1,904,101 |
| Total fund balances | 2,008,136 | - | 2,008,136 |
| Total liabilities and fund balances | \$ 2,008,136 | \$ - | |

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$40,000 and the accumulated depreciation is \$2,000.

| | |
|---|--------------|
| | 38,000 |
| Net position of governmental activities | \$ 2,046,136 |

OCEAN ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|---|
| REVENUES | | | |
| Local sources: | | | |
| Local tax levy | \$ 4,026,150 | \$ - | \$ 4,026,150 |
| Interest income | 80 | - | 80 |
| Miscellaneous | 16,875 | - | 16,875 |
| Total - Local sources | <u>4,043,105</u> | <u>-</u> | <u>4,043,105</u> |
| State sources | 1,040,248 | - | 1,040,248 |
| Federal sources | - | 272,088 | 272,088 |
| Total revenues | <u>5,083,353</u> | <u>272,088</u> | <u>5,355,441</u> |
| EXPENDITURES | | | |
| Current expense: | | | |
| Instruction | 1,388,776 | 105,000 | 1,493,776 |
| Undistributed - current: | | | |
| General administrative services | 1,315,648 | - | 1,315,648 |
| School administrative services | 261,313 | 167,088 | 428,401 |
| Other operation & maintenance of plant | - | - | - |
| Unallocated employee benefits | 453,575 | - | 453,575 |
| Non-budgeted expenditures | 88,976 | - | 88,976 |
| Capital Outlay | 77,463 | - | 77,463 |
| Total expenditures | <u>3,585,751</u> | <u>272,088</u> | <u>3,857,839</u> |
| Excess (Deficiency) of revenues over expenditures | <u>1,497,602</u> | <u>-</u> | <u>1,497,602</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (96,582) | - | (96,582) |
| Total other financing sources and uses | <u>(96,582)</u> | <u>-</u> | <u>(96,582)</u> |
| Net change in fund balances | 1,401,020 | - | 1,401,020 |
| Fund balance—July 1 | 607,116 | - | 607,116 |
| Fund balance—June 30 | <u>\$ 2,008,136</u> | <u>\$ -</u> | <u>\$ 2,008,136</u> |

**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, 2020**

Total net change in fund balances - governmental funds (from B-2) **\$ 1,401,020**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

| | | | | |
|----------------------|----|---------|--|--------|
| | \$ | (2,000) | | |
| Depreciation expense | | | | |
| Capital outlays | | 40,000 | | 38,000 |

Change in net position of governmental activities **\$ 1,439,020**

OCEAN ACADEMY CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2020

**Business-type Activities -
Enterprise Funds**

| | <u>Food Service</u> | <u>Extended Daycare</u> | <u>Totals</u> |
|------------------------------------|-------------------------|-----------------------------|-------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 55 | \$ - | \$ 55 |
| Receivables from state | 512 | - | 512 |
| Receivables from federal | 52,304 | - | 52,304 |
| Total current assets | <u>52,871</u> | <u>-</u> | <u>52,871</u> |
| Noncurrent assets: | | | |
| Furniture, machinery & equipment | 64,589 | - | 64,589 |
| Less accumulated depreciation | (3,229) | - | (3,229) |
| Total noncurrent assets | <u>61,360</u> | <u>-</u> | <u>61,360</u> |
| Total assets | <u>\$ 114,231</u> | <u>\$ -</u> | <u>\$ 114,231</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Interfund payable | \$ 52,816 | \$ - | \$ 52,816 |
| Total current liabilities | <u>52,816</u> | <u>-</u> | <u>52,816</u> |
| Noncurrent Liabilities: | | | |
| Compensated absences | - | - | - |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>52,816</u> | <u>-</u> | <u>52,816</u> |
| NET POSITION | | | |
| Investment in capital assets | 61,360 | - | 61,360 |
| Restricted for: | | | |
| Other | - | - | - |
| Unrestricted | 55 | - | 55 |
| Total net position | <u>61,415</u> | <u>-</u> | <u>61,415</u> |
| Total liabilities and net position | <u>\$ 114,231</u> | <u>\$ -</u> | <u>\$ 114,231</u> |

OCEAN ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

| | Business-type Activities - Enterprise Fund | | |
|--|---|-----------------------------|-----------------------------|
| | Food Service | Extended Daycare | Total Enterprise |
| Operating revenues: | | | |
| Local sources: | | | |
| Child care charges | \$ - | \$ 19,561 | \$ 19,561 |
| Daily sales reimbursable programs | | | |
| School lunch and breakfast | 1,820 | - | 1,820 |
| Total operating revenues | <u>1,820</u> | <u>19,561</u> | <u>21,381</u> |
| Operating expenses: | | | |
| Salaries | 26,622 | 33,000 | 59,622 |
| Supplies and materials | - | 3,810 | 3,810 |
| Depreciation | 3,229 | - | 3,229 |
| Cost of sales - reimbursable programs | 179,912 | - | 179,912 |
| Cost of sales - non-reimbursable programs | - | - | - |
| Total operating expenses | <u>209,763</u> | <u>36,810</u> | <u>246,573</u> |
| Operating income (loss) | <u>(207,943)</u> | <u>(17,249)</u> | <u>(225,192)</u> |
| Nonoperating revenues (expenses): | | | |
| State sources: | | | |
| State school lunch program | 1,584 | - | 1,584 |
| Federal sources: | | | |
| School breakfast program | 59,420 | - | 59,420 |
| National school lunch program | 90,934 | - | 90,934 |
| School snack program | 4,348 | - | 4,348 |
| Summer Food Service Program for Children | 4,891 | - | 4,891 |
| Total nonoperating revenues (expenses) | <u>161,177</u> | <u>-</u> | <u>161,177</u> |
| Income (loss) before contributions & transfers | <u>(46,766)</u> | <u>(17,249)</u> | <u>(64,015)</u> |
| Transfers in (out) | 79,333 | 17,249 | 96,582 |
| Change in net position | 32,567 | - | 32,567 |
| Total net position—beginning | 28,848 | - | 28,848 |
| Total net position—ending | <u>\$ 61,415</u> | <u>\$ -</u> | <u>\$ 61,415</u> |

OCEAN ACADEMY CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

| | Business-type Activities - Enterprise Funds | | |
|--|--|-----------------------------|-----------------------------|
| | Food Service | Extended Daycare | Total Enterprise |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and other funds | \$ 1,820 | \$ 19,561 | \$ 21,381 |
| Payments to employees & benefits | (26,622) | (33,000) | (59,622) |
| Payments to suppliers | (195,538) | (3,810) | (199,348) |
| Net cash provided by (used in) operating activities | <u>(220,340)</u> | <u>(17,249)</u> | <u>(237,589)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| State sources | 1,573 | - | 1,573 |
| Federal sources | 154,554 | - | 154,554 |
| Board interfund transfers | 128,774 | 17,249 | 146,023 |
| Net cash provided by (used in) non-capital financing activities | <u>284,901</u> | <u>17,249</u> | <u>302,150</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchases of capital assets | (64,589) | - | (64,589) |
| Net cash provided by (used for) capital and related financing activities | <u>(64,589)</u> | <u>-</u> | <u>(64,589)</u> |
| Net increase (decrease) in cash and cash equivalents | (28) | - | (28) |
| Balances—beginning of year | 83 | - | 83 |
| Balances—end of year | <u>\$ 55</u> | <u>\$ -</u> | <u>\$ 55</u> |
| | | | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ (207,943) | \$ (17,249) | \$ (225,192) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation and net amortization | 3,229 | - | 3,229 |
| Increase (decrease) in accounts payable | (15,626) | - | (15,626) |
| Total adjustments | <u>(12,397)</u> | <u>-</u> | <u>(12,397)</u> |
| Net cash provided by (used in) operating activities | <u>\$ (220,340)</u> | <u>\$ (17,249)</u> | <u>\$ (237,589)</u> |

OCEAN ACADEMY CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

| | Agency Fund |
|-------------------------------------|------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 53,322 |
| Total assets | 53,322 |
| LIABILITIES | |
| Payroll deductions and withholdings | 5,991 |
| Interfund payable | 38,387 |
| Payable to student groups | 8,944 |
| Total liabilities | 53,322 |
| NET POSITION | |
| Reserved for scholarships | - |
| Total net position | - |
| Total liabilities and net position | \$ 53,322 |

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

1. Description of the Charter School 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 Charter School 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, 2020.

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, selection 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 position 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, 2020

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 exceptions. 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, 2020

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 or 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, 2020

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 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, 2020

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, 2020

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, 2020, the Charter School had accounts receivable of \$855,633 that represented amounts that had not been paid based upon the current year final enrollment count.

In its accounting and fiscal 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:A-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, 2020

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 \$29,035 of encumbrances at June 30, 2020.

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, 2020

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, 2020.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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, 2020

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 did not have a compensated absence liability 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, 2020

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.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

S. **GASB Pronouncements**

Recently Issued Accounting Pronouncements to be implemented in future years

Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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

S. GASB Pronouncements (Cont'd)

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact on the Charter School's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 91, *Conduit Debt Obligations*, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the Charter School's financial statements.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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

S. GASB Pronouncements (Cont'd)

Statement No. 92, *Omnibus 2020*, The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 92 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates*, Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of Statement No. 93 are effective for reporting periods beginning after June 15, 2020. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Statement No. 94 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of Statement No. 95 are effective immediately.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. Management has not yet determined the potential impact on the Charter School's financial statements.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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, 2020, the book value of the Board's deposits was \$803,191 and bank balances of the Charter School's cash and deposits amounted to \$1,028,965. 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> | Bank Balance |
|----------------------------------|---------------------|
| Insured | \$ 250,000 |
| Uninsured and Collateralized | <u>778,965</u> |
| | <u>\$ 1,028,965</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, 2020

3. Deposits and Investments (Continued)

As of June 30, 2020, 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, 2020, the balance of the escrow is \$75,000.

4. Receivables

Receivables at June 30, 2020, 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 | Charter School- Wide Financial Statements |
|-----------------------------|--|---|
| State Aid | \$ 58,881 | \$ 59,393 |
| Federal Aid | 194,160 | 246,464 |
| Interfunds | 91,203 | 91,203 |
| Other | <u>860,756</u> | <u>860,756</u> |
| Gross Receivables | 1,205,000 | 1,257,816 |
| Allowance for Uncollectible | <u>-</u> | <u>-</u> |
| Total Receivables, Net | <u>\$ 1,205,000</u> | <u>\$ 1,257,816</u> |

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

5. Capital Assets

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

Governmental Activities:

| | Balance June 30, 2019 | Additions | Balance June 30, 2020 |
|--------------------------------|--------------------------|------------------|--------------------------|
| Not being depreciated | | | |
| Sites (Land) | \$ - | \$ - | \$ - |
| Construction in process | - | - | - |
| Being Depreciated: | | | |
| Building and Improvements | - | 40,000 | 40,000 |
| Machinery and Equipment | - | - | - |
| | <u>-</u> | <u>40,000</u> | <u>40,000</u> |
| Less: Accumulated Depreciation | <u>-</u> | <u>(2,000)</u> | <u>(2,000)</u> |
| Net Assets | <u>\$ -</u> | <u>\$ 38,000</u> | <u>\$ 38,000</u> |

Depreciation expense for governmental activities held assets was \$2,000 for 2020.

Enterprise Activities:

| | Balance June 30, 2019 | Additions | Balance June 30, 2020 |
|--------------------------------|--------------------------|------------------|--------------------------|
| Being Depreciated: | | | |
| Equipment | \$ - | \$ 64,589 | \$ 64,589 |
| | <u>-</u> | <u>64,589</u> | <u>64,589</u> |
| Less: Accumulated Depreciation | <u>-</u> | <u>(3,229)</u> | <u>(3,229)</u> |
| Net Assets | <u>\$ -</u> | <u>\$ 61,360</u> | <u>\$ 61,360</u> |

Depreciation expense for enterprise activities held assets for 2020 was \$3,229.

6. Long-term Obligations

The Charter School had no long-term obligation activity for the year ended June 30, 2020.

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, 2020 was \$530,726.

Future minimum lease payments are as follows:

| | |
|---------------|------------------|
| June 30, 2021 | <u>\$485,000</u> |
|---------------|------------------|

8. Pension Plans

As of June 30, 2020, 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, 2020, they are not included in the most recent valuation and thus have no reportable amounts related to pensions.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

9. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

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

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

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

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Ocean Academy Charter School
Notes to Financial Statements
For the Year Ended June 30, 2020

9. Post-Retirement Benefits (cont'd)

Employees covered by benefit terms

At June 30, 2018, the following employees were covered by the benefit terms:

| | |
|---|-----------------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 148,051 |
| Active plan members | <u>216,892</u> |
| Total | <u><u>364,943</u></u> |

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation Rate | 2.5% |
| Salary Increases through 2026 | PERS 2.00%-6.00% |
| | PFRS 3.25%-15.25% |
| | TPAF 1.55%-3.05% |
| Salary Increases after 2026 | PERS 3.00%-7.00% |
| | PFRS 3.25%-15.25% |
| | TPAF 1.55%--3.05% |
| Discount Rate | 3.50% |
| Healthcare Cost Trend Rates | 4.5%-5.7% |
| Retirees' Share of Benefit Related Costs | 1.5% of projected health insurance premiums for retirees |

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

9. Post-Retirement Benefits (cont'd)

Actuarial assumptions and other inputs (cont'd)

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

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

Changes in the Total OPEB Liability reported by the State of New Jersey

| | |
|---|--------------------------|
| Balance at June 30, 2018 | \$ 46,110,832,982 |
| Changes for the year: | |
| Service cost | 1,734,404,850 |
| Interest on the total OPEB liability | 1,827,787,206 |
| Differences Between Expected and Actual Experience | (7,323,140,818) |
| Changes of assumptions | 622,184,027 |
| Gross benefit payments by the state | (1,280,958,373) |
| Contributions from the member | <u>37,971,171</u> |
| Net changes | <u>(4,381,751,937)</u> |
| Balance at June 30, 2019 | <u>\$ 41,729,081,045</u> |

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

9. Post-Retirement Benefits (cont'd)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the June 30, 2019 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1% Decrease (2.50%) | Current Discount Rate (3.50%) | 1% Increase (4.50%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Total OPEB Liability of the State for School Retirees | \$49,298,534,898 | \$41,729,081,045 | \$35,716,321,820 |
| Total OPEB Liability of the State Associated with the School District for School Retirees | \$75,304 | \$63,742 | \$54,557 |

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the June 30, 2019 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | <u>1%</u> <u>Decrease</u> | <u>Trend Rate</u> | <u>1%</u> <u>Increase</u> |
|---|------------------------------|-------------------|------------------------------|
| Total OPEB Liability of the State for School Retirees | \$34,382,902,820 | \$41,729,081,045 | \$51,453,912,586 |
| Total OPEB Liability of the State Associated with the School District for School Retirees | \$52,521 | \$63,742 | \$78,597 |

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

9. Post-Retirement Benefits (cont'd)

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

For the year ended June 30, 2020, the board of education recognized OPEB expense of \$472,316 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the Ocean Academy Charter School's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$(10,484,965,300) |
| Changes of assumptions | - | (8,481,529,343) |
| Contributions made in fiscal year ending 2019 after June 30, 2018 measurement date | - | - |
| Total | <u>\$ -</u> | <u>\$(18,966,494,643)</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|---------------------|----------------------------|
| 2020 | \$ (2,546,527,182) |
| 2021 | (2,546,527,182) |
| 2022 | (2,546,527,182) |
| 2023 | (2,546,527,182) |
| 2024 | (2,546,527,182) |
| Thereafter | <u>(6,233,858,733)</u> |
| Total | <u>\$ (18,966,494,643)</u> |

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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.

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, 2020.

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|-----------------------|---------------------------------|------------------------------|
| General Fund | \$ 91,203 | - |
| Special Revenue Fund | - | - |
| Enterprise Fund | - | 52,816 |
| Trust and Agency Fund | - | 38,387 |
| | <u>\$ 91,203</u> | <u>\$ 91,203</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 \$2,008,136 General Fund balance at June 30, 2020, there is a \$29,035 assigned for encumbrances, \$75,000 is the Charter School Escrow Reserve; therefore, \$1,904,101 is unassigned. \$- of the unassigned fund balance has been designated for capital projects, and \$1,904,101 is unassigned and undesignated.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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, January 21, 2021. No such disclosures were required.

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Charter School's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Charter School's customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Charter School's financial condition or results of operations is uncertain.

16. Uncertain Tax Positions

The Charter School had no unrecognized tax benefits at June 30, 2020. The school district files tax returns in the U.S. federal jurisdiction and New Jersey. The Charter School has no open years prior to June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

OCEAN ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 4,497,498 | \$ - | \$ 4,497,498 | \$ 4,026,150 | \$ (471,348) |
| Interest income | - | - | - | 80 | 80 |
| Miscellaneous | - | - | - | 16,875 | 16,875 |
| Total - local sources | <u>4,497,498</u> | <u>-</u> | <u>4,497,498</u> | <u>4,043,105</u> | <u>(454,393)</u> |
| State sources: | | | | | |
| Equalization aid (Local levies - state share) | - | - | - | 754,151 | 754,151 |
| Special Education Aid | - | - | - | 59,461 | 59,461 |
| Security aid | - | - | - | 137,660 | 137,660 |
| 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) | - | - | - | 88,976 | 88,976 |
| Total state sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,040,248</u> | <u>1,040,248</u> |
| Total revenues | <u>4,497,498</u> | <u>-</u> | <u>4,497,498</u> | <u>5,083,353</u> | <u>585,855</u> |
| EXPENDITURES: | | | | | |
| Current Expenditures: | | | | | |
| Regular programs - instruction | | | | | |
| Kindergarten - salaries of teachers | 218,800 | 2,258 | 221,058 | 221,058 | - |
| Grades 1-5 - salaries of teachers | 760,600 | (17,812) | 742,788 | 741,401 | 1,387 |
| Other salaries for instruction | 303,650 | 64,062 | 367,712 | 255,801 | 111,911 |
| Purchased professional-educational services | 60,000 | 60,000 | 120,000 | 13,656 | 106,344 |
| Other purchased services | 21,715 | 23,285 | 45,000 | 8,209 | 36,791 |
| General supplies | 100,000 | 311 | 100,311 | 20,486 | 79,825 |
| Textbooks | 140,000 | - | 140,000 | 113,025 | 26,975 |
| Other objects | 75,000 | 20,000 | 95,000 | 15,140 | 79,860 |
| Total instruction | <u>1,679,765</u> | <u>152,104</u> | <u>1,831,869</u> | <u>1,388,776</u> | <u>443,093</u> |

OCEAN ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| Support services - general administration | | | | | |
| Salaries | \$ 498,313 | \$ (52,419) | \$ 445,894 | \$ 442,810 | \$ 3,084 |
| Legal fees | 60,000 | 25,000 | 85,000 | 27,383 | 57,617 |
| Audit fees | 18,000 | (5,500) | 12,500 | 12,500 | - |
| Communications/telephone | 40,000 | 50,000 | 90,000 | 37,354 | 52,646 |
| Purchased Professional & Tech Services | 90,000 | (20,500) | 69,500 | 64,679 | 4,821 |
| Other purchased services | 40,000 | 25,000 | 65,000 | 14,975 | 50,025 |
| General supplies | 40,000 | 10,000 | 50,000 | 27,067 | 22,933 |
| Miscellaneous | 30,000 | - | 30,000 | 18,350 | 11,650 |
| Total support services | <u>816,313</u> | <u>31,581</u> | <u>847,894</u> | <u>645,118</u> | <u>202,776</u> |
| Support services - school administration | | | | | |
| Salaries of secretarial and clerical assistants | | 100,320 | 100,320 | 96,684 | 3,636 |
| Other Salaries | 131,150 | - | 131,150 | 119,350 | 11,800 |
| Purchased Professional & Tech Services | 85,000 | 35,000 | 120,000 | 33,322 | 86,678 |
| Other Purchased Services | 25,000 | - | 25,000 | 11,957 | 13,043 |
| Total support services - school administration | <u>241,150</u> | <u>135,320</u> | <u>376,470</u> | <u>261,313</u> | <u>115,157</u> |
| Other support services | | | | | |
| Rent of Buildings | 513,824 | 75,000 | 588,824 | 554,549 | 34,275 |
| Insurance | 93,000 | - | 93,000 | 76,428 | 16,572 |
| Energy costs | 120,000 | - | 120,000 | - | 120,000 |
| Supplies & Materials | 25,000 | - | 25,000 | 13,102 | 11,898 |
| Miscellaneous | 30,000 | - | 30,000 | 19,731 | 10,269 |
| Transportation | 25,000 | 20,000 | 45,000 | 6,720 | 38,280 |
| Other undistrib. expenditures - Bus. & other supplies | - | - | - | - | - |
| Total other support services | <u>806,824</u> | <u>95,000</u> | <u>901,824</u> | <u>670,530</u> | <u>231,294</u> |
| Unallocated Expenditures: | | | | | |
| Health Benefits | 685,558 | (16,568) | 668,990 | 417,657 | 251,333 |
| Tuition Reimbursement | 24,000 | 36,000 | 60,000 | 35,918 | 24,082 |
| Other Employee Benefits | - | - | - | - | - |
| Total unallocated benefits | <u>709,558</u> | <u>19,432</u> | <u>728,990</u> | <u>453,575</u> | <u>275,415</u> |
| On-behalf contributions: | | | | | |
| 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) | - | - | - | 88,976 | (88,976) |
| Total on-behalf contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>88,976</u> | <u>(88,976)</u> |
| TOTAL UNDISTRIBUTED EXPENDITURES | <u>2,573,845</u> | <u>281,333</u> | <u>2,855,178</u> | <u>2,119,512</u> | <u>735,666</u> |
| TOTAL GENERAL CURRENT EXPENDITURES | <u>4,253,610</u> | <u>433,437</u> | <u>4,687,047</u> | <u>3,508,288</u> | <u>1,178,759</u> |

OCEAN ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|---------------------|-----------------------------|
| CAPITAL OUTLAY | | | | | |
| Instructional equipment | \$ 15,000 | \$ 10,656 | \$ 25,656 | \$ 7,864 | \$ 17,792 |
| Non-instructional equipment | 40,000 | 54,344 | 94,344 | 6,684 | 87,660 |
| Purchase of land/improvements | 40,000 | 20,000 | 60,000 | 49,540 | 10,460 |
| Other Objects | 25,000 | - | 25,000 | 13,375 | 11,625 |
| Total capital outlay | <u>120,000</u> | <u>85,000</u> | <u>205,000</u> | <u>77,463</u> | <u>127,537</u> |
| Total general fund | <u>4,373,610</u> | <u>518,437</u> | <u>4,892,047</u> | <u>3,585,751</u> | <u>1,306,296</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>123,888</u> | <u>(518,437)</u> | <u>(394,549)</u> | <u>1,497,602</u> | <u>1,892,151</u> |
| Other Financing Sources / Uses: | | | | | |
| Operating transfer out - deficit in food service | - | - | - | (96,582) | 96,582 |
| Total Other Financing Sources: | <u>-</u> | <u>-</u> | <u>-</u> | <u>(96,582)</u> | <u>96,582</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses) | <u>123,888</u> | <u>(518,437)</u> | <u>(394,549)</u> | <u>1,401,020</u> | <u>1,988,733</u> |
| Fund Balance, July 1 | 607,116 | - | 607,116 | 607,116 | - |
| Fund Balance, June 30 | <u>\$ 731,004</u> | <u>\$ (518,437)</u> | <u>\$ 212,567</u> | <u>\$ 2,008,136</u> | <u>\$ 1,988,733</u> |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Escrow reserve | | | | \$ 75,000 | |
| Assigned Fund Balance: | | | | | |
| Year-end encumbrances | | | | 29,035 | |
| Designated for subsequent year's expenditures | | | | - | |
| Unassigned Fund Balance | | | | <u>1,904,101</u> | |
| Reconciliation to governmental funds statements (GAAP) | | | | | |
| Fund balance per governmental funds (Budgetary) | | | | 2,008,136 | |
| Last state aid payment not recognized on GAAP basis | | | | - | |
| Fund balance per governmental funds (GAAP) - B-1 | | | | <u>\$ 2,008,136</u> | |

OCEAN ACADEMY CHARTER SCHOOL
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Year Ended June 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| REVENUES | | | | | |
| Private sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - |
| Federal sources | 187,903 | 122,265 | 310,168 | 272,088 | (38,080) |
| Total Revenues | <u>187,903</u> | <u>122,265</u> | <u>310,168</u> | <u>272,088</u> | <u>(38,080)</u> |
| EXPENDITURES | | | | | |
| Instruction: | | | | | |
| Personal services - salaries | 60,000 | (60,000) | - | - | - |
| Purchased professional and technical services | - | - | - | - | - |
| General supplies | 73,282 | 31,718 | 105,000 | 105,000 | - |
| Professional services | 37,104 | (25,137) | 11,967 | - | 11,967 |
| Other objects | 550 | - | 550 | - | 550 |
| Total instruction | <u>170,936</u> | <u>(53,419)</u> | <u>117,517</u> | <u>105,000</u> | <u>12,517</u> |
| Support services: | | | | | |
| Salaries of Supervisors of Instruction | - | - | - | - | - |
| Salaries of Principal | - | - | - | - | - |
| Salaries of Other Professional Staff | - | 5,396 | 5,396 | 2,918 | 2,478 |
| Salaries of Secr. And Clerical Assistants | - | - | - | - | - |
| Other Salaries | - | 111,911 | 111,911 | 111,911 | - |
| Other purchased services | 16,967 | 32,931 | 49,898 | 49,238 | 660 |
| Employee benefits | - | - | - | - | - |
| Rentals | - | - | - | - | - |
| Travel | - | - | - | - | - |
| Supplies - materials | - | 25,446 | 25,446 | 3,021 | 22,425 |
| Total support services | <u>16,967</u> | <u>175,684</u> | <u>192,651</u> | <u>167,088</u> | <u>25,563</u> |
| Facilities acquisition and const. serv.: | | | | | |
| Instructional equipment | - | - | - | - | - |
| Non-Instructional equipment | - | - | - | - | - |
| Total facilities acquisition and const. serv. | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>187,903</u> | <u>122,265</u> | <u>310,168</u> | <u>272,088</u> | <u>38,080</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation to governmental funds statements (GAAP) | | | | | |
| Last state aid payment not recognized on GAAP basis | | | | \$ - | |
| Fund balance per governmental funds (GAAP) | | | | <u>\$ -</u> | |

**OCEAN ACADEMY CHARTER SCHOOL
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to Required Supplementary Information
For the Year Ended June 30, 2020**

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

| | | General Fund | | Special Revenue Fund |
|---|-------|-------------------------|-------|-------------------------------------|
| Sources/inflows of resources | | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | [C-1] | \$ 5,083,353 | [C-2] | \$ 272,088 |
| Difference - budget to GAAP: | | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | - | | - |
| 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] | \$ 5,083,353 | [B-2] | \$ 272,088 |
| Uses/outflows of resources | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] | \$ 3,489,169 | [C-2] | \$ 272,088 |
| 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. | | - | | - |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | [B-2] | \$ 3,489,169 | [B-2] | \$ 272,088 |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

OCEAN ACADEMY CHARTER SCHOOL
 Required Supplementary Information
 Schedule of Changes in the Total OPEB Liability and Related Ratios
 For the Year Ended June 30, 2020
 (Unaudited)

Last 10 Fiscal Years*

| | 2020 |
|--|--------------|
| State's proportion of the OPEB liability associated with the District | |
| Service cost | \$ - |
| Interest cost | (36) |
| Differences between expected and actual experiences | 64,727 |
| Changes in assumptions | 950 |
| Member contributions | 58 |
| Gross benefit payments | (1,957) |
| Net change in total OPEB liability | 63,742 |
| Total State's OPEB liability - beginning | - |
| Total State's OPEB liability - ending | \$ 63,742 |
| District's covered employee payroll | \$ 2,051,556 |
| Total State's OPEB liability as a percentage of covered employee payroll | 3% |

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

Ocean Academy Charter School
Notes to Required Supplementary Information - Part III
For the Year Ended June 30, 2020

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

OCEAN ACADEMY CHARTER SCHOOL
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
Special Revenue Fund
For the Year Ended June 30, 2020

| | I.D.E.A Regular Program Part B 19/20 | Title I 19/20 | Title II-A 19/20 | CARES Emergency Relief Grant 19/20 | Total 2020 |
|--|--|-------------------|---------------------|--|-------------------|
| Revenues: | | | | | |
| Private sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - |
| Federal sources | 39,898 | 108,021 | 12,258 | 111,911 | 272,088 |
| Total revenues | 39,898 | 108,021 | 12,258 | 111,911 | 272,088 |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries | - | - | - | - | - |
| Other salaries - instruction | - | - | - | - | - |
| General supplies | - | 105,000 | - | - | 105,000 |
| Professional services | - | - | - | - | - |
| Other Objects | - | - | - | - | - |
| Total instruction | - | 105,000 | - | - | 105,000 |
| Support services: | | | | | |
| Other support services - students - special: | | | | | |
| Salaries of Supervisors of Instruction | - | - | - | - | - |
| Salaries of Principal | - | - | - | - | - |
| Salaries of Other Professional Staff | - | - | 2,918 | - | 2,918 |
| Salaries of Secr. And Clerical Assistants | - | - | - | - | - |
| Other Salaries | - | - | - | 111,911 | 111,911 |
| Other purchased services | 39,898 | - | 9,340 | - | 49,238 |
| Employee benefits | - | - | - | - | - |
| Rentals | - | - | - | - | - |
| Travel | - | - | - | - | - |
| Supplies and materials | - | 3,021 | - | - | 3,021 |
| Total other support services - students - special | 39,898 | 3,021 | 12,258 | 111,911 | 167,088 |
| Total support services | 39,898 | 3,021 | 12,258 | 111,911 | 167,088 |
| Facilities acquisition and construction equipment: | | | | | |
| Instructional equipment | - | - | - | - | - |
| Non-instructional equipment | - | - | - | - | - |
| Total facilities acquisition and construction equipment | - | - | - | - | - |
| Total expenditures | \$ 39,898 | \$ 108,021 | \$ 12,258 | \$ 111,911 | \$ 272,088 |

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
Fiduciary Funds
June 30, 2020

| | <u>Payroll Agency</u> | <u>Student Activity</u> | <u>Total Agency Funds</u> |
|---|---------------------------|-----------------------------|-------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 44,378 | \$ 8,944 | \$ 53,322 |
| Investments | - | - | - |
| Intrafund receivable | - | - | - |
| Total assets | <u>44,378</u> | <u>8,944</u> | <u>53,322</u> |
| LIABILITIES | | | |
| Payroll deductions and withholdings | 5,991 | - | 5,991 |
| Payable to student groups | - | 8,944 | 8,944 |
| Interfund payable | 38,387 | - | 38,387 |
| Intrafund payable | - | - | - |
| Total liabilities | <u>44,378</u> | <u>8,944</u> | <u>53,322</u> |
| Net Position | | | |
| Designated for future payments | - | - | - |
| Total net position | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and net position | <u>\$ 44,378</u> | <u>\$ 8,944</u> | <u>\$ 53,322</u> |

OCEAN ACADEMY CHARTER SCHOOL
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Year Ended June 30, 2020

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2020</u> |
|--------------------------|---------------------------------------|------------------|------------------|--|
| Student Activities Funds | \$ - | \$ 8,944 | \$ - | \$ 8,944 |

OCEAN ACADEMY CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2020

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2020</u> |
|--|---------------------------------------|---------------------|---------------------|--|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 45,490 | \$ 2,093,277 | \$ 2,094,389 | \$ 44,378 |
| Total assets | <u>45,490</u> | <u>2,093,277</u> | <u>2,094,389</u> | <u>44,378</u> |
| LIABILITIES: | | | | |
| Payroll deductions and withholdings | 5,971 | 2,054,890 | 2,054,870 | 5,991 |
| Interfund payable | <u>39,519</u> | <u>38,387</u> | <u>39,519</u> | <u>38,387</u> |
| Total liabilities | <u>\$ 45,490</u> | <u>\$ 2,093,277</u> | <u>\$ 2,094,389</u> | <u>\$ 44,378</u> |

I. Long-Term Debt
Not Applicable

STATISTICAL SECTION

**Ocean Academy Charter School
Statistical Section**

| <u>Contents</u> | <u>Page</u> |
|--|-------------|
| <p>Financial Trends These schedules contain trend information to help the reader understand how the Charter School's financial performance and well being have changed over time.</p> | 77-80 |
| <p>Revenue Capacity These schedules contain information to help the reader assess the Charter School's most significant local revenue source, the property tax.</p> | N/A |
| <p>Debt Capacity These schedules present information to help the reader assess the affordability of the Charter School's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p> | N/A |
| <p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Charter School's financial activities take place.</p> | N/A |
| <p>Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Charter School's financial report relates to the services the Charter School provides and the activities it performs.</p> | 81-84 |
| <p>Performance Framework</p> | 85 |

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

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|-------------------|-------------------|---------------------|
| Governmental activities | | | |
| Net investment in capital assets | \$ - | \$ - | \$ 38,000 |
| Restricted | 75,000 | 75,000 | 104,035 |
| Unrestricted | 125,910 | 532,116 | 1,904,101 |
| Total governmental activities net position | <u>200,910</u> | <u>607,116</u> | <u>2,046,136</u> |
| Business-type activities | | | |
| Net investment in capital assets | - | - | 61,360 |
| Restricted | - | - | - |
| Unrestricted | 27,695 | 28,848 | 55 |
| Total business-type activities net position | <u>27,695</u> | <u>28,848</u> | <u>61,415</u> |
| Charter school-wide | | | |
| Net investment in capital assets | - | - | 99,360 |
| Restricted | 75,000 | 75,000 | 104,035 |
| Unrestricted | 153,605 | 560,964 | 1,904,156 |
| Total charter school-wide net position | <u>\$ 228,605</u> | <u>\$ 635,964</u> | <u>\$ 2,107,551</u> |

Source: CAFR Schedule A-1 and Charter School records.

GASB No. 54 was implemented in the 2011 fiscal year, which required a change in the presentation of fund balance. 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 language from net assets to net position for full accrual funds.

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 | 2020 |
|---|--------------------|--------------------|---------------------|
| Expenses | | | |
| Governmental activities | | | |
| Instruction | | | |
| Regular | \$ 805,922 | \$ 1,202,177 | \$ 1,493,776 |
| Special Education instruction | - | - | - |
| Other special instruction | - | - | - |
| Support Services: | | | |
| Health services | - | - | - |
| Other support services | - | - | - |
| General administrative services | 523,543 | 1,252,801 | 1,315,648 |
| School administrative services | 374,178 | 235,474 | 428,401 |
| School central services | - | - | - |
| Other operation & Maintenance of plant | 29,327 | 57,036 | 39,463 |
| Student transportation services | - | - | - |
| Unallocated employee benefits | 191,027 | 298,602 | 453,575 |
| Non-budgeted expenditures | - | 55,887 | 88,976 |
| Interest expense | - | - | - |
| School Support services | - | - | - |
| General administration | - | - | - |
| Total governmental activities expenses | <u>1,923,997</u> | <u>3,101,977</u> | <u>3,819,839</u> |
| Business-type activities: | | | |
| Food service | 161,636 | 230,895 | 209,763 |
| Childcare | - | 10,159 | 36,810 |
| Total business-type activities expense | <u>161,636</u> | <u>241,054</u> | <u>246,573</u> |
| Total charter school-wide expenses | <u>2,085,633</u> | <u>3,343,031</u> | <u>4,066,412</u> |
| Program Revenues | | | |
| Governmental activities: | | | |
| Operating grants and contributions | - | 260,888 | 361,064 |
| Capital grants and contributions | 93,255 | - | - |
| Total governmental activities program revenues | <u>93,255</u> | <u>260,888</u> | <u>361,064</u> |
| Business-type activities: | | | |
| Charges for services | | | |
| Food service | 11,072 | 6,244 | 1,820 |
| Child Care | - | 24,482 | 19,561 |
| Operating grants and contributions | 111,191 | 165,871 | 161,177 |
| Total business type activities program revenues | <u>122,263</u> | <u>196,597</u> | <u>182,558</u> |
| Total charter school-wide program revenues | <u>215,518</u> | <u>457,485</u> | <u>543,622</u> |
| Net (Expense)/Revenue | | | |
| Governmental activities | (1,830,742) | (2,841,089) | (3,458,775) |
| Business-type activities | (39,373) | (44,457) | (64,015) |
| Total charter school-wide net expense | <u>(1,870,115)</u> | <u>(2,885,546)</u> | <u>(3,522,790)</u> |
| General Revenues and Other Changes in Net Position | | | |
| Governmental activities: | | | |
| Tuition from taxes | 1,653,740 | 2,626,685 | 4,026,150 |
| Unrestricted grants and contributions | 440,625 | 628,837 | 951,272 |
| Miscellaneous income | 4,355 | 37,383 | 16,955 |
| Transfers | (67,068) | (45,610) | (96,582) |
| Total governmental activities | <u>2,031,652</u> | <u>3,247,295</u> | <u>4,897,795</u> |
| Business-type activities: | | | |
| Transfers | 67,068 | 45,610 | 96,582 |
| Total business-type activities | <u>67,068</u> | <u>45,610</u> | <u>96,582</u> |
| Total charter school-wide | <u>2,098,720</u> | <u>3,292,905</u> | <u>4,994,377</u> |
| Change in Net Position | | | |
| Governmental activities | 200,910 | 406,206 | 1,439,020 |
| Business-type activities | 27,695 | 1,153 | 32,567 |
| Total charter school-wide | <u>\$ 228,605</u> | <u>\$ 407,359</u> | <u>\$ 1,471,587</u> |

Source: CAFR Schedule A-2 and Charter School records.

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

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|------------------------------------|----------------|----------------|------------------|
| General Fund | | | |
| Restricted | \$ 75,000 | \$ 75,000 | \$ 75,000 |
| Committed | - | - | - |
| Assigned | 10,045 | 294 | 29,035 |
| Unassigned | 115,865 | 531,822 | 1,904,101 |
| Total general fund | <u>200,910</u> | <u>607,116</u> | <u>2,008,136</u> |
| All Other Governmental Funds | | | |
| Reserved | - | - | - |
| Restricted | | | |
| Special revenue fund | - | - | - |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Source: CAFR Schedule B-1 and Charter School records.

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

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

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------------|-------------------|---------------------|
| Revenues | | | |
| Tuition charges | \$ - | \$ - | \$ - |
| Interest earnings | - | 43 | 80 |
| Miscellaneous | - | 37,340 | 16,875 |
| Local sources | 1,658,095 | 2,626,685 | 4,026,150 |
| State sources | 440,625 | 684,724 | 1,040,248 |
| Federal sources | 93,255 | 205,001 | 272,088 |
| Total revenue | <u>2,191,975</u> | <u>3,553,793</u> | <u>5,355,441</u> |
| Expenditures | | | |
| Instruction | | | |
| Regular Instruction | 805,922 | 1,202,177 | 1,493,776 |
| Support Services: | | | |
| Other support services | 374,178 | - | - |
| General administrative services | 523,543 | 1,252,801 | 1,315,648 |
| School administrative services | - | 235,474 | 428,401 |
| Unallocated employee benefits | 191,027 | 298,602 | 453,575 |
| Non-budgeted expenditures | - | 55,887 | 88,976 |
| Capital outlay | 29,327 | 57,036 | 77,463 |
| Total expenditures | <u>1,923,997</u> | <u>3,101,977</u> | <u>3,857,839</u> |
| Excess (Deficiency) of revenues over (under) expenditures | 267,978 | 451,816 | 1,497,602 |
| Other Financing sources (uses) | | | |
| Transfers out | <u>(67,068)</u> | <u>(45,610)</u> | <u>(96,582)</u> |
| Total other financing sources (uses) | <u>(67,068)</u> | <u>(45,610)</u> | <u>(96,582)</u> |
| Net change in fund balances | <u>\$ 200,910</u> | <u>\$ 406,206</u> | <u>\$ 1,401,020</u> |
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.00% | 0.00% |

Source: CAFR Schedule B-2 and Charter School 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> | <u>2020</u> |
|--------------------------------|-------------|-------------|-------------|
| Number of Classes: | | | |
| Kindergarten | 4 | 4 | 4 |
| Grade 1 | 3 | 3 | 3 |
| Grade 2 | 3 | 3 | 3 |
| Grade 3 | 0 | 2 | 3 |
| Grade 4 | 0 | 0 | 2 |
| Total Number of Classes | <u>10</u> | <u>12</u> | <u>15</u> |
| Full-Time Employees: | | | |
| Executive Director | 1 | 1 | 1 |
| Teachers | 11 | 15 | 18 |
| Supervisor/Title I Coordinator | 1 | 1 | 1 |
| Teacher Aides | 7 | 12 | 16 |
| School Nurse | 1 | 1 | 1 |
| Head of School | 1 | 1 | 1 |
| Custodian | 1 | 2 | 2 |
| Administrative Assistant | 1 | 2 | 4 |
| Total Employees | <u>24</u> | <u>35</u> | <u>44</u> |
| Teacher/Student Ratio | <u>1:7</u> | <u>1:8</u> | <u>1:8</u> |
| Student Count at June 30 | <u>151</u> | <u>216</u> | <u>263</u> |

Source: Charter School's Personnel Records

OCEAN ACADEMY CHARTER SCHOOL
 Operating Statistics
 Last Ten Fiscal Years

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|---------------|---|---|--------------------------------------|-------------------------------|
| | | | | | | Elementary | Middle School | | | | |
| 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 | 3,044,941 | 14,097 | 16.27% | 27.0 | 1:8 | - | 216.0 | 207.0 | 43.05% | 95.83% |
| 2020 | 263 | 3,780,376 | 14,374 | 18.56% | 34.0 | 1:8 | - | 263.0 | 245.0 | 74.17% | 93.16% |

Sources: Charter School records

Note: Enrollment based on annual October charter school count ASSA 10/15/19 count for FYE 2020.

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------|------|------|------|------|------|------|--------|--------|--------|
| District Building | | | | | | | | | | |
| <u>Elementary and Middle School (Combined)</u> | | | | | | | | | | |
| Ocean Academy Charter School | | | | | | | | | | |
| Square Feet | - | - | - | - | - | - | - | 10,000 | 10,000 | 13,000 |
| Capacity (students) | - | - | - | - | - | - | - | 220 | 220 | 280 |
| Enrollment | - | - | - | - | - | - | - | 151 | 216 | 263 |

Number of Schools at June 30, 2020
 Elementary and Middle School combined = 1

Source: Charter School Records

OCEAN ACADEMY CHARTER SCHOOL
Insurance Schedule
June 30, 2020

| | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------|-------------------|
| FORTITUDE INSURANCE GROUP'S SCHOOL INSURANCE PROGRAM | | |
| <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 | \$ 360,500 | \$ 1,000 |
| EDP (Computer) | 300,000 | 1,000 |
| Business Income and Extra Expense | 103,000 | 1,000 |
| Equipment Breakdown | 300,000 | 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 | 10,000 |
| <u>Crime</u> | | |
| Blanket Employee Theft | 150,000 | 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 | 1,000 |
| 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 | 2020 Audit |
|--------------------------------|---------------|---------------|---------------|
| Cash | 106,147 | 205,436 | 728,191 |
| Current Assets | 308,830 | 151,767 | 1,257,816 |
| Total Assets | 308,830 | 739,523 | 2,160,367 |
| Current Liabilities | 80,225 | 103,559 | 52,816 |
| Total Liabilities | 80,225 | 103,559 | 52,816 |
| Net Position | 228,605 | 635,964 | 2,107,551 |
| | | | |
| Total Revenue | 2,314,238 | 3,292,905 | 4,994,377 |
| Total Expenses | 2,085,633 | 2,841,089 | 3,458,775 |
| Change in Net Position | 228,605 | 451,816 | 1,535,602 |
| | | | |
| Depreciation Expense | - | - | 2,000 |
| Interest Expense | - | - | - |
| Principal Payments | - | - | - |
| Interest Payments | - | - | - |
| | | | |
| Final Average Daily Enrollment | 145 | 215 | 263 |
| March 30th Budgeted Enrollment | 155 | 220 | 275 |

| RATIO ANALYSIS | | | |
|----------------------------------|-----------------------------|---------|-------|
| <u>Near Term Indicators</u> | | | |
| 1a | Current Ratio | 3.85 | 3.45 |
| 1b | Unrestricted Days Cash | 18.58 | 26.39 |
| 1c | Enrollment Variance | 94% | 98% |
| 1d | Default | NO | NO |
| <u>Sustainability Indicators</u> | | | |
| 2a | Total Margin | 10% | 14% |
| 2b | Debt to Asset | 26 | 0.14 |
| 2c | Cash Flow | 106,147 | - |
| 2d | Debt Service Coverage Ratio | N/A | 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, 2020, 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 January 21, 2021.

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) as a basis for designing 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 Charter School'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 financial statements. 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 Charter School'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, New Jersey



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

January 21, 2021

**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 15-08**

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

Report on Compliance for Each Major Federal and State Programs

We have audited Ocean Academy Charter School's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Ocean Academy Charter School's major state programs for the year ended June 30, 2020. Ocean Academy Charter School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ocean Academy Charter School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations 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. Those standards, the Uniform Guidance and the New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Ocean Academy Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, Ocean Academy Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Ocean Academy Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ocean Academy Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ocean Academy Charter School's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey State OMB Circular 15-08. Accordingly, this report 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

January 21, 2021

OCEAN ACADEMY CHARTER SCHOOL
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Year Ended June 30, 2020

| <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, 2019</u> | <u>Adjustments</u> | <u>Cash Received</u> | <u>Budgetary Expenditures</u> | <u>Deferred Revenue at June 30, 2020</u> | <u>Accounts Receivable at June 30, 2020</u> | <u>Due to Grantor at June 30, 2020</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 | \$ (25,461) | \$ - | \$ 25,461 | \$ - | \$ - | \$ - | \$ - |
| Title I, Part A | 84.010A | 7/1/19-6/30/20 | 108,021 | - | - | 77,928 | (108,021) | - | (30,093) | - |
| Title I, Part A - Reallocated | 84.010A | 7/1/18-6/30/19 | 4,832 | (4,832) | - | 4,832 | - | - | - | - |
| Title II, Part A | 84.367A | 7/1/18-6/30/19 | 12,875 | (958) | - | 958 | - | - | - | - |
| Title II, Part A | 84.367A | 7/1/19-6/30/20 | 12,258 | - | - | - | (12,258) | - | (12,258) | - |
| Title III | 84.367A | 7/1/18-6/30/19 | 22,977 | (22,977) | - | 22,977 | - | - | - | - |
| I.D.E.A. Part B Basic Regular | 84.027 | 7/1/18-6/30/19 | 26,460 | (26,460) | - | 26,460 | - | - | - | - |
| I.D.E.A. Part B Basic Regular | 84.027 | 7/1/19-6/30/20 | 39,898 | - | - | - | (39,898) | - | (39,898) | - |
| CARES Emergency Relief Grant | 84.425D | 7/1/19-6/30/20 | 111,911 | - | - | - | (111,911) | - | (111,911) | - |
| Total Special Revenue Fund | | | | (80,688) | - | 158,616 | (272,088) | - | (194,160) | - |
| U.S. Department of Agriculture | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | |
| Food Service Enterprise Fund: | | | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | | | |
| School Breakfast Program | 10.553 | 7/1/18-6/30/19 | 62,701 | (17,436) | - | 17,436 | - | - | - | - |
| School Breakfast Program | 10.553 | 7/1/19-6/30/20 | 59,420 | - | - | 39,367 | (59,420) | - | (20,053) | - |
| School Snack Program | 10.553 | 7/1/18-6/30/19 | 4,097 | (1,570) | - | 1,570 | - | - | - | - |
| School Snack Program | 10.553 | 7/1/19-6/30/20 | 4,348 | - | - | 3,001 | (4,348) | - | (1,347) | - |
| Summer Food Service Program for Children | 10.559 | 7/1/19-6/30/20 | 4,891 | - | - | - | (4,891) | - | (4,891) | - |
| National School Lunch Program | 10.555 | 7/1/19-6/30/20 | 90,934 | - | - | 64,921 | (90,934) | - | (26,013) | - |
| National School Lunch Program | 10.555 | 7/1/18-6/30/19 | 97,355 | (28,259) | - | 28,259 | - | - | - | - |
| Subtotal of Child Nutrition Cluster | | | | (47,265) | - | 154,554 | (159,593) | - | (52,304) | - |
| Total Enterprise (Food Service) Fund | | | | (47,265) | - | 154,554 | (159,593) | - | (52,304) | - |
| Total Expenditures of Federal Awards | | | | \$ (127,953) | \$ - | \$ 313,170 | \$ (431,681) | \$ - | \$ (246,464) | \$ - |

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, 2020

| State Grantor/ Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2019 | Cash Received | Budgetary Expenditures | Deferred Revenue at June 30, 2020 | (Accounts Receivable) at June 30, 2020 | Due to Grantor at June 30, 2020 |
|---|----------------------------------|-----------------|--------------------|-----------------------------|-----------------------|---------------------------|--------------------------------------|---|------------------------------------|
| New Jersey Department of Education | | | | | | | | | |
| General Fund: | | | | | | | | | |
| Special Education Aid | 20-495-034-5120-089 | 7/1/19-6/30/20 | \$ 59,461 | \$ - | \$ 59,461 | \$ (59,461) | \$ - | \$ - | \$ - |
| Security Aid | 20-495-034-5120-084 | 7/1/19-6/30/20 | 137,660 | - | 137,660 | (137,660) | - | - | - |
| Equalization Aid | 20-495-034-5120-078 | 7/1/19-6/30/20 | 754,151 | - | 754,151 | (754,151) | - | - | - |
| On-Behalf TPAF Pension Contribution | 20-100-034-5095-002 | 7/1/19-6/30/20 | - | - | - | - | - | - | - |
| On-Behalf TPAF Post-Retirement Medical | 20-100-034-5095-001 | 7/1/19-6/30/20 | - | - | - | - | - | - | - |
| On-Behalf TPAF Long-Term Disability Insurance | 20-100-034-5095-004 | 7/1/19-6/30/20 | - | - | - | - | - | - | - |
| Reimbursed TPAF Social Security Tax Contribution | 19-495-034-5094-003 | 7/1/18-6/30/19 | 55,887 | (23,313) | 23,313 | - | - | - | - |
| Reimbursed TPAF Social Security Tax Contribution | 20-495-034-5094-003 | 7/1/19-6/30/20 | 88,976 | - | 30,095 | (88,976) | - | (58,881) | - |
| Total General Fund | | | <u> </u> | <u>(23,313)</u> | <u>1,004,680</u> | <u>(1,040,248)</u> | <u>-</u> | <u>(58,881)</u> | <u>-</u> |
| Enterprise Fund: | | | | | | | | | |
| State School Lunch Program | 19-100-010-3350-023 | 7/1/18-6/30/19 | 1,718 | (501) | 501 | - | - | - | - |
| State School Lunch Program | 20-100-010-3350-023 | 7/1/19-6/30/20 | 1,584 | - | 1,072 | (1,584) | - | (512) | - |
| Total Enterprise Fund | | | <u> </u> | <u>(501)</u> | <u>1,573</u> | <u>(1,584)</u> | <u>-</u> | <u>(512)</u> | <u>-</u> |
| Total Expenditures of State Awards for testing | | | <u>\$ (23,814)</u> | <u>\$ 1,006,253</u> | <u>\$ (1,041,832)</u> | <u>\$ -</u> | <u>\$ (59,393)</u> | <u>\$ -</u> | |
| State Financial Assistance Not Subject to Single Audit Determination | | | | | | | | | |
| General Fund: | | | | | | | | | |
| On-Behalf TPAF Pension Contribution | 20-100-034-5095-002 | 7/1/19-6/30/20 | - | - | - | - | - | - | - |
| On-Behalf TPAF Post-Retirement Medical | 20-100-034-5095-001 | 7/1/19-6/30/20 | - | - | - | - | - | - | - |
| On-Behalf TPAF Long-Term Disability Insurance | 20-100-034-5095-004 | 7/1/19-6/30/20 | - | - | - | - | - | - | - |
| Total State Financial Assistance Not Subject to Single Audit Determination | | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total State Financial Assistance | | | <u>\$ (23,814)</u> | <u>\$ 1,006,253</u> | <u>\$ (1,041,832)</u> | <u>\$ -</u> | <u>\$ (59,393)</u> | <u>\$ -</u> | |

See accompanying notes to schedules of expenditures.

Ocean Academy Charter School

Notes to the Schedules of Awards and Financial Assistance

June 30, 2020

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 the Schedules of Awards and Financial Assistance (continued)

June 30, 2020

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 \$(0) 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 | \$ - | \$ 1,040,248 | \$ 1,040,248 |
| Special Revenue Fund | 272,088 | - | 272,088 |
| Food Service Fund | <u>159,593</u> | <u>1,584</u> | <u>161,177</u> |
| Total awards and financial assistance | \$ <u>431,681</u> | \$ <u>1,041,832</u> | \$ <u>1,473,513</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, 2020.

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
 Schedule of Findings and Questioned Costs

June 30, 2020

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

Schedule of Findings and Questioned Costs (continued)

June 30, 2020

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

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 no
- 2) 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 |
|--------------------|-----------------------|
| State Aid Cluster: | |
| 495-034-5120-078 | Equalization Aid |
| 495-034-5120-084 | Security Aid |
| 495-034-5120-089 | Special Education Aid |

Ocean Academy Charter School

Schedule of Findings and Questioned Costs (Continued)

June 30, 2020

Section II - Financial Statements Findings - N/A

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A

Ocean Academy Charter School
Summary Schedule of Prior Audit Findings
June 30, 2020

Summary Schedule of Prior Year Audit Findings - N/A