

Ocean Academy Charter School

of Ocean County

Ocean Academy Charter School

Lakewood, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2021

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Ocean Academy Charter School

Lakewood, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

Cindy Coughlin
School Business Administrator

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INTRODUCTORY SECTION

Ocean Academy Charter School

1650 Massachusetts Ave

Lakewood, New Jersey 08701

Phone (732) 987-6525

February 4, 2022

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, 2021, 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.

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 5. 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>
2020-2021	332	+23%

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 2020-21. 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

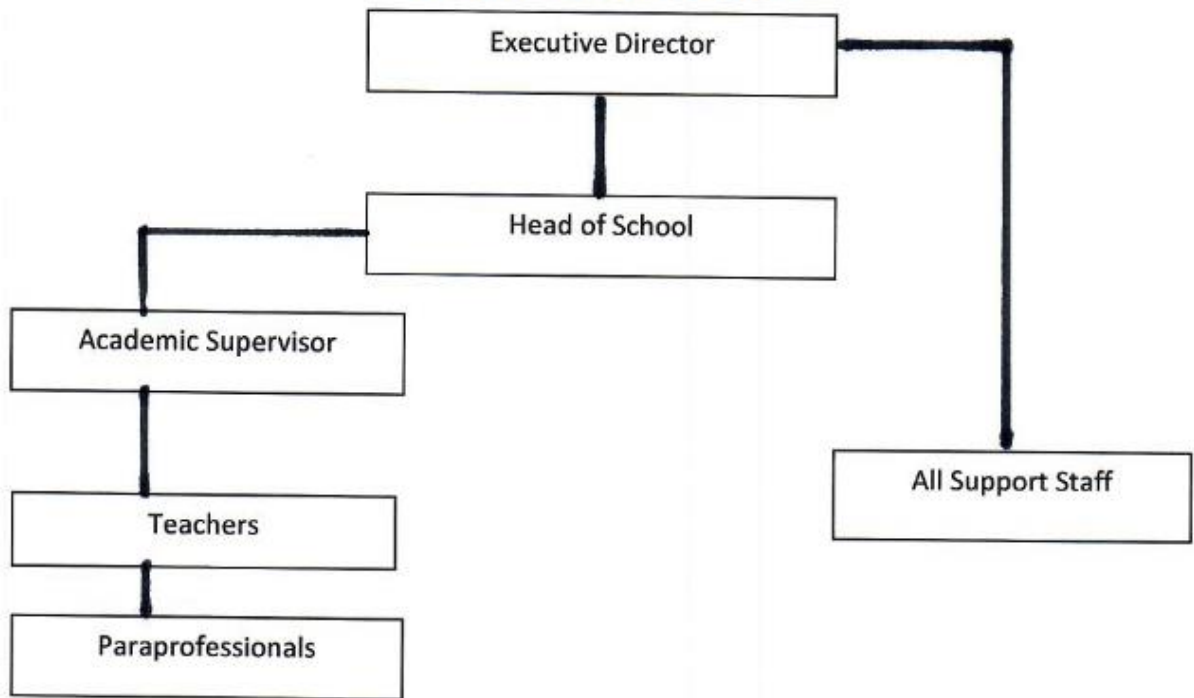
We would like to express our appreciation to the members of the Board of Trustees for their concern in providing fiscal accountability to the community of the Ocean Academy Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation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

Respectfully submitted,



David P. Block
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, 2021

<u>Members of the Board of Trustees</u>	<u>Term Expires</u>
Marshall White, President	2022
Anita Raynes Lepelstat, Vice President	2022
Thomas A. D'Ambola	2023
Roxanne Martin	2022
Aase Schults Hare	2023
Reverend Juan Angel Monge-Santiago	2023
Jim Muzikowski	2024
Sharon Hollander	2024

Other Officials

Lorna Hassel, Head of School

Cindy Coughlin, Board Secretary/Business Administrator

Ocean Academy Charter School
Consultants and Advisors

Audit Firm

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, 2021, 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, 2021 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.

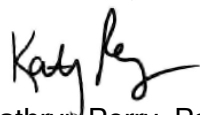
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 4, 2022 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

February 4, 2022

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Ocean Academy Charter School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
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, 2021. 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, 2021 are as follows:

Net position totaled \$2,231,340, which represents a 5.87 percent increase from June 30, 2020.

General revenues accounted for \$5,922,829 in revenue or 85.52 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 \$1,002,478 or 14.48 percent of total revenues of \$6,925,307.

Total assets increased by \$404,994 as current assets increased by \$361,454 and capital assets, net increased by \$43,540.

The Charter School had \$6,810,462 in expenses; only \$1,002,478 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$5,922,829 were adequate to provide for these programs.

Among major funds, the General Fund had \$6,062,699 in revenues and \$5,791,181 in expenditures and transfers. The General Fund's balance increased \$271,518 over June 30, 2020. The General Fund's balance is \$2,279,654.

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 activities.

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, 2021 and 2020.

Table 1

Net Position as of June 30, 2021 and June 30, 2020

	June 30, 2021			June 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 2,366,940	\$ 55,521	\$ 2,422,461	\$ 2,008,136	\$ 52,871	\$ 2,061,007
Capital assets, net	84,769	58,131	142,900	38,000	61,360	99,360
Total assets	<u>2,451,709</u>	<u>113,652</u>	<u>2,565,361</u>	<u>2,046,136</u>	<u>114,231</u>	<u>2,160,367</u>
Deferred outflow of resources	<u>2,056,256</u>	<u>-</u>	<u>2,056,256</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:						
Current liabilities	78,342	-	78,342	-	52,816	52,816
Long-term liabilities outstanding	<u>1,625,552</u>	<u>-</u>	<u>1,625,552</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,703,894</u>	<u>-</u>	<u>1,703,894</u>	<u>-</u>	<u>52,816</u>	<u>52,816</u>
Deferred inflow of resources	<u>686,383</u>	<u>-</u>	<u>686,383</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position:						
Net investment in capital assets	84,769	58,131	142,900	38,000	61,360	99,360
Restricted	83,944	-	83,944	104,035	-	104,035
Unrestricted	<u>1,948,975</u>	<u>55,521</u>	<u>2,004,496</u>	<u>1,904,101</u>	<u>55</u>	<u>1,904,156</u>
Total Net Position	<u>\$ 2,117,688</u>	<u>\$ 113,652</u>	<u>\$ 2,231,340</u>	<u>\$ 2,046,136</u>	<u>\$ 61,415</u>	<u>\$ 2,107,551</u>

The Charter School's combined net position was \$2,231,340 on June 30, 2021. This is a change of 5.87% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2021 and 2020.

Table 2

Changes in Net Position

	June 30, 2021			June 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ -	\$ 27,810	\$ 27,810	\$ -	\$ 21,381	\$ 21,381
Operating and capital grants and contributions	532,415	442,253	974,668	361,064	161,177	522,241
General revenues:						
Tuition	4,737,303	-	4,737,303	4,026,150	-	4,026,150
Federal and state aid	1,174,396	-	1,174,396	951,272	-	951,272
Investment earnings	146	-	146	(80)	-	(80)
Miscellaneous	10,984	-	10,984	16,875	-	16,875
Total revenues	<u>6,455,244</u>	<u>470,063</u>	<u>6,925,307</u>	<u>5,355,281</u>	<u>182,558</u>	<u>5,537,839</u>
Expenses						
Instructional services	2,529,972	-	2,529,972	1,493,776	-	1,493,776
Support services	3,778,162	502,328	4,280,490	2,326,063	209,763	2,535,826
Total expenses	<u>6,308,134</u>	<u>502,328</u>	<u>6,810,462</u>	<u>3,819,839</u>	<u>209,763</u>	<u>4,029,602</u>
Change in net position	147,110	(32,265)	114,845	1,535,442	(27,205)	1,508,237
Transfer	(84,502)	84,502	-	(96,582)	96,582	-
Net position - beginning	2,046,136	61,415	2,107,551	607,116	28,848	635,964
Prior period adjustment	8,944	-	8,944	-	-	-
Net position - beginning restated	<u>2,055,080</u>	<u>61,415</u>	<u>2,116,495</u>	<u>607,116</u>	<u>28,848</u>	<u>635,964</u>
Net position (deficit) - ending	<u>\$ 2,117,688</u>	<u>\$ 113,652</u>	<u>\$ 2,231,340</u>	<u>\$ 2,045,976</u>	<u>\$ 98,225</u>	<u>\$ 2,144,201</u>

The tuition portion paid by the sending district is made up 73.39% of revenues for governmental activities for the fiscal year 2021. The Charter School's total revenues were \$6,455,244 for the year ended June 30, 2021. Federal, state and local grants accounted for another 26.61%.

The total cost of all programs and services was \$6,308,134. Instruction and instruction direct support comprises 42.32% of the Charter School's expenses.

Expenses for Fiscal Year June 30, 2021

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 \$32,265. The General Fund had to transfer \$84,502 to cover the expenses.

Charges for services represent \$27,810 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 \$442,253.

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

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 2,529,972	\$ 2,315,635	\$ 1,493,776	\$ 1,388,776
Support Services:				
Pupils and Instructional Staff	139,870	-	88,976	-
General Administration, School Administration, Business Operation and Maintenance of Facilities	<u>3,638,292</u>	<u>3,460,084</u>	<u>2,237,087</u>	<u>2,069,999</u>
Total Expenses	<u>\$ 6,308,134</u>	<u>\$ 5,775,719</u>	<u>\$ 3,819,839</u>	<u>\$ 3,458,775</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 \$6,455,244 and expenditures of \$6,183,726. The net positive change in fund balance for the year was most significant in the General Fund, with an increase of \$280,462.

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 and Special Revenue Fund revenues for the fiscal year ended June 30, 2021.

<u>Revenue</u>	<u>2021 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2020</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 4,748,433	73.56 %	\$ 705,328	17.45 %
State Sources	1,319,266	20.44	279,018	26.82
Federal Sources	<u>387,545</u>	<u>6.00</u>	<u>115,457</u>	<u>42.43</u>
Total	<u>\$ 6,455,244</u>	<u>100.00 %</u>	<u>\$ 1,099,803</u>	<u>20.54 %</u>

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2021.

<u>Expenditures</u>	<u>2021 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2020</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 2,529,972	40.91 %	\$ 1,036,196	69.37 %
Undistributed Expenditures	3,180,730	51.44	894,130	39.10
Capital Outlay	388,522	6.28	311,059	401.56
Transfers	<u>84,502</u>	<u>1.37</u>	<u>(12,080)</u>	<u>(15.59)</u>
Total	<u>\$ 6,183,726</u>	<u>100.00 %</u>	<u>\$ 2,229,305</u>	<u>57.79 %</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 2021, 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
- COVID expenses

While the Charter School final budget for the General Fund anticipated that expenditures would exceed revenues by approximately \$1,251,000, the actual results for the year show a \$271,518 surplus.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2021, the School Board had \$142,900 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2021 and June 30, 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-	-	-
Building and Improvements	84,769	38,000	-	-	84,769	38,000
Machinery and Equipment	-	-	58,131	61,360	58,131	61,360
Total	\$ 84,769	\$ 38,000	\$ 58,131	\$ 61,360	\$ 142,900	\$ 99,360

During the current fiscal year, \$51,336 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 2020-2021 school year, the Charter School was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 26.44% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 73.56% of total revenue is from local sources.

The \$1,948,975 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 2020-2021 budget was adopted in March 2020 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 2021-2022 fiscal year when adding the sixth, seventh and eighth grades. 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, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,834,635	\$ 1,937	\$ 1,836,572
Receivables - other	5,123	-	5,123
Receivables - state	20,679	2,038	22,717
Receivables - federal	349,773	48,340	398,113
Receivables - other governments	81,730	-	81,730
Inventory	-	3,206	3,206
Restricted cash	75,000	-	75,000
Capital assets, non-depreciable	-	-	-
Capital assets, depreciable, net	84,769	58,131	142,900
Total assets	<u>2,451,709</u>	<u>113,652</u>	<u>2,565,361</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	2,056,256	-	2,056,256
Total deferred outflows of resources	<u>2,056,256</u>	<u>-</u>	<u>2,056,256</u>
 LIABILITIES			
Unearned revenue	78,342	-	78,342
Noncurrent liabilities:			
Due beyond one year	1,625,552	-	1,625,552
Total liabilities	<u>1,703,894</u>	<u>-</u>	<u>1,703,894</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	686,383	-	686,383
Total deferred outflows of resources	<u>686,383</u>	<u>-</u>	<u>686,383</u>
 NET POSITION			
Investment in Capital Assets	84,769	58,131	142,900
Restricted for:			
Student activities	8,944	-	8,944
Charter school escrow reserve	75,000	-	75,000
Unrestricted	1,948,975	55,521	2,004,496
Total net position	<u>\$ 2,117,688</u>	<u>\$ 113,652</u>	<u>\$ 2,231,340</u>

OCEAN ACADEMY CHARTER SCHOOL
Statement of Activities
For the Year Ended June 30, 2021

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	\$ 2,529,972	\$ -	\$ 214,337	\$ -	\$ (2,315,635)	\$ -	\$ (2,315,635)
Support services and undistributed costs:							
General administrative services	1,644,284				(1,644,284)		(1,644,284)
School administrative services	524,022		178,208		(345,814)		(345,814)
Other operation & maintenance of plant	341,753				(341,753)		(341,753)
Unallocated employee benefits	1,128,233				(1,128,233)		(1,128,233)
Non-budgeted expenses	139,870		139,870		-		-
Total governmental activities	<u>6,308,134</u>	<u>-</u>	<u>532,415</u>	<u>-</u>	<u>(5,775,719)</u>	<u>-</u>	<u>(5,775,719)</u>
Business-type activities:							
Food Service	438,770	536	442,253	-	-	4,019	4,019
Childcare	63,558	27,274	-	-	-	(36,284)	(36,284)
Total business-type activities	<u>502,328</u>	<u>27,810</u>	<u>442,253</u>	<u>-</u>	<u>-</u>	<u>(32,265)</u>	<u>(32,265)</u>
Total primary government	<u>\$ 6,810,462</u>	<u>\$ 27,810</u>	<u>\$ 974,668</u>	<u>\$ -</u>	<u>(5,775,719)</u>	<u>(32,265)</u>	<u>(5,807,984)</u>
General revenues:							
Tuition					4,737,303	-	4,737,303
Federal and state aid not restricted					1,174,396	-	1,174,396
Interest income					146	-	146
Miscellaneous income					10,984	-	10,984
Total general revenues					<u>5,922,829</u>	<u>-</u>	<u>5,922,829</u>
Change in net position before transfers					147,110	(32,265)	114,845
Transfers					<u>(84,502)</u>	<u>84,502</u>	<u>-</u>
Change in net position after transfers					62,608	52,237	114,845
Net position—beginning					2,046,136	61,415	2,107,551
Prior period adjustment					8,944	-	8,944
Net position—beginning (Restated)					<u>2,055,080</u>	<u>61,415</u>	<u>2,116,495</u>
Net position—ending					<u>\$ 2,117,688</u>	<u>\$ 113,652</u>	<u>\$ 2,231,340</u>

OCEAN ACADEMY CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,180,587 *	\$ (345,952) *	\$ 1,834,635
Escrow	75,000	-	75,000
Receivables from the state	20,679	-	20,679
Receivables from other governments	81,730	-	81,730
Receivables from federal	-	349,773	349,773
Other receivables	-	5,123	5,123
Total assets	2,357,996	8,944	2,366,940
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll deductions and withholdings payable	78,342 **	-	78,342
Total liabilities	78,342	-	78,342
Fund Balances:			
Restricted for:			
Student activities	-	8,944	8,944
Charter school escrow reserve	75,000	-	75,000
Committed to:			
Other purposes	-	-	-
Assigned to:			
Debt service fund	-	-	-
Capital projects fund	-	-	-
Other purposes	-	-	-
Unassigned to:			
General fund	2,204,654	-	2,204,654
Total fund balances	2,279,654	8,944	2,288,598
Total liabilities and fund balances	\$ 2,357,996	\$ 8,944	

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 \$91,336 and the accumulated depreciation is \$6,567.

84,769

Deferred outflows related to the PERS pension plan

2,056,256

Deferred inflows related to the PERS pension plan

(686,383)

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

(1,625,552)

Net position of governmental activities

\$ 2,117,688

* Include former fiduciary fund cash and cash equivalents

** Includes payroll deductions payable and flexible benefits liabilities

OCEAN ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local tax levy	\$ 4,737,303	\$ -	\$ 4,737,303
Interest income	146	-	146
Miscellaneous	5,984	5,000 *	10,984
Total - Local sources	<u>4,743,433</u>	<u>5,000</u>	<u>4,748,433</u>
State sources	1,319,266	-	1,319,266
Federal sources	-	387,545	387,545
Total revenues	<u>6,062,699</u>	<u>392,545</u>	<u>6,455,244</u>
EXPENDITURES			
Current expense:			
Instruction	2,315,635	214,337	2,529,972
Other support services	-	-	-
General administrative services	1,644,284	-	1,644,284
School administrative services	345,814	178,208	524,022
Unallocated employee benefits	872,554	-	872,554
Non-budgeted expenditures	139,870	-	139,870
Capital Outlay	388,522	-	388,522
Total expenditures	<u>5,706,679</u>	<u>392,545</u>	<u>6,099,224</u>
Excess (Deficiency) of revenues over expenditures	<u>356,020</u>	<u>-</u>	<u>356,020</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(84,502)	-	(84,502)
Total other financing sources and uses	<u>(84,502)</u>	<u>-</u>	<u>(84,502)</u>
Net change in fund balances	271,518	-	271,518
Fund balance—July 1	2,008,136	-	2,008,136
Prior period adjustments	-	8,944 ***	8,944
Fund balance—July 1, restated	<u>2,008,136</u>	<u>8,944</u>	<u>2,017,080</u>
Fund balance—June 30	<u>\$ 2,279,654</u>	<u>\$ 8,944</u>	<u>\$ 2,288,598</u>

* Special revenue fund now includes revenues from scholarships and student activities.

** Special revenue fund now includes expenditures from scholarships and student activities.

*** Scholarship fund and student activity fund net position as of June 30, 2020.

**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, 2021**

Total net change in fund balances - governmental funds (from B-2) **\$ 271,518**

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.

	Depreciation expense	\$ (4,567)	
	Capital outlays	<u>51,336</u>	46,769

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey (255,679)

Change in net position of governmental activities **\$ 62,608**

OCEAN ACADEMY CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities - Enterprise Funds		
	Food Service	Extended Daycare	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,937	\$ -	\$ 1,937
Receivables from state	2,038	-	2,038
Receivables from federal	48,340	-	48,340
Inventories	3,206	-	3,206
Total current assets	55,521	-	55,521
Noncurrent assets:			
Furniture, machinery & equipment	64,589	-	64,589
Less accumulated depreciation	(6,458)	-	(6,458)
Total noncurrent assets	58,131	-	58,131
Total assets	\$ 113,652	\$ -	\$ 113,652
LIABILITIES			
Current liabilities:			
Interfund payable	\$ -	\$ -	\$ -
Total current liabilities	-	-	-
NET POSITION			
Investment in capital assets	58,131	-	58,131
Unrestricted	55,521	-	55,521
Total net position	113,652	-	113,652
Total liabilities and net position	\$ 113,652	\$ -	\$ 113,652

OCEAN ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Fund		
	Food Service	Extended Daycare	Total Enterprise
Operating revenues:			
Local sources:			
Child care charges	\$ -	\$ 27,274	\$ 27,274
Daily sales reimbursable programs			
School lunch and breakfast	536	-	536
Total operating revenues	536	27,274	27,810
Operating expenses:			
Salaries	125,843	59,652	185,495
Other purchased services	20,755	-	20,755
Supplies and materials	8,476	3,906	12,382
Other objects	44,609		44,609
Depreciation	3,229		3,229
Cost of sales - reimbursable programs	235,858	-	235,858
Cost of sales - non-reimbursable programs	-	-	-
Total operating expenses	438,770	63,558	502,328
Operating income (loss)	(438,234)	(36,284)	(474,518)
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	12,182	-	12,182
Federal sources:			
School breakfast program	-		-
National school lunch program		-	-
School snack program	-	-	-
Summer Food Service Program for Children	430,071	-	430,071
Total nonoperating revenues (expenses)	442,253	-	442,253
Income (loss) before contributions & transfers	4,019	(36,284)	(32,265)
Transfers in (out)	48,218	36,284	84,502
Change in net position	52,237	-	52,237
Total net position—beginning	61,415	-	61,415
Total net position—ending	\$ 113,652	\$ -	\$ 113,652

OCEAN ACADEMY CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds		
	Food Service	Extended Daycare	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 536	\$ 27,274	\$ 27,810
Payments to employees & benefits	(125,843)	(59,652)	(185,495)
Payments to suppliers	(312,904)	(3,906)	(316,810)
Net cash provided by (used in) operating activities	<u>(438,211)</u>	<u>(36,284)</u>	<u>(474,495)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State sources	10,656	-	10,656
Federal sources	434,035	-	434,035
Board interfund transfers	(4,598)	36,284	31,686
Net cash provided by (used in) non-capital financing activities	<u>440,093</u>	<u>36,284</u>	<u>476,377</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,882	-	1,882
Balances—beginning of year	55	-	55
Balances—end of year	<u>\$ 1,937</u>	<u>\$ -</u>	<u>\$ 1,937</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (438,234)	\$ (36,284)	\$ (474,518)
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 inventories	(3,206)	-	(3,206)
Total adjustments	<u>23</u>	<u>-</u>	<u>23</u>
Net cash provided by (used in) operating activities	<u>\$ (438,211)</u>	<u>\$ (36,284)</u>	<u>\$ (474,495)</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

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, 2021.

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, 2021

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, 2021

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. The implementation of GASB 84 moved the Student Activities Fund to the Special Revenue Fund. The Student Activities Fund have been previously included in Agency Fund.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

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

B. Fund Accounting (Cont'd)

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:

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 Extended Daycare 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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

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, 2021

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, 2021, the Charter School had accounts receivable of \$81,730 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, 2021

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 no encumbrances at June 30, 2021.

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, 2021

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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

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, 2021

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, 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, 2021

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. 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.

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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

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

S. GASB Pronouncements (Cont'd)

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.

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. 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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

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

S. GASB Pronouncements (Cont'd)

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.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No. 14 and No. 84*, and a Supersession of GASB Statement No. 32, The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Objectives 1 and 2 above are effective immediately. Objective 3 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the School District's financial statements.

Ocean Academy Charter School
Notes to Financial Statements
For the Year Ended June 30, 2021

3. Deposits and Investments

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-414 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the ACT, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2021, the Charter School's bank balance of \$2,389,510 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	Bank Balance
Insured under FDIC and GUDPA	\$ 2,389,510
Uninsured and Collateralized	-
	\$ 2,389,510

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.

As of June 30, 2021, the Charter School had no investments.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

3. Deposits and Investments (Continued)

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, 2021, the balance of the escrow is \$75,000.

4. Receivables

Receivables at June 30, 2021, 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	\$ 20,679	\$ 22,717
Federal Aid	349,773	398,113
Other	<u>86,853</u>	<u>86,853</u>
Gross Receivables	457,305	507,683
Allowance for Uncollectible	-	-
Total Receivables, Net	<u>\$ 457,305</u>	<u>\$ 507,683</u>

5. Inventory

Inventory in the Food Service Fund at June 30, 2021 consisted of the following:

Food	\$ 1,835
Supplies	<u>1,371</u>
	<u>\$ 3,206</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

6. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities:	Beginning Balance	<u>Additions</u>	Ending Balance
Not being depreciated			
Sites (Land)	\$ -	\$ -	\$ -
Construction in process	-	-	-
Being Depreciated:			
Building and Improvements	40,000	51,336	91,336
Machinery and Equipment	-	-	-
	<u>40,000</u>	<u>51,336</u>	<u>91,336</u>
Less: Accumulated Depreciation	<u>(2,000)</u>	<u>(4,567)</u>	<u>(6,567)</u>
Net Assets	<u>\$ 38,000</u>	<u>\$ 46,769</u>	<u>\$ 84,769</u>

Depreciation expense for governmental activities held assets was \$4,567 for 2021.

Enterprise Activities:	Beginning Balance	<u>Additions</u>	Ending Balance
Being Depreciated:			
Equipment	\$ 64,589	\$ -	\$ 64,589
Less: Accumulated Depreciation	<u>(3,229)</u>	<u>(3,229)</u>	<u>(6,458)</u>
Net Assets	<u>\$ 61,360</u>	<u>\$ (3,229)</u>	<u>\$ 58,131</u>

Depreciation expense for enterprise activities held assets for 2021 was \$3,229.

7. Long-term Obligations

The Charter School had no long-term obligation activity for the year ended June 30, 2021.

8. Leasing Arrangements

The School leases its facility and parking lot under a non-cancelable operating lease. The lease in the monthly amount of \$45,500 with an annual basic rent of \$546,000 for the facility and in the monthly amount of \$15,000 with an annual basic rent of \$180,000 for the parking lot. The basic rent for the facility will be increased each year of the initial term and each year of any applicable renewal year according to the schedule. Total rental expense for the year ended June 30, 2021 was \$823,500.

Future minimum lease payments are as follows:

June 30, 2022	\$940,500
June 30, 2023	\$1,057,500
June 30, 2024	\$1,099,500
June 30, 2025	\$169,000

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

9. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

9. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd) - The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources

At June 30, 2021, the School District reported a liability of \$1,625,552 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The School District's proportion measured as of June 30, 2020, was .0099681927%, which was an decrease of .0099681927% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized full accrual pension expense of \$582,819 in the government-wide financial statements consisting of employer contributions of \$109,047 and non-employer contributions of \$473,772. This pension expense was based on the pension plans June 30, 2020 measurement date. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,599	\$ 5,749
Changes of assumptions	52,735	680,634
Net difference between projected and actual earnings on pension plan investments	55,563	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,809,312	-
District contributions subsequent to the measurement date	<u>109,047</u>	<u>-</u>
Total	<u>\$ 2,056,256</u>	<u>\$ 686,383</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

9. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources (Cont'd)

\$109,047 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2020-2021 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2022 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (468,889)
2022	(427,484)
2023	(244,297)
2024	(98,789)
2025	(21,367)
Thereafter	-
Total	\$ <u>(1,260,826)</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral: June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral: June 30, 2020	-	5.16
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral: June 30, 2020	5.00	5.00

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, years for the 2020, amounts, respectively.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

9. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions - The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

Inflation Rate

Price	2.75%
Wage	3.25%

Salary Increases:

Through 2026	2.00% - 6.00% Based on years of service
Thereafter	3.00% -7.00% Based on years of service

Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

9. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00 %	3.40 %
Cash Equivalents	4.00 %	0.50 %
U.S. Treasuries	5.00 %	1.94 %
Investment Grade Credit	8.00 %	2.67 %
High Yield	2.00 %	5.95 %
Private Credit	8.00 %	7.59 %
Real Assets	3.00 %	9.73 %
Real Estate	8.00 %	9.56 %
U.S. Equity	27.00 %	7.71 %
Non-U.S. Developed Markets Equity	13.50 %	8.57 %
Emerging Markets Equity	5.50 %	10.23 %
Private Equity	13.00 %	11.42 %

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	2,062,389	1,625,552	1,278,512

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

9. Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Additional Information - The following is a summary of the collective balances of the local group at June 30 2021 and 2020

	<u>6/30/21</u>	<u>6/30/20</u>
Collective Deferred Outflows of Resources	2,347,583,337	3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467	7,645,087,574
Collective Net Pension Liability	16,435,616,426	18,143,832,135
School District's Portion	.0099681927%	0%

B. Teachers' Pension and Annuity (TPAF)

As of June 30, 2021, Ocean Academy Charter School became part the State Pension for TPAF in September 2018. Since the school was not officially enrolled in the plans after June 30, 2021, they are not included in the most recent valuation and thus have no reportable amounts related to pensions.

C. Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Charter School's contributions to the DCRP for June 30, 2021 were \$450. There was no liability for unpaid contributions at June 30, 2021.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Charter School.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

10. 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, 2021

10. **Post-Retirement Benefits (cont'd)**

Employees covered by benefit terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	149,304
Active plan members	<u>216,804</u>
Total	<u><u>366,108</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, 2020 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	2.21%
Healthcare Cost Trend Rates	4.5%-5.6%
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, 2021

10. **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-2020. 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 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, 2019		\$ 41,729,081,045
Changes for the year:		
Service cost		1,790,973,822
Interest on the total OPEB liability		1,503,341,357
Differences Between Expected and actual experience		11,544,750,637
Changes of assumptions		12,386,549,981
Gross benefit payments by the state		(1,180,515,618)
Contributions from the member		<u>35,781,384</u>
Net changes		<u>26,080,881,563</u>
Balance at June 30, 2020		<u>\$ 67,809,962,608</u>

Discount rate

The discount rate for June 30, 2020 was 2.21%. 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, 2021

10. Post-Retirement Benefits (cont'd)

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

The following presents the June 30, 2020 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 (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability of the State for School Retirees	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160
Total OPEB Liability of the State Associated with the School District for School Retirees	\$1,118,091	\$927,452	\$778,390

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven 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, 2020 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% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability of the State for School Retirees	\$54,738,488,540	\$67,809,962,608	\$83,575,182,975
Total OPEB Liability of the State Associated with the School District for School Retirees	\$748,671	\$927,452	\$1,140,341

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

10. 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, 2021, the board of education recognized OPEB expense of \$58,355 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, 2020, 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	\$ 10,295,318,750	\$ (9,170,703,615)
Changes of assumptions	11,534,251,250	(7,737,500,827)
Contributions made in fiscal year ending 2020 after June 30, 2019 measurement date	-	-
Total	<u>\$ 21,829,570,000</u>	<u>\$ (16,908,204,442)</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:	
2021	\$ 43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
Total	<u>\$ 4,921,365,558</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

11. 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.

12. 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.

13. Interfund/Internal Balances and Transfers

There were no interfund balances at June 30, 2021.

14. Fund Balance Appropriated

General Fund - of the \$2,279,654 General Fund balance at June 30, 2021, there is a \$- assigned for encumbrances, \$75,000 is the Charter School Escrow Reserve; therefore, \$2,204,654 is unassigned.

Special Revenue Fund - \$8,944 is restricted for student activities.

15. 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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2021

16. Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, February 4, 2022. 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.

17. Uncertain Tax Positions

The Charter School had no unrecognized tax benefits at June 30, 2021. 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, 2018.

18. Prior Period Adjustment

GASB Statement No. 84 established criteria for identifying funds to be included as Fiduciary Funds. The implementation of GASB 84 created new accounting and reporting requirements for funds previously included in Fiduciary Funds as follows:

- Student Activity Fund is included in the Special Revenue Fund
- Payroll Agency is included in the General Fund

The Student Activity Fund had a fund balance of \$8,944 at June 30, 2020. The balance of \$8,944 is shown as a prior period adjustment to the Special Revenue Fund's beginning fund balance. The restated beginning fund balance is \$8,944.

The adoption of GASB 84 and the inclusion of the activity of the above referenced funds in the General Fund and Special Revenue Fund that were previously included in the Fiduciary Funds also created non-comparability in the MD&A and has been acknowledged and allowed by the GASB.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

OCEAN ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 4,768,706	\$ -	\$ 4,768,706	\$ 4,737,303	\$ (31,403)
Interest income	-	-	-	146	146
Miscellaneous	-	-	-	5,984	5,984
Total - local sources	<u>4,768,706</u>	<u>-</u>	<u>4,768,706</u>	<u>4,743,433</u>	<u>(25,273)</u>
State sources:					
Equalization aid (Local levies - state share)	926,857	-	926,857	920,834	(6,023)
Special Education Aid	75,812	-	75,812	75,812	-
Security aid	183,999	-	183,999	182,750	(1,249)
TPAF LTDI (on-behalf - non-budgeted)	-	-	-	389	389
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	58,355	58,355
Teacher's pension and annuity fund (on-behalf - non-budgeted)	-	-	-	186,209	186,209
TPAF social security (reimbursed - non-budgeted)	-	-	-	81,126	81,126
Total state sources	<u>1,186,668</u>	<u>-</u>	<u>1,186,668</u>	<u>1,505,475</u>	<u>318,807</u>
Total revenues	<u>5,955,374</u>	<u>-</u>	<u>5,955,374</u>	<u>6,248,908</u>	<u>293,534</u>
EXPENDITURES:					
Current Expenditures:					
Regular programs - instruction					
Kindergarten - salaries of teachers	212,000	44,000	256,000	178,452	77,548
Grades 1-5 - salaries of teachers	1,566,492	125,258	1,691,750	1,405,876	285,874
Other salaries for instruction	499,650	75,350	575,000	575,000	-
Purchased professional-educational services	95,000	-	95,000	2,342	92,658
Other purchased services	60,000	-	60,000	4,590	55,410
General supplies	181,900	(100,000)	81,900	39,692	42,208
Textbooks	170,000	61,595	231,595	102,596	128,999
Other objects	75,000	(5,000)	70,000	7,087	62,913
Total instruction	<u>2,860,042</u>	<u>201,203</u>	<u>3,061,245</u>	<u>2,315,635</u>	<u>745,610</u>
Support services - general administration					
Salaries	\$ -	\$ 83,778	\$ 83,778	\$ 83,778	\$ -
Legal fees	85,000	(500)	84,500	47,592	36,908
Audit fees	15,000	500	15,500	15,350	150
Communications/telephone	200,000	(60,000)	140,000	113,717	26,283
Purchased Professional & Tech Services	135,000	(20,000)	115,000	76,751	38,249
Other purchased services	60,000	20,000	80,000	23,000	57,000
General supplies	65,000	(10,000)	55,000	35,865	19,135
Miscellaneous	25,000	22,000	47,000	32,314	14,686
Total support services	<u>585,000</u>	<u>35,778</u>	<u>620,778</u>	<u>428,367</u>	<u>192,411</u>
Support services - school administration					
Salaries of secretarial and clerical assistants	73,090	31,025	104,115	104,115	-
Other Salaries	101,420	70,164	171,584	171,584	-
Purchased Professional & Tech Services	150,000	(3,314)	146,686	69,410	77,276
Other Purchased Services	-	705	705	705	-
Total support services - school administration	<u>324,510</u>	<u>98,580</u>	<u>423,090</u>	<u>345,814</u>	<u>77,276</u>
Other support services					
Rent of Buildings	843,000	17,700	860,700	839,236	21,464
Insurance	120,000	-	120,000	81,979	38,021
Energy costs	160,000	(24,000)	136,000	26,708	109,292
Supplies & Materials	70,000	17,611	87,611	87,611	-
Miscellaneous	50,000	67,389	117,389	92,613	24,776
Transportation	55,000	-	55,000	-	55,000
Other undistrib. expenditures - Bus. & other supplies	55,000	100,300	155,300	87,770	67,530
Total other support services	<u>1,353,000</u>	<u>179,000</u>	<u>1,532,000</u>	<u>1,215,917</u>	<u>316,083</u>
Unallocated Expenditures:					
Other Retirement Contributions - PERS	-	109,047	109,047	109,047	-
Health Benefits	691,000	98,787	789,787	742,852	46,935
Tuition Reimbursement	-	15,203	15,203	15,203	-
Other Employee Benefits	-	5,452	5,452	5,452	-
Total unallocated benefits	<u>691,000</u>	<u>228,489</u>	<u>919,489</u>	<u>872,554</u>	<u>46,935</u>
On-behalf contributions:					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	389	(389)
On-behalf TPAF OPEB (post-retirement med) (non-budgeted)	-	-	-	58,355	(58,355)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	186,209	(186,209)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	81,126	(81,126)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,079</u>	<u>(326,079)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>2,953,510</u>	<u>541,847</u>	<u>3,495,357</u>	<u>3,188,731</u>	<u>306,626</u>
TOTAL GENERAL CURRENT EXPENDITURES	<u>5,813,552</u>	<u>743,050</u>	<u>6,556,602</u>	<u>5,504,366</u>	<u>1,052,236</u>

OCEAN ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Instructional equipment	\$ 75,000	\$ 125,000	\$ 200,000	\$ 63,741	\$ 136,259
Non-instructional equipment	150,000	75,000	225,000	153,411	71,589
Purchase of land/improvements	65,000	35,000	100,000	47,051	52,949
Other Objects	40,000	85,000	125,000	124,319	681
Total capital outlay	<u>330,000</u>	<u>320,000</u>	<u>650,000</u>	<u>388,522</u>	<u>261,478</u>
Total general fund	<u>6,143,552</u>	<u>1,063,050</u>	<u>7,206,602</u>	<u>5,892,888</u>	<u>1,313,714</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(188,178)</u>	<u>(1,063,050)</u>	<u>(1,251,228)</u>	<u>356,020</u>	<u>1,607,248</u>
Other Financing Sources / Uses:					
Operating transfer out - deficit in food service	-	-	-	(84,502)	84,502
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,502)</u>	<u>84,502</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(188,178)</u>	<u>(1,063,050)</u>	<u>(1,251,228)</u>	<u>271,518</u>	<u>1,522,746</u>
Fund Balance, July 1	2,008,136	-	2,008,136	2,008,136	-
Fund Balance, June 30	<u>\$ 1,819,958</u>	<u>\$ (1,063,050)</u>	<u>\$ 756,908</u>	<u>\$ 2,279,654</u>	<u>\$ 1,522,746</u>
Recapitulation:					
Restricted Fund Balance:					
Escrow reserve				\$ 75,000	
Assigned Fund Balance:					
Year-end encumbrances				-	
Designated for subsequent year's expenditures				-	
Unassigned Fund Balance				<u>2,204,654</u>	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				2,279,654	
Last state aid payment not recognized on GAAP basis				<u>-</u>	
Fund balance per governmental funds (GAAP) - B-1				<u>\$ 2,279,654</u>	

OCEAN ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Private sources	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
State sources	-	-	-	-	-
Federal sources	-	387,545	387,545	387,545	-
Total Revenues	<u>-</u>	<u>392,545</u>	<u>392,545</u>	<u>392,545</u>	<u>-</u>
EXPENDITURES					
Instruction:					
Personal services - salaries	-	25,000	25,000	25,000	-
Purchased professional and technical services	-	-	-	-	-
General supplies	-	175,259	175,259	175,259	-
Professional services	-	-	-	-	-
Other objects	-	14,078	14,078	14,078	-
Total instruction	<u>-</u>	<u>214,337</u>	<u>214,337</u>	<u>214,337</u>	<u>-</u>
Support services:					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Principal	-	-	-	-	-
Salaries of Other Professional Staff	-	22,408	22,408	22,408	-
Salaries of Secr. And Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Other purchased services	-	102,242	102,242	102,242	-
Employee benefits	-	-	-	-	-
Rentals	-	-	-	-	-
Travel	-	-	-	-	-
Supplies and materials	-	-	53,558	53,558	-
Student activities	-	-	-	-	-
Total support services	<u>-</u>	<u>178,208</u>	<u>178,208</u>	<u>178,208</u>	<u>-</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>-</u>	<u>392,545</u>	<u>392,545</u>	<u>392,545</u>	<u>-</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1				-	
Prior Period Adjustment				<u>8,944</u>	
Fund Balance, July 1 (Restated)				<u>8,944</u>	
Fund Balance, June 30				<u>\$ 8,944</u>	
Recapitulation:					
Student Activities				<u>8,944</u>	
Total Fund Balance				<u>\$ 8,944</u>	

Note 1 - Not required to budget for these funds.

**OCEAN ACADEMY CHARTER SCHOOL
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to Required Supplementary Information
For the Year Ended June 30, 2021**

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]	\$ 6,248,908	[C-2]	\$ 392,545
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.		(186,209)		-
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]	\$ 6,062,699	[B-2]	\$ 392,545
 Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 5,977,390	[C-2]	\$ 392,545
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(186,209)		-
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]	\$ 5,791,181	[B-2]	\$ 392,545

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**OCEAN ACADEMY CHARTER SCHOOL
Required Supplementary Information
Schedule of the Charter School's Proportionate Share of the Net Pension Liability-PERS
For the Year Ended June 30, 2021**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Charter School's proportion of the net pension liability	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0099681927%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,625,552
Charter School's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	58.32%

The amounts presented were determined as of the fiscal year-end that occurred one year before the Charter School's fiscal year end.

* 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
Required Supplementary Information
Schedule of the Charter School Contributions-PERS
For the Year Ended June 30, 2021**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,047
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	109,047
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,025,668
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.63%

* 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
Required Supplementary Information
Schedule of the Charter School's Proportionate Share of Net Pension Liability-TPAF
For the Year Ended June 30, 2021**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
State's proportion of the net pension liability associated with the District	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0142764554%
State's proportionate share of the net pension liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,761,595
Charter School's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,078,372
Proportionate share of the net pension liability as a percentage of Charter School's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	812.48%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	24.60%

The Charter School has a special funding situation and is not required to make any payments for this liability therefore it is not recorded on the CAFR.
The amounts presented were determined as of the fiscal year-end that occurred one year before the Charter School's fiscal year end.

* 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
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2021
(Unaudited)

Last 10 Fiscal Years*

	2020	2021
State's proportion of the OPEB liability associated with the District		
Service cost	\$ -	\$ 4,292
Interest cost	(36)	2,110
Differences between expected and actual experiences	64,727	703,551
Changes in assumptions	950	169,414
Member contributions	58	489
Gross benefit payments	(1,957)	(16,146)
Net change in total OPEB liability	63,742	863,710
Total State's OPEB liability - beginning	-	63,742
Total State's OPEB liability - ending	\$ 63,742	\$ 927,452
District's covered employee payroll	\$ 2,051,556	\$ 2,690,111
Total State's OPEB liability as a percentage of covered employee payroll	3%	34%

* 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, 2021

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 6.26% as of June 30, 2019, to 7.00% as of 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 3.50% as of June 30 2019 to 2.21% as of June 30, 2020.

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, 2021

	I.D.E.A Regular Program Part B 20/21	Title I 20/21	Title II-A 20/21	Title III 20/21	Title IV 20/21
Revenues:					
Private sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	59,575	217,832	27,408	33,631	10,000
Total revenues	59,575	217,832	27,408	33,631	10,000
Expenditures:					
Instruction:					
Salaries	-	25,000	-	-	-
Other salaries - instruction	-	-	-	-	-
General supplies	-	122,487	-	10,000	-
Professional services	-	-	-	-	-
Other Objects	-	14,078	-	-	-
Total instruction	-	161,565	-	10,000	-
Support services:					
Other support services - students - special:					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Principal	-	-	-	-	-
Salaries of Other Professional Staff	-	-	22,408	-	-
Salaries of Sec. And Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Other purchased services	59,575	20,000	5,000	16,340	-
Employee benefits	-	-	-	-	-
Rentals	-	-	-	-	-
Travel	-	-	-	-	-
Supplies and materials	-	36,267	-	7,291	10,000
Student activities	-	-	-	-	-
Total other support services - students - special	59,575	56,267	27,408	23,631	10,000
Total support services	59,575	56,267	27,408	23,631	10,000
Facilities acquisition and construction equipment:					
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total facilities acquisition and construction equipment	-	-	-	-	-
Total expenditures	\$ 59,575	\$ 217,832	\$ 27,408	\$ 33,631	\$ 10,000
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Fund Balance, July 1 (Restated)	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

*Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

OCEAN ACADEMY CHARTER SCHOOL
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
Special Revenue Fund
For the Year Ended June 30, 2021

	I.D.E.A Preschool Program Part B 20/21	Student Activity 20/21	CRF 20/21	Other 20/21	Total 2021
Revenues:					
Private sources	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
State sources	-	-	-	-	-
Federal sources	1,327	-	37,772	-	387,545
Total revenues	1,327	-	37,772	5,000	392,545
Expenditures:					
Instruction:					
Salaries	-	-	-	-	25,000
Other salaries - instruction	-	-	-	-	-
General supplies	-	-	37,772	5,000	175,259
Professional services	-	-	-	-	-
Other Objects	-	-	-	-	14,078
Total instruction	-	-	37,772	5,000	214,337
Support services:					
Other support services - students - special:					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Principal	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	22,408
Salaries of Sec. And Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Other purchased services	1,327	-	-	-	102,242
Employee benefits	-	-	-	-	-
Rentals	-	-	-	-	-
Travel	-	-	-	-	-
Supplies and materials	-	-	-	-	53,558
Student activities	-	-	-	-	-
Total other support services - students - special	1,327	-	-	-	178,208
Total support services	1,327	-	-	-	178,208
Facilities acquisition and construction equipment:					
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total facilities acquisition and construction equipment	-	-	-	-	-
Total expenditures	\$ 1,327	\$ -	\$ 37,772	\$ 5,000	\$ 392,545
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Prior Period Adjustment	-	8,944	-	-	8,944
Fund Balance, July 1 (Restated)	-	8,944	-	-	8,944
Fund Balance, June 30	\$ -	\$ 8,944	\$ -	\$ -	\$ 8,944

*Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

F. Capital Projects Fund
Not Applicable

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

H. Fiduciary Funds
Not Applicable

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>	82-85
<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>	86-89
<p>Performance Framework</p>	90

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>	<u>2021</u>
Governmental activities				
Net investment in capital assets	\$ -	\$ -	\$ 38,000	\$ 84,769
Restricted	75,000	75,000	104,035	83,944
Unrestricted	125,910	532,116	1,904,101	1,948,975
Total governmental activities net position	<u>200,910</u>	<u>607,116</u>	<u>2,046,136</u>	<u>2,117,688</u>
Business-type activities				
Net investment in capital assets	-	-	61,360	58,131
Restricted	-	-	-	-
Unrestricted	27,695	28,848	55	55,521
Total business-type activities net position	<u>27,695</u>	<u>28,848</u>	<u>61,415</u>	<u>113,652</u>
Charter school-wide				
Net investment in capital assets	-	-	99,360	142,900
Restricted	75,000	75,000	104,035	83,944
Unrestricted	153,605	560,964	1,904,156	2,004,496
Total charter school-wide net position	<u>\$ 228,605</u>	<u>\$ 635,964</u>	<u>\$ 2,107,551</u>	<u>\$ 2,231,340</u>

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

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	2021
Expenses				
Governmental activities				
Instruction				
Regular	\$ 805,922	\$ 1,202,177	\$ 1,493,776	\$ 2,529,972
Special Education instruction	-	-	-	-
Other special instruction	-	-	-	-
Support Services:				
Health services	-	-	-	-
Other support services	-	-	-	-
General administrative services	523,543	1,252,801	1,315,648	1,644,284
School administrative services	374,178	235,474	428,401	524,022
School central services	-	-	-	-
Other operation & Maintenance of plant	29,327	57,036	39,463	341,753
Student transportation services	-	-	-	-
Unallocated employee benefits	191,027	298,602	453,575	1,128,233
Non-budgeted expenditures	-	55,887	88,976	139,870
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>	<u>6,308,134</u>
Business-type activities:				
Food service	161,636	230,895	209,763	438,770
Childcare	-	10,159	36,810	63,558
Total business-type activities expense	<u>161,636</u>	<u>241,054</u>	<u>246,573</u>	<u>502,328</u>
Total charter school-wide expenses	<u>2,085,633</u>	<u>3,343,031</u>	<u>4,066,412</u>	<u>6,810,462</u>
Program Revenues				
Governmental activities:				
Operating grants and contributions	-	260,888	361,064	532,415
Capital grants and contributions	93,255	-	-	-
Total governmental activities program revenues	<u>93,255</u>	<u>260,888</u>	<u>361,064</u>	<u>532,415</u>
Business-type activities:				
Charges for services				
Food service	11,072	6,244	1,820	536
Child Care	-	24,482	19,561	27,274
Operating grants and contributions	111,191	165,871	161,177	442,253
Total business type activities program revenues	<u>122,263</u>	<u>196,597</u>	<u>182,558</u>	<u>470,063</u>
Total charter school-wide program revenues	<u>215,518</u>	<u>457,485</u>	<u>543,622</u>	<u>1,002,478</u>
Net (Expense)/Revenue				
Governmental activities	(1,830,742)	(2,841,089)	(3,458,775)	(5,775,719)
Business-type activities	(39,373)	(44,457)	(64,015)	(32,265)
Total charter school-wide net expense	<u>(1,870,115)</u>	<u>(2,885,546)</u>	<u>(3,522,790)</u>	<u>(5,807,984)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Tuition from taxes	1,653,740	2,626,685	4,026,150	4,737,303
Unrestricted grants and contributions	440,625	628,837	951,272	1,174,396
Miscellaneous income	4,355	37,383	16,955	11,130
Transfers	(67,068)	(45,610)	(96,582)	(84,502)
Total governmental activities	<u>2,031,652</u>	<u>3,247,295</u>	<u>4,897,795</u>	<u>5,838,327</u>
Business-type activities:				
Transfers	67,068	45,610	96,582	84,502
Total business-type activities	<u>67,068</u>	<u>45,610</u>	<u>96,582</u>	<u>84,502</u>
Total charter school-wide	<u>2,098,720</u>	<u>3,292,905</u>	<u>4,994,377</u>	<u>5,922,829</u>
Change in Net Position				
Governmental activities	200,910	406,206	1,439,020	62,608
Business-type activities	27,695	1,153	32,567	52,237
Total charter school-wide	<u>\$ 228,605</u>	<u>\$ 407,359</u>	<u>\$ 1,471,587</u>	<u>\$ 114,845</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>	<u>2021</u>
General Fund				
Restricted	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Committed	-	-	-	-
Assigned	10,045	294	29,035	-
Unassigned	115,865	531,822	1,904,101	2,204,654
Total general fund	<u>200,910</u>	<u>607,116</u>	<u>2,008,136</u>	<u>2,279,654</u>
All Other Governmental Funds				
Reserved	-	-	-	-
Restricted				
Special revenue fund	-	-	-	8,944
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,944</u>

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

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

	2018	2019	2020	2021
Revenues				
Tuition charges	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	43	80	146
Miscellaneous	-	37,340	16,875	10,984
Local sources	1,658,095	2,626,685	4,026,150	4,737,303
State sources	440,625	684,724	1,040,248	1,319,266
Federal sources	93,255	205,001	272,088	387,545
Total revenue	<u>2,191,975</u>	<u>3,553,793</u>	<u>5,355,441</u>	<u>6,455,244</u>
Expenditures				
Instruction				
Regular Instruction	805,922	1,202,177	1,493,776	2,529,972
Support Services:				
Other support services	374,178	-	-	-
General administrative services	523,543	1,252,801	1,315,648	1,644,284
School administrative services	-	235,474	428,401	524,022
Unallocated employee benefits	191,027	298,602	453,575	872,554
Non-budgeted expenditures	-	55,887	88,976	139,870
Capital outlay	29,327	57,036	77,463	388,522
Total expenditures	<u>1,923,997</u>	<u>3,101,977</u>	<u>3,857,839</u>	<u>6,099,224</u>
Excess (Deficiency) of revenues over (under) expenditures	267,978	451,816	1,497,602	356,020
Other Financing sources (uses)				
Transfers out	(67,068)	(45,610)	(96,582)	(84,502)
Total other financing sources (uses)	<u>(67,068)</u>	<u>(45,610)</u>	<u>(96,582)</u>	<u>(84,502)</u>
Net change in fund balances	<u>\$ 200,910</u>	<u>\$ 406,206</u>	<u>\$ 1,401,020</u>	<u>\$ 271,518</u>
Debt service as a percentage of noncapital expenditures	0.00%	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>	<u>2021</u>
Number of Classes:				
Kindergarten	4	4	4	4
Grade 1	3	3	3	3
Grade 2	3	3	3	3
Grade 3	0	2	3	3
Grade 4	0	0	2	2
Total Number of Classes	<u>10</u>	<u>12</u>	<u>15</u>	<u>15</u>
Full-Time Employees:				
Executive Director	1	1	1	1
Teachers	11	15	18	21
Supervisor/Title I Coordinator	1	1	1	1
Teacher Aides	7	12	16	18
School Nurse	1	1	1	1
Head of School	1	1	1	1
Custodian	1	2	2	2
Administrative Assistant	1	2	4	4
Total Employees	<u>24</u>	<u>35</u>	<u>44</u>	<u>49</u>
Teacher/Student Ratio	<u>1:7</u>	<u>1:8</u>	<u>1:8</u>	<u>1:8</u>
Student Count at June 30	<u>151</u>	<u>216</u>	<u>263</u>	<u>335</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				
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%
2021	335	5,710,702	17,047	40.60%	39.0	1:8	-	335.0	320.0	121.85%	95.52%

Sources: Charter School records

Note: Enrollment based on annual October charter school count ASSA 10/15/20 count for FYE 2021.

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).

OCEAN ACADEMY CHARTER SCHOOL
 School Building Information
 Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building										
<u>Elementary and Middle School (Combined)</u>										
Ocean Academy Charter School										
Square Feet	-	-	-	-	-	-	10,000	10,000	13,000	30,000
Capacity (students)	-	-	-	-	-	-	220	220	280	360
Enrollment	-	-	-	-	-	-	151	216	263	335

Number of Schools at June 30, 2021
 Elementary and Middle School combined = 1

Source: Charter School Records

OCEAN ACADEMY CHARTER SCHOOL
Insurance Schedule
June 30, 2021

	<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 Four Years

	2018 Audit	2019 Audit	2020 Audit	2021 Audit
Cash	106,147	205,436	728,191	1,836,572
Current Assets	308,830	151,767	1,257,816	510,889
Total Assets	308,830	739,523	2,160,367	2,565,361
Current Liabilities	80,225	103,559	52,816	78,342
Total Liabilities	80,225	103,559	52,816	1,703,894
Net Position	228,605	635,964	2,107,551	2,231,340
Total Revenue	2,314,238	3,292,905	4,994,377	6,925,307
Total Expenses	2,085,633	2,841,089	3,458,775	6,810,462
Change in Net Position	228,605	451,816	1,535,602	114,845
Depreciation Expense	-	-	2,000	4,567
Interest Expense	-	-	-	-
Principal Payments	-	-	-	-
Interest Payments	-	-	-	-
Final Average Daily Enrollment	145	215	263	335
March 30th Budgeted Enrollment	155	220	275	360

RATIO ANALYSIS

Near Term Indicators

1a	Current Ratio	3.85	3.45	37.60	29.96
1b	Unrestricted Days Cash	18.58	26.39	76.85	98.43
1c	Enrollment Variance	94%	98%	96%	93%
1d	Default	NO	NO	NO	NO

Sustainability Indicators

2a	Total Margin	10%	14%	31%	2%
2b	Debt to Asset	26	0.14	0.02	0.66
2c	Cash Flow	106,147	-	-	-
2d	Debt Service Coverage Ratio	N/A	N/A	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, 2021, 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 February 4, 2022.

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

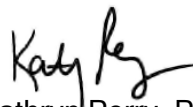
As part of obtaining reasonable assurance about whether the Ocean Academy Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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

February 4, 2022

**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, 2021. 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, 2021.

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.

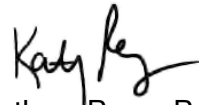
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

February 4, 2022

OCEAN ACADEMY CHARTER SCHOOL
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Year Ended June 30, 2021

<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, 2020</u>	<u>Adjustments</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue at June 30, 2021</u>	<u>Accounts Receivable at June 30, 2021</u>	<u>Due to Grantor at June 30, 2021</u>
U.S. Department of Education										
Passed-through State Department of Education:										
Special Revenue Fund:										
Title I, Part A	84.010	7/1/19-6/30/20	\$ 108,021	\$ (30,093)	\$ -	\$ 30,093	\$ -	\$ -	\$ -	\$ -
Title I, Part A	84.010	7/1/20-6/30/21	210,345	-	-	5,399	(210,345)	-	(204,946)	-
Title I, Part A - Reallocated	84.010	7/1/20-6/30/21	7,487	-	-	-	(7,487)	-	(7,487)	-
Title II, Part A	84.367A	7/1/19-6/30/20	12,258	(12,258)	-	12,258	-	-	-	-
Title II, Part A	84.367A	7/1/20-6/30/21	27,408	-	-	-	(27,408)	-	(27,408)	-
Title III	84.365A	7/1/20-6/30/21	33,631	-	-	-	(33,631)	-	(33,631)	-
Title IV	84.424A	7/1/20-6/30/21	10,000	-	-	-	(10,000)	-	(10,000)	-
I.D.E.A. Part B Basic Regular	84.027A	7/1/19-6/30/20	39,898	(39,898)	-	39,898	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027A	7/1/20-6/30/21	59,575	-	-	-	(59,575)	-	(59,575)	-
I.D.E.A. Part B Preschool	84.173	7/1/20-6/30/21	1,327	-	-	-	(1,327)	-	(1,327)	-
CARES Emergency Relief Grant	84.425D	7/1/19-6/30/20	111,911	(111,911)	-	111,911	-	-	-	-
Coronavirus Relief Fund	84.425D	7/1/20-6/30/21	37,772	-	-	37,772	(37,772)	-	-	-
Total Special Revenue Fund				(194,160)	-	237,331	(387,545)	-	(344,374)	-
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Food Service Enterprise Fund:										
Child Nutrition Cluster:										
School Breakfast Program	10.553	7/1/19-6/30/20	59,420	(20,053)	16,916	3,137	-	-	-	-
School Snack Program	10.553	7/1/19-6/30/20	4,348	(1,347)	1,347	-	-	-	-	-
Summer Food Service Program for Children	10.559	7/1/19-6/30/20	4,891	(4,891)	-	4,891	-	-	-	-
Summer Food Service Program for Children	10.559	7/1/20-6/30/21	430,071	-	-	381,731	(430,071)	-	(48,340)	-
National School Lunch Program	10.555	7/1/19-6/30/20	90,934	(26,013)	25,912	101	-	-	-	-
Subtotal of Child Nutrition Cluster				(52,304)	44,175	389,860	(430,071)	-	(48,340)	-
Total Enterprise (Food Service) Fund				(52,304)	44,175	389,860	(430,071)	-	(48,340)	-
Total Expenditures of Federal Awards				\$ (246,464)	\$ 44,175	\$ 627,191	\$ (817,616)	\$ -	\$ (392,714)	\$ -

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, 2021

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2021	(Accounts Receivable) at June 30, 2021	Due to Grantor at June 30, 2021
New Jersey Department of Education									
General Fund:									
Special Education Categorial Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 75,812	\$ -	\$ 75,812	\$ (75,812)	\$ -	\$ -	\$ -
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	182,750	-	182,750	(182,750)	-	-	-
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	920,834	-	908,635	(920,834)	-	(12,199)	-
On-Behalf TPAF Pension Contribution	21-100-034-5095-002	7/1/20-6/30/21	186,209	-	186,209	(186,209)	-	-	-
On-Behalf TPAF Post-Retirement Medical	21-100-034-5095-001	7/1/20-6/30/21	58,355	-	58,355	(58,355)	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	21-100-034-5095-004	7/1/20-6/30/21	389	-	389	(389)	-	-	-
Reimbursed TPAF Social Security Tax Contribution	20-495-034-5094-003	7/1/19-6/30/20	88,976	(58,881)	58,881	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	21-495-034-5094-003	7/1/20-6/30/21	81,126	-	72,646	(81,126)	-	(8,480)	-
Total General Fund			<u>(58,881)</u>	<u>1,543,677</u>	<u>(1,505,475)</u>	<u>-</u>	<u>(20,679)</u>	<u>-</u>	
Enterprise Fund:									
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	1,584	(512)	512	-	-	-	-
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	12,182	-	10,144	(12,182)	-	(2,038)	-
Total Enterprise Fund			<u>(512)</u>	<u>10,656</u>	<u>(12,182)</u>	<u>-</u>	<u>(2,038)</u>	<u>-</u>	
Total Expenditures of State Awards for testing			<u>\$ (59,393)</u>	<u>\$ 1,554,333</u>	<u>\$ (1,517,657)</u>	<u>\$ -</u>	<u>\$ (22,717)</u>	<u>\$ -</u>	
State Financial Assistance Not Subject to Single Audit Determination									
General Fund:									
On-Behalf TPAF Pension Contribution	21-100-034-5095-002	7/1/20-6/30/21	186,209	-	186,209	(186,209)	-	-	-
On-Behalf TPAF Post-Retirement Medical	21-100-034-5095-001	7/1/20-6/30/21	58,355	-	58,355	(58,355)	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	21-100-034-5095-004	7/1/20-6/30/21	389	-	389	(389)	-	-	-
Total State Financial Assistance Not Subject to Single Audit Determination			<u>-</u>	<u>244,953</u>	<u>(244,953)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total State Financial Assistance			<u>\$ (59,393)</u>	<u>\$ 1,309,380</u>	<u>\$ (1,272,704)</u>	<u>\$ -</u>	<u>\$ (22,717)</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, 2021

1. General

The accompanying schedules of expenditures of awards 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, 2021

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$186,209 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	\$ -	\$ 1,319,266	\$ 1,319,266
Special Revenue Fund	387,545	-	387,545
Food Service Fund	<u>430,071</u>	<u>12,182</u>	<u>442,253</u>
Total awards and financial assistance	<u>\$ 817,616</u>	<u>\$ 1,331,448</u>	<u>\$ 2,149,064</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, 2021.

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, 2021

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 X no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

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

Federal Awards Section

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a) of Circular the Uniform Guidance? _____ yes X no

Identification of major programs:

CFDA Number(s) 10.559	Name of Federal Program or Cluster Summer Food Service Program for Children
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

Ocean Academy Charter School

Schedule of Findings and Questioned Costs (continued)

June 30, 2021

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, 2021

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, 2021

Summary Schedule of Prior Year Audit Findings - N/A