

Ocean Academy Charter School

of Ocean County

Ocean Academy Charter School

Lakewood, New Jersey

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Of the

Ocean Academy Charter School

Lakewood, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

David P. Block
School Business Administrator

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INTRODUCTORY SECTION

Ocean Academy Charter School

1650 Massachusetts Ave

Lakewood, New Jersey 08701

Phone (732) 987-6525

March 8, 2023

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

Dear Board Members/Citizens:

The Annual Comprehensive Financial Report (ACFR) of the Ocean Academy Charter School for the fiscal year ended June 30, 2022, 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, 2022, 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>
2021-2022	372	+12%

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 2021-22. 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

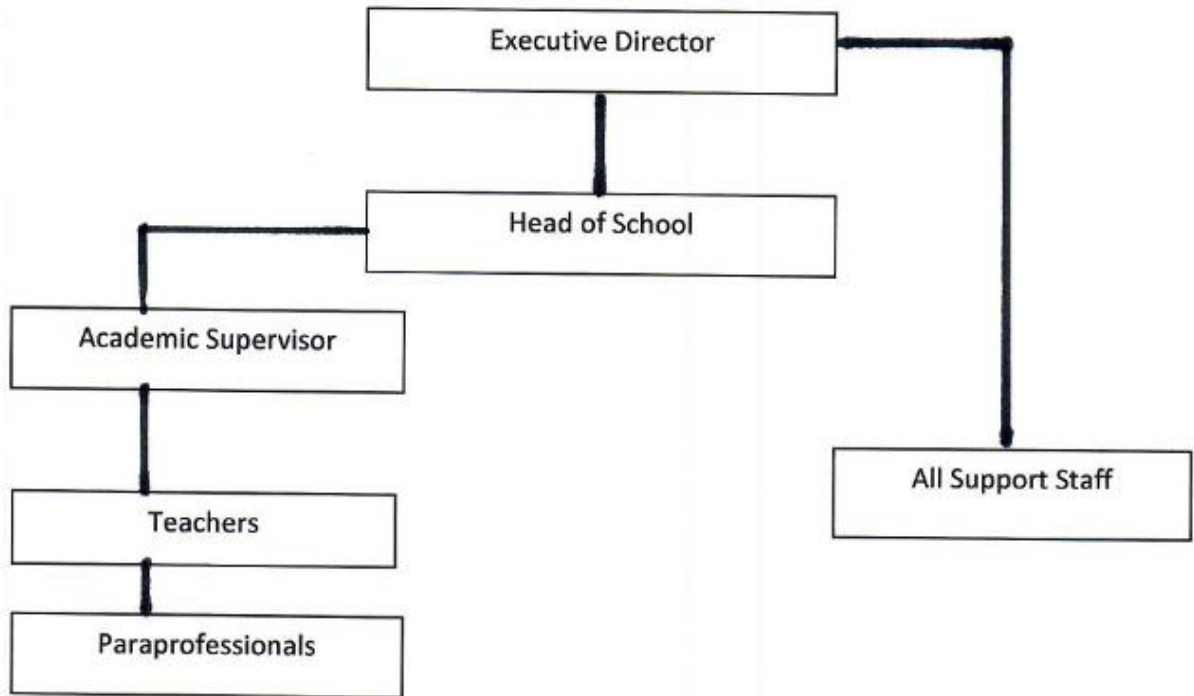
We would like to express our appreciation to the members of the Board of Trustees for their concern in providing fiscal accountability to the community of the Ocean Academy Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation 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, 2022

<u>Members of the Board of Trustees</u>	<u>Term Expires</u>
Anita Lepelstat, President	2025
Jim Muzikowski, Vice President	2024
Thomas A. D'Ambola	2023
Roxanne Martin	2025
Aase Schults Hare	2023
Reverend Juan Angel Monge-Santiago	2023
Marshall White	2025
Sharon Hollander	2024
Stephen Nichol	2024

Other Officials

Lorna Hassel, Head of School

David P. Block, 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 on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022 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.

Basis for Opinions

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ocean Academy Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ocean Academy Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ocean Academy Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ocean Academy Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules related to accounting and reporting for pensions and the schedules related to accounting and reporting for postemployment benefits other than pensions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of Ocean Academy Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the Charter School implemented GASB Statement No. 87, Leases, during the fiscal year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 March 8, 2023 on our consideration of Ocean Academy Charter School's 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ocean Academy Charter School 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's 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

March 8, 2023

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Ocean Academy Charter School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
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, 2022. 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, 2022 are as follows:

Net position totaled \$2,640,642, which represents a 19.57 percent increase from June 30, 2021.

General revenues accounted for \$7,492,827 in revenue or 82.72 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 \$1,564,933 or 17.28 percent of total revenues of \$9,057,760.

Total assets increased by \$16,535,877 as current assets increased by \$1,590,830, capital assets, net increased by \$15,037,360 and leased assets, net decreased by \$92,313

The Charter School had \$8,625,475 in expenses; only \$1,564,933 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$7,492,827 were adequate to provide for these programs.

Among major funds, the General Fund had \$7,423,179 in revenues and \$5,797,761 in expenditures and transfers. The General Fund's balance increased \$1,625,418 over June 30, 2021. The General Fund's balance is \$3,905,072.

Using this Annual Comprehensive Financial Report (ACFR)

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 and Extended Daycare 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. Net position may, over time, serve as a useful indicator of a government's financial position.

Table 1 provides a summary comparison of the Charter School's net position for June 30, 2022 and 2021.

Table 1

Net Position as of June 30, 2022 and June 30, 2021

	June 30, 2022			June 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 3,957,346	\$ 55,945	\$ 4,013,291	\$ 2,366,940	\$ 55,521	\$ 2,422,461
Capital assets, net	15,104,863	75,397	15,180,260	84,769	58,131	142,900
Leased assets, net	320,076	-	320,076	412,389	-	412,389
Total assets	19,382,285	131,342	19,513,627	2,864,098	113,652	2,977,750
Deferred outflow of resources	1,910,971	-	1,910,971	2,056,256	-	2,056,256
Liabilities:						
Current liabilities	72,674	-	72,674	78,342	-	78,342
Long-term liabilities outstanding	16,433,332	-	16,433,332	2,060,924	-	2,060,924
Total liabilities	16,506,006	-	16,506,006	2,139,266	-	2,139,266
Deferred inflow of resources	2,277,950	-	2,277,950	686,383	-	686,383
Net position:						
Net investment in capital assets	(889,137)	75,397	(813,740)	61,786	58,131	119,917
Restricted	294,467	-	294,467	83,944	-	83,944
Unrestricted	3,103,970	55,945	3,159,915	1,948,975	55,521	2,004,496
Total Net Position	\$ 2,509,300	\$ 131,342	\$ 2,640,642	\$ 2,094,705	\$ 113,652	\$ 2,208,357

The Charter School's combined net position was \$2,640,642 on June 30, 2022. This is a change of 19.57% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2022 and 2021.

Table 2

Changes in Net Position

	June 30, 2022			June 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ -	\$ 30,455	\$ 30,455	\$ -	\$ 27,810	\$ 27,810
Operating and capital grants and contributions	1,067,555	466,923	1,534,478	532,415	442,253	974,668
General revenues:						
Tuition	5,704,168	-	5,704,168	4,737,303	-	4,737,303
Federal and state aid	1,717,298	-	1,717,298	1,174,396	-	1,174,396
Investment earnings	6,342	-	6,342	146	-	146
Miscellaneous	65,019	-	65,019	10,984	-	10,984
Total revenues	<u>8,560,382</u>	<u>497,378</u>	<u>9,057,760</u>	<u>6,455,244</u>	<u>470,063</u>	<u>6,925,307</u>
Expenses						
Instructional services	3,681,639	-	3,681,639	2,529,972	-	2,529,972
Support services	3,774,668	501,263	4,275,931	3,778,162	502,328	4,280,490
Interest on long-term liabilities	667,905	-	667,905	-	-	-
Total expenses	<u>8,124,212</u>	<u>501,263</u>	<u>8,625,475</u>	<u>6,308,134</u>	<u>502,328</u>	<u>6,810,462</u>
Change in net position	<u>436,170</u>	<u>(3,885)</u>	<u>432,285</u>	<u>147,110</u>	<u>(32,265)</u>	<u>114,845</u>
Transfers	(21,575)	21,575	-	(84,502)	84,502	-
Change in net position after transfers	<u>414,595</u>	<u>17,690</u>	<u>432,285</u>	<u>(62,608)</u>	<u>(52,237)</u>	<u>114,845</u>

Government Activities

The tuition portion paid by the sending district is made up 66.63% of revenues for governmental activities for the fiscal year 2022. The Charter School's total revenues were \$8,560,382 for the year ended June 30, 2022. Federal, state and local grants accounted for another 33.37%.

The total cost of all programs and services was \$8,124,212. Instruction and instruction direct support comprises 48.06% of the Charter School's expenses.

Expenses for Fiscal Year June 30, 2022

Business-Type Activities

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

Total Enterprise Fund expenses exceeded revenues by \$3,885. The General Fund had to transfer \$21,575 to cover the expenses.

Charges for services represent \$30,455 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 donated commodities was \$466,923.

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

	2022		2021	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 3,681,639	\$ 3,033,824	\$ 2,529,972	\$ 2,315,635
Support Services:				
Pupils and Instructional Staff	222,713	-	139,870	-
General Administration, School Administration, Business Operation and Maintenance of Facilities	3,551,955	3,354,928	3,638,292	3,460,084
Interest and Fiscal Charges	<u>667,905</u>	<u>667,905</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 8,124,212</u>	<u>\$ 7,056,657</u>	<u>\$ 6,308,134</u>	<u>\$ 5,775,719</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 \$24,553,925 and expenditures of \$22,928,045. The net positive change in fund balance for the year was most significant in the General Fund, with an increase of \$1,625,880.

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, 2022.

<u>Revenue</u>	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 5,775,529	67.47 %	\$ 1,027,096	21.63 %
State Sources	1,669,848	19.51	350,582	26.57
Federal Sources	1,115,005	13.02	727,460	187.71
Total	<u>\$ 8,560,382</u>	<u>100.00 %</u>	<u>\$ 2,105,138</u>	<u>32.61 %</u>

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2022.

<u>Expenditures</u>	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 3,606,389	47.15 %	\$ 1,076,417	42.55 %
Undistributed Expenditures	3,001,093	39.24	(179,637)	(5.65)
Capital Outlay	661,820	8.65	273,298	70.34
Transfers	21,575	0.28	(62,927)	(16.20)
Debt Service:				
Interest	<u>357,675</u>	<u>4.68</u>	<u>357,675</u>	<u>-</u>
Total	\$ <u>7,648,552</u>	<u>100.00 %</u>	\$ <u>1,464,826</u>	<u>24.02 %</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 2022, 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

While the Charter School final budget for the General Fund anticipated that revenues would exceed expenditures by approximately \$(107,000), the actual results for the year show a \$1,625,880 surplus.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2022, the School Board had \$15,180,260 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2022 and June 30, 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 954,000	\$ -	\$ -	\$ -	\$ 954,000	\$ -
Construction in Progress	-	-	-	-	-	-
Site Improvements	16,530	-	-	-	16,530	-
Building and Improvements	13,887,268	84,769	-	-	13,887,268	84,769
Machinery and Equipment	247,065	-	75,397	58,131	322,462	58,131
Total	\$ 15,104,863	\$ 84,769	\$ 75,397	\$ 58,131	\$ 15,180,260	\$ 142,900

During the current fiscal year, \$14,257,637 of capital assets were capitalized as additions.

Debt Administration. The Charter School's long-term liabilities are as follows for the governmental and business-type activities:

	June 30, 2022	June 30, 2021
Bond Payable (net)	\$ 14,590,000	\$ -
Leases payable	340,584	435,372
Pension Liability-PERS	1,427,498	1,625,552
Compensated Absences payable	75,250	-
Total long-term liabilities	\$ 16,433,332	\$ 2,060,924

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

Economic Factors and Next Year's Budget

For the 2021-2022 school year, the Charter School was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 32.53% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 67.47% of total revenue is from local sources.

The \$3,103,970 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 2021-2022 budget was adopted in March 2021 based in part on the state education aid the Charter School anticipated receiving. 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 2022-2023 fiscal year when adding the 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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,450,137	\$ 343	\$ 1,450,480
Receivables - other	-	16,685	16,685
Receivables - state	98,311	421	98,732
Receivables - federal	895,369	35,007	930,376
Receivables - other governments	512,479	-	512,479
Inventory	-	3,489	3,489
Restricted cash	1,001,050	-	1,001,050
Capital assets, non-depreciable	954,000	-	954,000
Capital assets, depreciable, net	14,150,863	75,397	14,226,260
Lease assets, net	320,076	-	320,076
Total assets	<u>19,382,285</u>	<u>131,342</u>	<u>19,513,627</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	1,910,971	-	1,910,971
Total deferred outflows of resources	<u>1,910,971</u>	<u>-</u>	<u>1,910,971</u>
LIABILITIES			
Unearned revenue	1,600	-	1,600
Other liabilities	71,074	-	71,074
Noncurrent liabilities:			
Due within one year	184,485	-	184,485
Due beyond one year	16,248,847	-	16,248,847
Total liabilities	<u>16,506,006</u>	<u>-</u>	<u>16,506,006</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	894,458	-	894,458
Premium on bond issuance	1,383,492	-	1,383,492
Total deferred outflows of resources	<u>2,277,950</u>	<u>-</u>	<u>2,277,950</u>
NET POSITION			
Investment in Capital Assets	(889,137)	75,397	(813,740)
Restricted for:			
Student activities	219,467	-	219,467
Charter school escrow reserve	75,000	-	75,000
Unrestricted	3,103,970	55,945	3,159,915
Total net position	<u>\$ 2,509,300</u>	<u>\$ 131,342</u>	<u>\$ 2,640,642</u>

OCEAN ACADEMY CHARTER SCHOOL
Statement of Activities
For the Year Ended June 30, 2022

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	\$ 3,681,639	\$ -	\$ 647,815	\$ -	\$ (3,033,824)	\$ -	\$ (3,033,824)
Support services and undistributed costs:							
General administrative services	1,182,584	-	-	-	(1,182,584)	-	(1,182,584)
School administrative services	874,382	-	197,027	-	(677,355)	-	(677,355)
Other operation & maintenance of plant	618,269	-	-	-	(618,269)	-	(618,269)
Unallocated employee benefits	876,720	-	-	-	(876,720)	-	(876,720)
Non-budgeted expenses	222,713	-	222,713	-	-	-	-
Interest expense	667,905	-	-	-	(667,905)	-	(667,905)
Total governmental activities	<u>8,124,212</u>	<u>-</u>	<u>1,067,555</u>	<u>-</u>	<u>(7,056,657)</u>	<u>-</u>	<u>(7,056,657)</u>
Business-type activities:							
Food Service	424,525	1,365	466,923	-	-	43,763	43,763
Childcare	76,738	29,090	-	-	-	(47,648)	(47,648)
Total business-type activities	<u>501,263</u>	<u>30,455</u>	<u>466,923</u>	<u>-</u>	<u>-</u>	<u>(3,885)</u>	<u>(3,885)</u>
Total primary government	<u>\$ 8,625,475</u>	<u>\$ 30,455</u>	<u>\$ 1,534,478</u>	<u>\$ -</u>	<u>(7,056,657)</u>	<u>(3,885)</u>	<u>(7,060,542)</u>
General revenues:							
Tuition					5,704,168	-	5,704,168
Federal and state aid not restricted					1,717,298	-	1,717,298
Interest income					6,342	-	6,342
Miscellaneous income					65,019	-	65,019
Total general revenues					<u>7,492,827</u>	<u>-</u>	<u>7,492,827</u>
Change in net position before transfers					436,170	(3,885)	432,285
Transfers					<u>(21,575)</u>	<u>21,575</u>	<u>-</u>
Change in net position after transfers					414,595	17,690	432,285
Net position—beginning (restated)					2,094,705	113,652	2,208,357
Net position—ending					<u>\$ 2,509,300</u>	<u>\$ 131,342</u>	<u>\$ 2,640,642</u>

OCEAN ACADEMY CHARTER SCHOOL
 Balance Sheet
 Governmental Funds
 June 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,334,500	\$ (884,363)	\$ 1,450,137
Restricted cash	926,050	-	926,050
Escrow	75,000	-	75,000
Receivables from the state	98,311	-	98,311
Receivables from other governments	512,479	-	512,479
Receivables from federal	-	895,369	895,369
Other receivables	-	-	-
Total assets	3,946,340	11,006	3,957,346
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll deductions and withholdings payable	41,268	-	41,268
Unearned revenue	-	1,600	1,600
Total liabilities	41,268	1,600	42,868
Fund Balances:			
Restricted for:			
Student activities	-	9,406	9,406
Charter school escrow reserve	75,000	-	75,000
Special revenue fund	-	-	-
Debt service fund	-	-	-
Capital projects fund	-	-	-
Other purposes	926,050	-	926,050
Committed to:			
Other purposes	-	-	-
Assigned to:			
Debt service fund	-	-	-
Capital projects fund	-	-	-
Other purposes	210,061	-	210,061
Unassigned to:			
General fund	2,693,961	-	2,693,961
Total fund balances	3,905,072	9,406	3,914,478
Total liabilities and fund balances	\$ 3,946,340	\$ 11,006	

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.	15,104,863
Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	320,076
Deferred outflows related to the PERS pension plan	1,910,971
Deferred inflows related to the PERS pension plan	(894,458)
Bond premium is being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$1,403,543.	(1,383,492)
Interest due on the mortgage paid in the following period	(29,806)
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	
Pension liability - PERS	(1,427,498)
Lease Payable	(340,584)
Compensated Absences Payable	(75,250)
Bond Payable	#####
Net position of governmental activities	\$ 2,509,300

OCEAN ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local tax levy	\$ 5,704,168	\$ -	\$ 5,704,168
Interest income	6,342	-	6,342
Miscellaneous	64,557	462	65,019
Total - Local sources	<u>5,775,067</u>	<u>462</u>	<u>5,775,529</u>
State sources	1,648,112	21,736	1,669,848
Federal sources	-	1,115,005	1,115,005
Total revenues	<u>7,423,179</u>	<u>1,137,203</u>	<u>8,560,382</u>
EXPENDITURES			
Current expense:			
Instruction	2,958,574	647,815	3,606,389
Undistributed - current:			
General administrative services	1,182,584	-	1,182,584
School administrative services	677,355	197,027	874,382
Other operation & maintenance of plant	-	-	-
Unallocated employee benefits	721,414	-	721,414
Non-budgeted expenditures	222,713	-	222,713
Debt Service:			
Interest and other charges	357,675	-	357,675
Capital Outlay	369,921	291,899	661,820
Total expenditures	<u>6,490,236</u>	<u>1,136,741</u>	<u>7,626,977</u>
Excess (Deficiency) of revenues over expenditures	<u>932,943</u>	<u>462</u>	<u>933,405</u>
OTHER FINANCING SOURCES (USES)			
Bond costs	(279,493)	-	(279,493)
Proceeds from sale of bonds	14,590,000	-	14,590,000
Proceeds from bond premium	1,403,543	-	1,403,543
Purchase of building with bond proceeds	(15,000,000)	-	(15,000,000)
Transfers out	(21,575)	-	(21,575)
Total other financing sources and uses	<u>692,475</u>	<u>-</u>	<u>692,475</u>
Net change in fund balances	1,625,418	462	1,625,880
Fund balance—July 1	2,279,654	8,944	2,288,598
Fund balance—June 30	<u>\$ 3,905,072</u>	<u>\$ 9,406</u>	<u>\$ 3,914,478</u>

OCEAN ACADEMY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022

Total net change in fund balances - governmental funds (from B-2)		\$	1,625,880
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	\$	(169,968)	
Capital outlays		<u>190,062</u>	20,094
Capital outlays related to lease assets are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.			
Amortization Expense		(169,992)	
Lease Asset Additions		<u>77,679</u>	(92,313)
In the statement of activities, interest expense is recorded when paid.			
In the governmental funds, the interest is expensed when due and shown as payable at year end.			(29,806)
The issuance of bonds creates other financing sources revenue in the governmental funds, the proceeds are shown as an increase to bonds payable.			(14,590,000)
The purchase of the building with long-term debt.			15,000,000
In the Statement of Activities, the principal payments on leases are recorded as a reduction in the long-term liability .			
In the governmental funds, the payments is an expenditure. (Amount is net of payments included in capital outlay)			(77,679)
In the Statement of Activities, the bond premiums is recorded as a source of funds .			
In the governmental funds, the premium is included in long-term liabilities.			(1,363,441)
In the Statement of Activities, the amortization of bond premiums is recorded as a reduction to interest expense .			(20,051)
Repayment of leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.			172,467
In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid.			(75,250)
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			<u>(155,306)</u>
Change in net position of governmental activities			<u>\$</u> <u>414,595</u>

OCEAN ACADEMY CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities - Enterprise Funds		
	Food Service	Extended Daycare	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 343	\$ -	\$ 343
Receivables from state	421	-	421
Receivables from federal	35,007	-	35,007
Other receivables	-	16,685	16,685
Inventories	3,489	-	3,489
Total current assets	39,260	16,685	55,945
Noncurrent assets:			
Furniture, machinery & equipment	86,164	-	86,164
Less accumulated depreciation	(10,767)	-	(10,767)
Total noncurrent assets	75,397	-	75,397
Total assets	\$ 114,657	\$ 16,685	\$ 131,342
LIABILITIES			
NET POSITION			
Investment in capital assets	75,397	-	75,397
Unrestricted	39,260	16,685	55,945
Total net position	114,657	16,685	131,342
Total liabilities and net position	\$ 114,657	\$ 16,685	\$ 131,342

OCEAN ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Fund		
	Food Service	Extended Daycare	Total Enterprise
Operating revenues:			
Local sources:			
Child care charges	\$ -	\$ 29,090	\$ 29,090
Daily sales reimbursable programs			
School lunch and breakfast	1,365	-	1,365
Total operating revenues	<u>1,365</u>	<u>29,090</u>	<u>30,455</u>
Operating expenses:			
Salaries	160,736	76,738	237,474
Other purchased services	18,685	-	18,685
Supplies and materials	951	-	951
Other objects	19,479	-	19,479
Depreciation	4,308	-	4,308
Cost of sales	220,366	-	220,366
Total operating expenses	<u>424,525</u>	<u>76,738</u>	<u>501,263</u>
Operating income (loss)	<u>(423,160)</u>	<u>(47,648)</u>	<u>(470,808)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	5,954	-	5,954
Federal sources:			
School breakfast program	-	-	-
National school lunch program	-	-	-
School snack program	6,476	-	6,476
Summer Food Service Program for Children	421,421	-	421,421
Emergency Operational Costs Program - Schools	24,751	-	24,751
P-EBT Admin Cost Reimbursement	1,242	-	1,242
Food distribution program	7,079	-	7,079
Total nonoperating revenues (expenses)	<u>466,923</u>	<u>-</u>	<u>466,923</u>
Income (loss) before contributions & transfers	<u>43,763</u>	<u>(47,648)</u>	<u>(3,885)</u>
Transfers in (out)	<u>(42,758)</u>	<u>64,333</u>	<u>21,575</u>
Change in net position	1,005	16,685	17,690
Total net position—beginning	113,652	-	113,652
Total net position—ending	<u>\$ 114,657</u>	<u>\$ 16,685</u>	<u>\$ 131,342</u>

OCEAN ACADEMY CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities -		
	Enterprise Funds		
	Food Service	Extended Daycare	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 1,365	\$ 12,405	\$ 13,770
Payments to employees & benefits	(160,736)	(76,738)	(237,474)
Payments to suppliers	(252,685)	-	(252,685)
Net cash provided by (used in) operating activities	<u>(412,056)</u>	<u>(64,333)</u>	<u>(476,389)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State sources	7,572	-	7,572
Federal sources	467,223	-	467,223
Interfund transfers	(42,758)	64,333	21,575
Net cash provided by (used in) non-capital financing activities	<u>432,037</u>	<u>64,333</u>	<u>496,370</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(21,575)	-	(21,575)
Net cash provided by (used for) capital and related financing activities	<u>(21,575)</u>	<u>-</u>	<u>(21,575)</u>
Net increase (decrease) in cash and cash equivalents	(1,594)	-	(1,594)
Balances—beginning of year	1,937	-	1,937
Balances—end of year	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ 343</u>
Reconciliation of operating income (loss) to net cash provided by			
(used in) operating activities:			
Operating income (loss)	\$ (423,160)	\$ (47,648)	\$ (470,808)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and net amortization	4,308	-	4,308
Federal commodities	7,079	-	7,079
(Increase) decrease in accounts receivable, net	-	-	-
(Increase) decrease in inventories	(283)	-	(283)
Total adjustments	<u>11,104</u>	<u>-</u>	<u>11,104</u>
Net cash provided by (used in) operating activities	<u>\$ (412,056)</u>	<u>\$ (47,648)</u>	<u>\$ (459,704)</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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, 2022.

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 sixth 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 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, 2022

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

A. Basis of Presentation (Cont'd)

1. Charter School-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, 2022

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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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.

3. Fiduciary Funds

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others if applicable .

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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

C. Measurement Focus

1. Charter School-Wide Financial Statements

The Charter School-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, 2022

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, 2022, the Charter School had accounts receivable of \$512,479 that represented amounts that had not been paid based upon the current year final enrollment count.

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. 6:20-2A.2(m)1. 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, 2022

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 \$210,061 of encumbrances at June 30, 2022.

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, 2022

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

G. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Inventories and Prepaid Expenses

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

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

The Charter School had inventory of \$3,489 at June 30, 2022.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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. Lease Assets

Intangible right-to-use lease assets are assets which the Charter School leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the Charter School's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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

L. 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.

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 Charter School had a compensated absence liability of \$75,250 at year end.

M. Accrued Liabilities, Long-Term Obligations and Lease Payable

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.

In the Charter School-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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

N. 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.

O. Unearned Revenue

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

P. Fund Balances

The fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1) Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.

2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

3) Committed - includes amounts that can be spent only for the specific purposes determined by a formal action of the Charter School's highest level of decision-making authority.

4) Assigned - amounts intended to be used by the Charter School for specific purposes but do not meet the criteria to be classified as restricted or committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

5) Unassigned - includes all spendable amounts not contained in the other classifications.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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

Q. 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. Change in Accounting Principles

On June 30, 2022, the Charter School implemented the Governmental Accounting Standards Boards (GASB) Statement No 87, Leases. GASB Statement 87 enhances the relevance and consistency of information of the charter school's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financing's of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were reviewed for the Charter School's June 30, 2022 financial statements. The Charter School will review new leases annually to determine proper disclosure.

T. **GASB Pronouncements**

Recently Issued Accounting Pronouncements to be implemented in future years

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, 2022

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

U. GASB Pronouncements (Cont'd)

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. 100, *Accounting Changes and Error Corrections - An Amendment GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decision or assessing accountability. Statement No. 100 is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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, 2022, the Charter School's bank balance of \$2,123,036 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	Bank Balance
Insured under FDIC and GUDPA	\$ 2,113,630
Uninsured and Collateralized	<u>9,406</u>
	<u>\$ 2,123,036</u>

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

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Charter School or bonds or other obligations of the local unit or units within which the Charter School 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, 2022, the Charter School had no investments.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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, 2022, the balance of the escrow is \$75,000.

The debt service reserve escrow was established to provide the Charter School with a reserve to meet debt service payments to bond holders. At June 30, 2022, the balance of the escrow is \$926,050.

4. Receivables

Receivables at June 30, 2022, 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	\$ 98,311	\$ 98,732
Federal Aid	895,369	930,376
Other	<u>512,479</u>	<u>529,164</u>
Gross Receivables	1,506,159	1,558,272
Allowance for Uncollectible	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 1,506,159</u>	<u>\$ 1,558,272</u>

5. Inventory

Inventory in the Food Service Fund at June 30, 2022 consisted of the following:

Food	\$ 2,135
Supplies	<u>1,354</u>
	<u>\$ 3,489</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

6. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

Governmental Activities:	Beginning Balance	<u>Additions</u>	Ending Balance
Not being depreciated			
Sites (Land)	\$ -	\$ 954,000	\$ 954,000
Being Depreciated:			
Site Improvements	-	17,400	17,400
Building and Improvements	-	14,046,000	14,046,000
Machinery and Equipment	<u>91,336</u>	<u>172,662</u>	<u>263,998</u>
Total at Historical Cost	<u>91,336</u>	<u>15,190,062</u>	<u>15,281,398</u>
Less Accumulated Depreciation for:			
Site Improvements	-	(870)	(870)
Building and Improvements	(6,567)	(152,165)	(158,732)
Machinery and Equipment	<u>-</u>	<u>(16,933)</u>	<u>(16,933)</u>
Total Accumulated Depreciation	<u>(6,567)</u>	<u>(169,968)</u>	<u>(176,535)</u>
Fixed Assets, Net	\$ <u>84,769</u>	\$ <u>15,020,094</u>	\$ <u>15,104,863</u>

Depreciation expense for governmental activities held assets was \$169,968 for 2022.

Enterprise Activities:	Beginning Balance	<u>Additions</u>	Ending Balance
Being Depreciated:			
Equipment	\$ 64,589	\$ 21,575	\$ 86,164
Less: Accumulated Depreciation	<u>(6,459)</u>	<u>(4,308)</u>	<u>(10,767)</u>
Fixed Assets, Net	\$ <u>58,130</u>	\$ <u>17,267</u>	\$ <u>75,397</u>

Depreciation expense for enterprise activities held assets was \$4,308 for 2022.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

7. Lease Assets

Lease asset balances and activity for the year ended June 30, 2022 were as follows:

	(Restated) Beginning <u>Balance</u>	<u>Increases</u>	Adjustments/ <u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Lease Assets Being Amortized:				
Land/Parking Lot	\$ 798,173	\$ -	\$ -	\$ 798,173
Equipment	<u>-</u>	<u>77,679</u>	<u>-</u>	<u>77,679</u>
Total Lease Assets Being Amortized	<u>798,173</u>	<u>77,679</u>	<u>-</u>	<u>875,852</u>
	<u>798,173</u>	<u>77,679</u>	<u>-</u>	<u>875,852</u>
Less Accumulated Amortization for:				
Land/Parking Lot	(385,784)	(159,635)	-	(545,419)
Equipment	<u>-</u>	<u>(10,357)</u>	<u>-</u>	<u>(10,357)</u>
	<u>(385,784)</u>	<u>(169,992)</u>	<u>-</u>	<u>(555,776)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 412,389</u>	<u>\$ (92,313)</u>	<u>\$ -</u>	<u>\$ 320,076</u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ <u>169,992</u>
	<u>\$ 169,992</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

8. Long-term Obligations

Changes in Long-Term Obligations for the year ended June 30, 2022, are as follows:

	Balance <u>June 30, 2021</u>	Increases/ <u>Decreases</u>	Balance <u>June 30, 2022</u>	Amounts Due Within <u>One Year</u>
<u>Governmental Activities:</u>				
Leases Payable	\$ 435,372	\$ (94,788)	\$ 340,584	184,485
Compensated Absences Payable	-	75,250	75,250	-
Bond Payable	-	14,590,000	14,590,000	-
Pension Liability - PERS	<u>1,625,552</u>	<u>(198,054)</u>	<u>1,427,498</u>	<u>-</u>
	<u>\$ 2,060,924</u>	<u>\$ 14,372,408</u>	<u>\$ 16,433,332</u>	<u>184,485</u>

For governmental activities, lease payable and the pension liability - PERS are liquidated by the Charter School's general fund.

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On December 15, 2021, the Charter school issued \$14,590,000 revenue bond at interest rates varying from 4.0% to 5.0% for the purchase of the building. The final maturity of these bond is October 15, 2056. The bonds may be called after October 15, 2031.

Debt Service Requirements on bonds payable at June 30, 2022 are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 715,350	\$ 715,350
2024	-	715,350	715,350
2025	-	715,350	715,350
2026	-	715,350	715,350
2027	215,000	926,050	1,141,050
2028-2032	1,200,000	4,617,750	5,817,750
2033-2037	1,500,000	4,613,750	6,113,750
2038-2042	1,930,000	4,617,000	6,547,000
2043-2047	2,480,000	4,618,250	7,098,250
2048-2052	3,180,000	4,614,250	7,794,250
2053-2056	<u>4,085,000</u>	<u>4,615,625</u>	<u>8,700,625</u>
	<u>\$ 14,590,000</u>	<u>\$ 31,484,075</u>	<u>\$ 46,074,075</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

8. Long-term Obligations (Cont'd)

B. Bonds Authorized Not Issued

As of June 30, 2022, the Board had no bonds authorized.

C. Leases Payable

The Charter School had leases outstanding as of June 30, 2022 as follows:

Purpose	Commencement Date	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
Land/Parking Lot	2/01/2019	Monthly	1/31/2024	5.00%	\$ 273,464
Copiers	10/01/2021	Monthly	9/01/2026	6.00%	\$ 67,120

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

Year ended June 30,	Principal	Interest
2023	\$ 184,485	\$ 13,446
2024	118,447	4,485
2025	16,110	1,821
2026	17,104	827
2027	4,438	45
Total	<u>\$ 340,584</u>	<u>\$ 20,624</u>

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 annual financial statements 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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Pension Plans (Cont'd)

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

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 2021, the State's pension contribution was less than the actuarial determined amount.

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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Pension Plans (Cont'd)

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

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

At June 30, 2022, the Charter School reported a liability of \$1,421,498 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. The Charter School's proportion of the net pension liability was based on the Charter School's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The Charter School's proportion measured as of June 30, 2021, was .0120499569%, which was an decrease of .0020817642% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Charter School recognized full accrual pension expense of \$469,616 in the government-wide financial statements consisting of employer contributions of \$141,119 and non-employer contributions of \$328,497. This pension expense was based on the pension plans June 30, 2021 measurement date. At June 30, 2022, the reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,513	\$ 10,219
Changes of assumptions	7,434	508,199
Net difference between projected and actual earnings on pension plan investments	-	376,040
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	1,739,905	-
Charter School contributions subsequent to the measurement date	<u>141,119</u>	<u>-</u>
Total	<u>\$ 1,910,971</u>	<u>\$ 894,458</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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)

\$141,119 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2021-2022 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2023 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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:	
2022	\$	341,068
2023		243,522
2024		166,040
2025		124,813
2026		(47)
Thereafter		-
Total	\$	<u>875,396</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	-
June 30, 2021	5.13	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2020	-	5.16
June 30, 2021	5.13	-
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2020	5.00	5.00
June 30, 2021	5.00	5.00

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Pension Plans (Cont'd)

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

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 5.13, 5.16, years for the 2021 and 2020 amounts, respectively.

Actuarial Assumptions - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Pension Plans (Cont'd)

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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, 2021 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.09 %
Non-U.S. Developed Markets Equity	13.50 %	8.71 %
Emerging Markets Equity	5.50 %	10.96 %
Private Equity	13.00 %	11.30 %
Real Assets	3.00 %	7.40 %
Real Estate	8.00 %	9.15 %
High Yield	2.00 %	3.75 %
Private Credit	8.00 %	7.60 %
Investment Grade Credit	8.00 %	1.68 %
Cash Equivalents	4.00 %	0.50 %
U.S. Treasuries	5.00 %	0.95 %
Risk Mitigation Strategies	3.00 %	3.35 %

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Pension Plans (Cont'd)

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

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, 2021 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the net pension liability	1,964,686	1,427,498	999,749

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/22</u>	<u>6/30/21</u>
Collective Deferred Outflows of Resources	1,164,738,169	2,347,583,337
Collective Deferred Inflows of Resources	8,339,123,762	7,849,949,467
Collective Net Pension Liability	11,972,782,878	16,435,616,426
Charter School's Portion	.0120499569%	.0099681927%

B. Teachers' Pension and Annuity (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit plan with a special-funding situation, by which a State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's annual financial statements 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 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Pension Plans (Cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

The following represents the membership tiers for TPAF:

<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 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her 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 TPAF is set by *N.J.S.A. 18A:66* 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 2021, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A. 18A:66-33*. Therefore, the Charter School is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Charter School does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the Charter School as of June 30, 2021 was \$3,022,111. The Charter School's proportionate share was \$0.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Pension Plans (Cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The State's proportionate share of the net pension liability associated with the Charter School was based on projection of the State's long-term contributions to the pension plan associated with the Charter School relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2021, the State proportionate share of the TPAF net pension liability attributable to the Charter School was .0062862172%, which was an decrease of .0079902382% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the State of New Jersey recognized a pension expense in the amount of \$350,396 for the State's proportionate share of the TPAF pension expense attributable to the Charter School. This pension expense was based on the pension plans June 30, 2021 measurement date.

Actuarial Assumptions - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45% based on years of service
Thereafter	2.75-5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% 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 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Pension Plans (Cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Long-term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 ranged 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 real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00 %	8.09 %
Non-U.S. Developed Markets Equity	13.50 %	8.71 %
Emerging Markets Equity	5.50 %	10.96 %
Private Equity	13.00 %	11.30 %
Real Assets	3.00 %	7.40 %
Real Estate	8.00 %	9.15 %
High Yield	2.00 %	3.75 %
Private Credit	8.00 %	7.60 %
Investment Grade Credit	8.00 %	1.68 %
Cash Equivalents	4.00 %	0.50 %
U.S. Treasuries	5.00 %	0.95 %
Risk Mitigation Strategies	3.00 %	3.35 %

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions to the State. 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 projected benefit payments in determining the total pension liability.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Pension Plans (Cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

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, 2021 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability	3,582,415	3,022,111	2,561,993

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/22</u>	<u>6/30/21</u>
Collective Deferred Outflows of Resources	6,373,530,834	9,626,548,228
Collective Deferred Inflows of Resources	27,363,797,906	14,591,988,841
Collective Net Pension Liability	48,165,991,182	65,993,498,688
Charter School's Portion	.0062862172%	.0142764554%

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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Pension Plans (Cont'd)

C. Defined Contribution Retirement Plan (DCRP) (cont'd)

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, 2022 were \$4,348. There was no liability for unpaid contributions at June 30, 2022.

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

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.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Post-Retirement Benefits (cont'd)

Plan description and benefits provided (cont'd)

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.

Employees covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	150,427
Active plan members	<u>213,901</u>
Total	<u><u>364,328</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.5%
Salary Increases through 2026	PERS 2.00%-6.00% PFRS 3.25%-15.25% TPAF 1.55%-4.45%
Salary Increases after 2026	PERS 3.00%-7.00% PFRS - N/A TPAF 2.75%-5.65%
Discount Rate	2.16%
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, 2022

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

Actuarial assumptions and other inputs

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2021 was 2.16%. 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, 2022

10. Post-Retirement Benefits (cont'd)

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

The following presents the June 30, 2021 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the Charter School calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability of the State for School Retirees	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138
Total OPEB Liability of the State Associated with the Charter School for School Retirees	\$1,401,257	\$1,169,817	\$987,572

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

The following presents the June 30, 2021 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the Charter School calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Trend Rate</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability of the State for School Retirees	\$48,576,388,417	\$60,007,650,970	\$75,358,991,782
Total OPEB Liability of the State Associated with the Charter School for School Retirees	\$946,971	\$1,169,817	\$1,469,083

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Post-Retirement Benefits (cont'd)

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

Balance at June 30, 2020	\$ 67,809,962,608
Changes for the year:	
Service cost	3,217,184,264
Interest on the total OPEB liability	1,556,661,679
Changes of benefit terms	(63,870,842)
Differences Between Expected and Actual Experience	(11,385,071,658)
Changes in assumptions	59,202,105
Gross benefit payments by the state	(1,226,213,382)
Contributions from members	<u>39,796,196</u>
Net changes	<u>(7,802,311,638)</u>
Balance at June 30, 2021	<u>\$ 60,007,650,970</u>

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

For the year ended June 30, 2022, the board of education recognized OPEB expense of \$81,867 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, 2021, 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	\$ 9,045,886,863	\$ 18,009,362,976
Changes of assumptions	10,179,536,966	6,438,261,807
Contributions made in fiscal year ending 2022 after June 30, 2021 measurement date	TBD	-
Total	<u>\$ 19,225,423,829</u>	<u>\$ 24,447,624,783</u>

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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

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:	
2022	\$ (1,182,303,041)
2023	(1,182,303,041)
2024	(1,182,303,041)
2025	(1,182,303,041)
2026	(840,601,200)
Thereafter	347,612,410
Total	<u>\$ (5,222,200,954)</u>

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 Annual Comprehensive Financial Report. See J-20

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

There were no interfund balances at June 30, 2022.

14. **Fund Balance Appropriated**

General Fund - of the \$3,905,072 General Fund balance at June 30, 2022, there is a \$210,061 assigned for encumbrances, \$75,000 is the Charter School Escrow Reserve; \$926,050 is the Debt Service Reserve therefore, \$3,620,011 is unassigned.

Special Revenue Fund - \$9,406 is restricted for student activities.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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.

16. Risks and Contingencies

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Therefore, it is uncertain as to the full magnitude that the pandemic will have on Charter School's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity and operations, suppliers, industry and workforce.

17. Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, March 8, 2023. No such disclosures were required.

18. Uncertain Tax Positions

The Charter School had no unrecognized tax benefits at June 30, 2022. The Charter School files tax returns in the U.S. federal jurisdiction and New Jersey. The Charter School has no open years prior to June 30, 2019.

Ocean Academy Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

19. Prior Period Adjustment

The Charter School made a prior year adjustment in the Charter School-wide financial statements to record an intangible right-to-use asset and a lease liability as of June 30, 2021 as a result of implementing GASB 87, Leases:

<u>Statement of Net Position -</u>	<u>Balance at</u> <u>June 30, 2021</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance at</u> <u>June 30, 2021</u> <u>as Restated</u>
<u>Governmental Activities:</u>			
Assets:			
Lease Assets, Net	\$ -	\$ 412,389	\$ 412,389
Total Assets	2,451,709	412,389	2,864,098
Noncurrent Liabilities:			
Due Within One Year	-	161,908	161,908
Due Beyond One Year	1,625,552	273,464	1,899,016
Total Liabilities	1,625,552	435,372	2,060,924
Net Position:			
Net Investment in Capital Assets	84,769	(22,983)	61,786
Total Net Position	2,117,688	(22,983)	2,094,705

REQUIRED SUPPLEMENTARY INFORMATION - PART II

OCEAN ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 5,796,845	\$ 377,678	\$ 6,174,523	\$ 5,704,168	\$ (470,355)
Interest income	-	-	-	6,342	6,342
Miscellaneous	-	-	-	64,557	64,557
Total - local sources	<u>5,796,845</u>	<u>377,678</u>	<u>6,174,523</u>	<u>5,775,067</u>	<u>(399,456)</u>
State sources:					
Equalization aid (Local levies - state share)	1,116,163	72,721	1,188,884	1,100,278	(88,606)
Special Education Aid	118,250	18,221	136,471	117,599	(18,872)
Security aid	211,232	2,727	213,959	207,522	(6,437)
TPAF LTDI (on-behalf - non-budgeted)	-	-	-	434	434
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	81,867	81,867
Teacher's pension and annuity fund (on-behalf - non-budgeted)	-	-	-	350,396	350,396
TPAF social security (reimbursed - non-budgeted)	-	-	-	140,412	140,412
Total state sources	<u>1,445,645</u>	<u>93,669</u>	<u>1,539,314</u>	<u>1,998,508</u>	<u>459,194</u>
Total revenues	<u>\$ 7,242,490</u>	<u>\$ 471,347</u>	<u>\$ 7,713,837</u>	<u>\$ 7,773,575</u>	<u>\$ 59,738</u>
EXPENDITURES:					
Current Expenditures:					
Regular programs - instruction					
Kindergarten - salaries of teachers	\$ 244,388	\$ -	\$ 244,388	\$ 199,547	\$ 44,841
Grades 1-6 - salaries of teachers	2,142,556	-	2,142,556	1,993,708	148,848
Other salaries for instruction	639,737	-	639,737	406,675	233,062
Purchased professional-educational services	115,000	-	115,000	19,200	95,800
Other purchased services	85,000	-	85,000	23,848	61,152
General supplies	224,700	(60,000)	164,700	34,274	130,426
Textbooks	231,595	60,000	291,595	240,525	51,070
Other objects	90,000	-	90,000	40,797	49,203
Total instruction	<u>3,772,976</u>	<u>-</u>	<u>3,772,976</u>	<u>2,958,574</u>	<u>814,402</u>
Support services - general administration					
Legal fees	70,000	-	70,000	54,610	15,390
Audit fees	15,000	-	15,000	15,000	-
Communications/telephone	83,000	(20,000)	63,000	31,325	31,675
Purchased Professional & Tech Services	79,000	-	79,000	79,000	-
Other purchased services	40,000	15,000	55,000	55,000	-
General supplies	40,000	-	40,000	23,022	16,978
Miscellaneous	50,000	-	50,000	50,000	-
Total support services	<u>377,000</u>	<u>(5,000)</u>	<u>372,000</u>	<u>307,957</u>	<u>64,043</u>
Support services - school administration					
Salaries of secretarial and clerical assistants	119,808	25,000	144,808	144,808	-
Other Salaries	250,575	-	250,575	234,402	16,173
Admin Travel	-	12,000	12,000	8,287	3,713
Purchased Professional & Tech Services	150,000	-	150,000	103,000	47,000
Other Purchased Services	155,000	42,000	197,000	186,858	10,142
Total support services - school administration	<u>675,383</u>	<u>79,000</u>	<u>754,383</u>	<u>677,355</u>	<u>77,028</u>
Other support services					
Rent of Buildings	602,325	(25,000)	577,325	522,875	54,450
Insurance	160,000	-	160,000	103,856	56,144
Energy costs	162,000	(75,000)	87,000	59,967	27,033
Supplies & Materials	132,000	-	132,000	64,868	67,132
Miscellaneous	75,000	15,000	90,000	86,604	3,396
Transportation	72,000	-	72,000	36,457	35,543
Total other support services	<u>1,203,325</u>	<u>(85,000)</u>	<u>1,118,325</u>	<u>874,627</u>	<u>243,698</u>
Unallocated Expenditures:					
Other Retirement Contributions - PERS	141,119	-	141,119	141,119	-
Health Benefits	404,132	175,000	579,132	579,132	-
Tuition Reimbursement	-	1,163	1,163	1,163	-
Total unallocated benefits	<u>545,251</u>	<u>176,163</u>	<u>721,414</u>	<u>721,414</u>	<u>-</u>
On-behalf contributions:					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	434	(434)
On-behalf TPAF OPEB (post-retirement med) (non-budgeted)	-	-	-	81,867	(81,867)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	350,396	(350,396)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	140,412	(140,412)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>573,109</u>	<u>(573,109)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>2,800,959</u>	<u>165,163</u>	<u>2,966,122</u>	<u>3,154,462</u>	<u>(188,340)</u>
TOTAL GENERAL CURRENT EXPENDITURES	<u>\$ 6,573,935</u>	<u>\$ 165,163</u>	<u>\$ 6,739,098</u>	<u>\$ 6,113,036</u>	<u>\$ 626,062</u>

OCEAN ACADEMY CHARTER SCHOOL
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Instructional equipment	\$ 175,000	\$ (115,163)	\$ 59,837	\$ 34,200	\$ 25,637
Non-instructional equipment	325,000	(70,000)	255,000	187,326	67,674
Purchase of land/improvements	100,000	-	100,000	72,820	27,180
Interest	357,675	-	357,675	357,675	-
Other Objects	75,000	20,000	95,000	75,575	19,425
Total capital outlay	<u>1,032,675</u>	<u>(165,163)</u>	<u>867,512</u>	<u>727,596</u>	<u>139,916</u>
Total general fund	<u>7,606,610</u>	<u>-</u>	<u>7,606,610</u>	<u>6,840,632</u>	<u>765,978</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(364,120)</u>	<u>471,347</u>	<u>107,227</u>	<u>932,943</u>	<u>825,716</u>
Other Financing Sources / Uses:					
Bond costs	-	-	-	(279,493)	279,493
Bond proceeds	-	-	-	14,590,000	(14,590,000)
Premium on sale of bonds	-	-	-	1,403,543	(1,403,543)
Purchase of building with bond proceeds	-	-	-	(15,000,000)	15,000,000
Operating transfer out - deficit in food service	-	-	-	(21,575)	21,575
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>692,475</u>	<u>(692,475)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(364,120)</u>	<u>471,347</u>	<u>107,227</u>	<u>1,625,418</u>	<u>1,518,191</u>
Fund Balance, July 1	<u>2,279,654</u>	<u>-</u>	<u>2,279,654</u>	<u>2,279,654</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,915,534</u>	<u>\$ 471,347</u>	<u>\$ 2,386,881</u>	<u>\$ 3,905,072</u>	<u>\$ 1,518,191</u>
Recapitulation:					
Restricted Fund Balance:					
Escrow reserves				\$ 1,001,050	
Assigned Fund Balance:					
Year-end encumbrances				210,061	
Designated for subsequent year's expenditures				-	
Unassigned Fund Balance				<u>2,693,961</u>	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				3,905,072	
Last state aid payment not recognized on GAAP basis				-	
Fund balance per governmental funds (GAAP) - B-1				<u>\$ 3,905,072</u>	

OCEAN ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Private sources	\$ -	\$ -	\$ -	\$ 462	\$ 462
State sources	-	21,736	21,736	21,736	-
Federal sources	-	1,113,405	1,113,405	1,113,405	-
Total Revenues	<u>-</u>	<u>1,135,141</u>	<u>1,135,141</u>	<u>1,135,603</u>	<u>462</u>
EXPENDITURES					
Instruction:					
Personal services - salaries	-	549,768	549,768	549,768	-
Purchased professional and technical services	-	5,000	5,000	5,000	-
General supplies	-	65,000	65,000	65,000	-
Professional services	-	-	-	-	-
Other objects	-	28,047	28,047	28,047	-
Total instruction	<u>-</u>	<u>647,815</u>	<u>647,815</u>	<u>647,815</u>	<u>-</u>
Support services:					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Principal	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secr. And Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased prof. and tech. services	-	20,000	20,000	20,000	-
Other purchased services	-	99,792	99,792	99,792	-
Employee benefits	-	21,635	21,635	21,635	-
Rentals	-	-	-	-	-
Travel	-	-	-	-	-
Supplies and materials	-	39,000	39,000	39,000	-
Transportation	-	15,000	15,000	15,000	-
Student activities	-	-	-	-	-
Total support services	<u>-</u>	<u>195,427</u>	<u>195,427</u>	<u>195,427</u>	<u>-</u>
Facilities acquisition and const. serv.:					
Instructional equipment	-	21,736	21,736	21,736	-
Non-Instructional equipment	-	270,163	270,163	270,163	-
Total facilities acquisition and const. serv.	<u>-</u>	<u>291,899</u>	<u>291,899</u>	<u>291,899</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>1,135,141</u>	<u>1,135,141</u>	<u>1,135,141</u>	<u>-</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462</u>	<u>\$ 462</u>
Fund Balance, July 1				<u>8,944</u>	
Fund Balance, June 30				<u>\$ 9,406</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, 2022**

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]	\$ 7,773,575	[C-2]	\$ 1,135,603
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		1,600
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(350,396)		-
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]	\$ 7,423,179	[B-2]	\$ 1,137,203
 Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 6,148,157	[C-2]	\$ 1,135,141
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(350,396)		-
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.		-		1,600
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 5,797,761	[B-2]	\$ 1,136,741

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>	<u>2022</u>
Charter School's proportion of the net pension liability	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0099681927%	0.0120499569%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,625,552	\$ 1,427,498
Charter School's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,025,668
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%	139.18%
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%	70.33%

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>	<u>2022</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,047	\$ 141,119
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	109,047	141,119
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,025,668	\$ 1,320,621
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.63%	10.69%

* 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*

	2015	2016	2017	2018	2019	2020	2021	2022
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%	0.0062862172%
State's proportionate share of the net pension liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,761,595	\$ 3,022,111
Charter School's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,078,372	\$ 1,785,458
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%	169.26%
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%	35.52%

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 ACFR.
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, 2022
(Unaudited)

Last 10 Fiscal Years*

	<u>2020</u>	<u>2021</u>	<u>2022</u>
State's proportion of the OPEB liability associated with the District			
Service cost	\$ -	\$ 4,292	\$ 405,582
Interest cost	(36)	2,110	30,346
Changes of Benefit terms	-	-	(1,245)
Differences between expected and actual experiences	64,727	703,551	(170,344)
Changes in assumptions	950	169,414	1,154
Member contributions	58	489	776
Gross benefit payments	<u>(1,957)</u>	<u>(16,146)</u>	<u>(23,904)</u>
Net change in total OPEB liability	63,742	863,710	242,365
Total State's OPEB liability - beginning	<u>-</u>	<u>63,742</u>	<u>927,452</u>
Total State's OPEB liability - ending	<u>\$ 63,742</u>	<u>\$ 927,452</u>	<u>\$ 1,169,817</u>
District's covered employee payroll	\$ 2,051,556	\$ 2,690,111	\$ 3,816,699
Total State's OPEB liability as a percentage of covered employee payroll	3%	34%	31%

* 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, 2022

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 5.40% as of June 30, 2020, to 7.00% as of June 30, 2021.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 7.0% as of June 30, 2020, to 7.00% as of June 30, 2021.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 2.21% as of June 30 2020, to 2.16% as of June 30, 2021.

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, 2022

	I.D.E.A Regular Program Part B 21/22	Title I 21/22	Title II-A 21/22	Title III 21/22	I.D.E.A Preschool Part B Preschool 21/22
Revenues:					
Private sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	74,514	235,835	24,213	43,862	1,065
Total revenues	74,514	235,835	24,213	43,862	1,065
Expenditures:					
Instruction:					
Salaries	-	100,000	-	-	-
Other salaries - instruction	-	5,000	-	-	-
General supplies	-	60,000	-	5,000	-
Professional services	-	-	-	-	-
Other Objects	-	9,185	-	18,862	-
Total instruction	-	174,185	-	23,862	-
Support services:					
Other support services - students - special:					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Principal	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secr. And Clerical Assistants	-	-	-	-	-
Purchased prof. and tech. services	-	-	20,000	-	-
Other purchased services	74,514	10,000	4,213	10,000	1,065
Employee benefits	-	7,650	-	-	-
Rentals	-	-	-	-	-
Travel	-	-	-	-	-
Supplies and materials	-	29,000	-	10,000	-
Transportation	-	15,000	-	-	-
Student activities	-	-	-	-	-
Total other support services - students - special	74,514	61,650	24,213	20,000	1,065
Total support services	74,514	61,650	24,213	20,000	1,065
Facilities acquisition and construction equipment:					
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total facilities acquisition and construction equipment	-	-	-	-	-
Total expenditures	\$ 74,514	\$ 235,835	\$ 24,213	\$ 43,862	\$ 1,065
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

OCEAN ACADEMY CHARTER SCHOOL
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
Special Revenue Fund
For the Year Ended June 30, 2022

	ESSER II 21/22	ARP ESSER 21/22	Student Activity 21/22	CSP 21/22	SDA Emergency 21/22	Total 2022
Revenues:						
Private sources	\$ -	\$ -	\$ 462	\$ -	\$ -	\$ 462
State sources	-	-	-	-	21,736	21,736
Federal sources	245,717	270,163	-	218,036	-	1,113,405
Total revenues	245,717	270,163	462	218,036	21,736	1,135,603
Expenditures:						
Instruction:						
Salaries	245,717	-	-	204,051	-	549,768
Other salaries - instruction	-	-	-	-	-	5,000
General supplies	-	-	-	-	-	65,000
Professional services	-	-	-	-	-	-
Other Objects	-	-	-	-	-	28,047
Total instruction	245,717	-	-	204,051	-	647,815
Support services:						
Other support services - students - special:						
Salaries of Supervisors of Instruction	-	-	-	-	-	-
Salaries of Principal	-	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-	-
Salaries of Secr. And Clerical Assistants	-	-	-	-	-	-
Other Salaries	-	-	-	-	-	-
Salaries of Community Parent Involvement Spec.	-	-	-	-	-	-
Salaries of Master Teachers	-	-	-	-	-	-
Purchased prof. and tech. services	-	-	-	-	-	20,000
Other purchased services	-	-	-	-	-	99,792
Employee benefits	-	-	-	13,985	-	21,635
Rentals	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	39,000
Transportation	-	-	-	-	-	15,000
Student activities	-	-	-	-	-	-
Total other support services - students - special	-	-	-	13,985	-	195,427
Total support services	-	-	-	13,985	-	195,427
Facilities acquisition and construction equipment:						
Instructional equipment	-	-	-	-	21,736	21,736
Non-instructional equipment	-	270,163	-	-	-	270,163
Total facilities acquisition and construction equipment	-	270,163	-	-	21,736	291,899
Total expenditures	\$ 245,717	\$ 270,163	\$ -	\$ 218,036	\$ 21,736	\$ 1,135,141
Excess (deficiency) of revenues - Over (under) expenditures	-	-	462	-	-	462
Fund Balance, July 1	-	-	8,944	-	-	8,944
Fund Balance, June 30	\$ -	\$ -	\$ 9,406	\$ -	\$ -	\$ 9,406

F. Capital Projects Fund
Not Applicable

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

H. Fiduciary Funds
Not Applicable

I. Long-Term Debt

**OCEAN ACADEMY CHARTER SCHOOL
Long-Term Debt
Schedule of Revenue Bonds
For the Year Ended June 30, 2022**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest rate	Balance July 1, 2021	Issued	Payment/Retired	Balance June 30, 2022
Revenue Bonds Series 2021	12/15/2021	\$ 14,590,000							
			6/30/2023	-	0.00%				
			6/30/2024	-	0.00%				
			6/30/2025	-	0.00%				
			6/30/2026	-	0.00%				
			6/30/2027	215,000	4.00%				
			6/30/2028	220,000	4.00%				
			6/30/2029	230,000	4.00%				
			6/30/2030	240,000	4.00%				
			6/30/2031	250,000	4.00%				
			6/30/2032	260,000	4.00%				
			6/30/2033	270,000	5.00%				
			6/30/2034	285,000	5.00%				
			6/30/2035	300,000	5.00%				
			6/30/2036	315,000	5.00%				
			6/30/2037	330,000	5.00%				
			6/30/2038	350,000	5.00%				
			6/30/2039	365,000	5.00%				
			6/30/2040	385,000	5.00%				
			6/30/2041	405,000	5.00%				
			6/30/2042	425,000	5.00%				
			6/30/2043	450,000	5.00%				
			6/30/2044	470,000	5.00%				
			6/30/2045	495,000	5.00%				
			6/30/2046	520,000	5.00%				
			6/30/2047	545,000	5.00%				
			6/30/2048	575,000	5.00%				
			6/30/2049	605,000	5.00%				
			6/30/2050	635,000	5.00%				
			6/30/2051	665,000	5.00%				
			6/30/2052	700,000	5.00%				
			6/30/2053	740,000	5.00%				
			6/30/2054	775,000	5.00%				
			6/30/2055	815,000	5.00%				
			6/30/2056	855,000	5.00%				
			6/30/2057	900,000	5.00%	-	14,590,000	-	14,590,000
						<u>\$ -</u>	<u>\$ 14,590,000</u>	<u>\$ -</u>	<u>\$ 14,590,000</u>

OCEAN ACADEMY CHARTER SCHOOL
 Long-Term Debt
 Schedule of Obligations Under Leases
 For the Year Ended June 30, 2022

<u>Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2021</u>	<u>Issued</u>	<u>Payment/ Retired</u>	<u>Balance June 30, 2022</u>
Copiers	6.00%	\$ 77,679	-	77,679	10,559	67,120
Land/Parking Lot	5.00%	798,173	435,372	-	161,908	273,464
			<u>\$ 435,372</u>	<u>\$ 77,679</u>	<u>\$ 172,467</u>	<u>\$ 340,584</u>

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>	93-96
<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 Charter School'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>	97-100
<p>Performance Framework</p>	101

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

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

	2018	2019	2020	2021	2022
Governmental activities					
Net investment in capital assets	\$ -	\$ -	\$ 38,000	\$ 61,876	\$ (889,137)
Restricted	75,000	75,000	104,035	83,944	294,467
Unrestricted	125,910	532,116	1,904,101	1,948,975	3,103,970
Total governmental activities net position	<u>200,910</u>	<u>607,116</u>	<u>2,046,136</u>	<u>2,094,795</u>	<u>2,509,300</u>
Business-type activities					
Net investment in capital assets	-	-	61,360	58,131	75,397
Restricted	-	-	-	-	-
Unrestricted	27,695	28,848	55	55,521	55,945
Total business-type activities net position	<u>27,695</u>	<u>28,848</u>	<u>61,415</u>	<u>113,652</u>	<u>131,342</u>
Charter school-wide					
Net investment in capital assets	-	-	99,360	119,917	(813,740)
Restricted	75,000	75,000	104,035	83,944	294,467
Unrestricted	153,605	560,964	1,904,156	2,004,496	3,159,915
Total charter school-wide net position	<u>\$ 228,605</u>	<u>\$ 635,964</u>	<u>\$ 2,107,551</u>	<u>\$ 2,208,357</u>	<u>\$ 2,640,642</u>

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

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

	2018	2019	2020	2021	2022
Expenses					
Governmental activities					
Instruction					
Regular	\$ 805,922	\$ 1,202,277	\$ 1,493,776	\$ 2,529,972	\$ 3,681,639
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	1,182,584
School administrative services	374,178	235,474	428,401	524,022	874,382
School central services	-	-	-	-	-
Other operation & Maintenance of plant	29,327	57,036	39,463	341,753	618,269
Student transportation services	-	-	-	-	-
Unallocated employee benefits	191,027	298,602	453,575	1,128,233	876,720
Non-budgeted expenditures	-	55,887	88,976	139,870	222,713
Interest expense	-	-	-	-	667,905
School Support services	-	-	-	-	-
General administration	-	-	-	-	-
Total governmental activities expenses	<u>1,923,997</u>	<u>3,102,077</u>	<u>3,819,839</u>	<u>6,308,134</u>	<u>8,124,212</u>
Business-type activities:					
Food service	161,636	230,895	209,763	438,770	424,525
Childcare	-	10,159	36,810	63,558	76,738
Total business-type activities expense	<u>161,636</u>	<u>241,054</u>	<u>246,573</u>	<u>502,328</u>	<u>501,263</u>
Total charter school-wide expenses	<u>2,085,633</u>	<u>3,343,131</u>	<u>4,066,412</u>	<u>6,810,462</u>	<u>8,625,475</u>
Program Revenues					
Governmental activities:					
Operating grants and contributions	-	260,888	361,064	532,415	1,067,555
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>	<u>1,067,555</u>
Business-type activities:					
Charges for services					
Food service	11,072	6,244	1,820	536	1,365
Child Care	-	24,482	19,561	27,274	29,090
Operating grants and contributions	111,191	165,871	161,177	442,253	466,923
Total business type activities program revenues	<u>122,263</u>	<u>196,597</u>	<u>182,558</u>	<u>470,063</u>	<u>497,378</u>
Total charter school-wide program revenues	<u>215,518</u>	<u>457,485</u>	<u>543,622</u>	<u>1,002,478</u>	<u>1,564,933</u>
Net (Expense)/Revenue					
Governmental activities	(1,830,742)	(2,841,089)	(3,458,775)	(5,775,719)	(7,056,657)
Business-type activities	(39,373)	(44,457)	(64,015)	(32,265)	(3,885)
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>	<u>(7,060,542)</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	5,704,168
Unrestricted grants and contributions	440,625	628,837	951,272	1,174,396	1,717,298
Miscellaneous income	4,355	37,383	16,955	11,130	71,361
Transfers	(67,068)	(45,610)	(96,582)	(84,502)	(21,575)
Total governmental activities	<u>2,031,652</u>	<u>3,247,295</u>	<u>4,897,795</u>	<u>5,838,327</u>	<u>7,471,252</u>
Business-type activities:					
Transfers	67,068	45,610	96,582	84,502	21,575
Total business-type activities	<u>67,068</u>	<u>45,610</u>	<u>96,582</u>	<u>84,502</u>	<u>21,575</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>	<u>7,492,827</u>
Change in Net Position					
Governmental activities	200,910	406,206	1,439,020	62,608	414,595
Business-type activities	27,695	1,153	32,567	52,237	17,690
Total charter school-wide	<u>\$ 228,605</u>	<u>\$ 407,359</u>	<u>\$ 1,471,587</u>	<u>\$ 114,845</u>	<u>\$ 432,285</u>

Source: ACFR 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>	<u>2022</u>
General Fund					
Restricted	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 1,001,050
Committed	-	-	-	-	-
Assigned	10,045	294	29,035	-	210,061
Unassigned	115,865	531,822	1,904,101	2,204,654	2,693,961
Total general fund	<u>200,910</u>	<u>607,116</u>	<u>2,008,136</u>	<u>2,279,654</u>	<u>3,905,072</u>
All Other Governmental Funds					
Reserved	-	-	-	-	-
Restricted					
Special revenue fund	-	-	-	8,944	9,406
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,944</u>	<u>\$ 9,406</u>

Source: ACFR 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	2022
Revenues					
Tuition charges	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	43	80	146	6,342
Miscellaneous	-	37,340	16,875	10,984	65,019
Local sources	1,658,095	2,626,685	4,026,150	4,737,303	5,704,168
State sources	440,625	684,724	1,040,248	1,319,266	1,669,848
Federal sources	93,255	205,001	272,088	387,545	1,115,005
Total revenue	<u>2,191,975</u>	<u>3,553,793</u>	<u>5,355,441</u>	<u>6,455,244</u>	<u>8,560,382</u>
Expenditures					
Instruction					
Regular Instruction	805,922	1,202,277	1,493,776	2,529,972	3,606,389
Support Services:					
Other support services	374,178	-	-	-	-
General administrative services	523,543	1,252,801	1,315,648	1,644,284	1,182,584
School administrative services	-	235,474	428,401	524,022	874,382
Unallocated employee benefits	191,027	298,602	453,575	872,554	721,414
Non-budgeted expenditures	-	55,887	88,976	139,870	222,713
Capital outlay	29,327	57,036	77,463	388,522	1,019,495
Total expenditures	<u>1,923,997</u>	<u>3,101,977</u>	<u>3,857,839</u>	<u>6,099,224</u>	<u>7,626,977</u>
Excess (Deficiency) of revenues over (under) expenditures	267,978	451,816	1,497,602	356,020	933,405
Other Financing sources (uses)					
Proceeds from borrowing	-	-	-	-	14,590,000
Bond costs	-	-	-	-	(279,493)
Premium on sale of bonds	-	-	-	-	1,403,543
Purchase of building with bond proceeds	-	-	-	-	(15,000,000)
Transfers out	(67,068)	(45,610)	(96,582)	(84,502)	(21,575)
Total other financing sources (uses)	<u>(67,068)</u>	<u>(45,610)</u>	<u>(96,582)</u>	<u>(84,502)</u>	<u>692,475</u>
Net change in fund balances	<u>\$ 200,910</u>	<u>\$ 406,206</u>	<u>\$ 1,401,020</u>	<u>\$ 271,518</u>	<u>\$ 1,625,880</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Source: ACFR 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>	<u>2022</u>
Number of Classes:					
Kindergarten	4	4	4	4	4
Grade 1	3	3	3	3	3
Grade 2	2	3	3	3	3
Grade 3	0	2	3	3	3
Grade 4	0	0	2	2	3
Grade 5	0	0	0	0	3
Grade 6	0	0	0	0	2
Total Number of Classes	<u>9</u>	<u>12</u>	<u>15</u>	<u>15</u>	<u>21</u>
Full-Time Employees:					
Executive Director	1	1	1	1	1
Teachers	11	15	18	21	21
Supervisor/Title I Coordinator	1	1	1	1	1
Teacher Aides	7	12	16	18	19
School Nurse	1	1	1	1	1
Head of School	1	1	1	1	1
Custodian	1	2	2	2	1
Administrative Assistant	1	2	4	4	4
Total Employees	<u>24</u>	<u>35</u>	<u>44</u>	<u>49</u>	<u>49</u>
Teacher/Student Ratio	<u>1:7</u>	<u>1:8</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>	<u>372</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				
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%
2022	372	6,607,482	17,762	46.50%	40.0	1:8	-	372.0	360.0	146.36%	96.77%

Sources: Charter School records

Note: Enrollment based on annual October charter school count for FYE 2022

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
District Building										
<u>Elementary and Middle School (Combined)</u>										
Ocean Academy Charter School										
Square Feet	-	-	-	-	-	10,000	10,000	13,000	30,000	30,000
Capacity (students)	-	-	-	-	-	220	220	280	540	540
Enrollment	-	-	-	-	-	151	216	263	335	372

Number of Schools at June 30, 2022
 Elementary and Middle School combined = 1

Source: Charter School Records

OCEAN ACADEMY CHARTER SCHOOL
Insurance Schedule
June 30, 2022

	<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	2022 Audit
Cash	106,147	205,436	728,191	1,836,572	2,451,530
Current Assets	308,830	151,767	1,257,816	510,889	1,561,761
Total Assets	308,830	739,523	2,160,367	2,565,361	19,513,627
Current Liabilities	80,225	103,559	52,816	78,342	72,674
Total Liabilities	80,225	103,559	52,816	1,703,894	16,506,006
Net Position	228,605	635,964	2,107,551	2,231,340	2,640,642
Total Revenue	2,314,238	3,292,905	4,994,377	6,925,307	9,057,760
Total Expenses	2,085,633	2,841,089	3,458,775	6,810,462	8,625,475
Change in Net Position	228,605	451,816	1,535,602	114,845	432,285
Depreciation Expense	-	-	2,000	4,567	169,968
Interest Expense	-	-	-	-	667,905
Principal Payments	-	-	-	-	-
Interest Payments	-	-	-	-	638,099
Final Average Daily Enrollment	145	215	263	335	372
March 30th Budgeted Enrollment	155	220	275	360	378

RATIO ANALYSIS

Near Term Indicators

1a	Current Ratio	3.85	3.45	37.60	29.96	55.22
1b	Unrestricted Days Cash	18.58	26.39	76.85	98.43	103.74
1c	Enrollment Variance	94%	98%	96%	93%	98%
1d	Default	NO	NO	NO	NO	NO

Sustainability Indicators

2a	Total Margin	10%	14%	31%	2%	5%
2b	Debt to Asset	26	0.14	0.02	0.66	0.85
2c	Cash Flow	106,147	-	-	-	-
2d	Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	1.90

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, 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, 2022, and the related notes to the financial statements, which collectively comprise of the Ocean Academy Charter School basic financial statements, and have issued our report thereon dated March 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ocean Academy Charter School'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 Ocean Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ocean Academy Charter School's internal control.

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

Report on 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 disclosed no 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

March 8, 2023



**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 Program
Opinion on Each Major Federal and State Program

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 federal and state programs for the year ended June 30, 2022. Ocean Academy Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal and State Program

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* (Uniform Guidance) and the New Jersey OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Ocean Academy Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Ocean Academy Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Ocean Academy Charter School's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ocean Academy Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ocean Academy Charter School's compliance with the requirements of each major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Ocean Academy Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Ocean Academy Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Ocean Academy Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 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

March 8, 2023

OCEAN ACADEMY CHARTER SCHOOL
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2021	Adjustments	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2022	Accounts Receivable at June 30, 2022	Due to Grantor at June 30, 2022
U.S. Department of Education										
Passed-through State Department of Education:										
Special Revenue Fund:										
Title I, Part A	84.010	7/1/20-6/30/21	\$ 210,345	\$ (204,946)	\$ -	\$ 204,946	\$ -	\$ -	\$ -	\$ -
Title I, Part A	84.010	7/1/21-6/30/22	235,835	-	-	-	(235,835)	-	(235,835)	-
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	7/1/20-6/30/21	27,408	(27,408)	-	27,408	-	-	-	-
Title II, Part A	84.367A	7/1/21-6/30/22	24,213	-	-	-	(24,213)	-	(24,213)	-
Title III	84.365A	7/1/20-6/30/21	33,631	(33,631)	-	33,631	-	-	-	-
Title III	84.365A	7/1/21-6/30/22	43,862	-	-	-	(43,862)	-	(43,862)	-
Title IV	84.424A	7/1/20-6/30/21	10,000	(10,000)	-	10,000	-	-	-	-
Charter School Program	84.282A	7/1/20-6/30/22	218,036	-	-	218,036	(218,036)	-	-	-
Special Education Cluster:										
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 Basic Regular	84.027A	7/1/21-6/30/22	74,514	-	-	-	(74,514)	-	(74,514)	-
I.D.E.A. Part B Preschool	84.173	7/1/20-6/30/21	1,327	(1,327)	-	1,327	-	-	-	-
I.D.E.A. Part B Preschool	84.173	7/1/21-6/30/22	1,065	-	-	-	(1,065)	-	(1,065)	-
Subtotal Special Education Cluster				(60,902)	-	60,902	(75,579)	-	(75,579)	-
Elementary and Secondary Education										
Cluster:										
ARP ESSER	84.425U	3/13/20-9/30/24	270,163	-	-	-	(270,163)	-	(270,163)	-
ESSER II - CRRSA	84.425D	3/13/20-9/30/23	245,717	-	-	-	(245,717)	-	(245,717)	-
Subtotal Elementary and Secondary Education Cluster				-	-	-	(515,880)	-	(515,880)	-
Total U.S. Department of Education				(344,374)	-	562,410	(1,113,405)	-	(895,369)	-
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Food Service Enterprise Fund:										
P-EBT Administrative Cost Grant	10.649	7/1/21-6/30/22	1,242	-	-	1,242	(1,242)	-	-	-
Food Distribution Program	10.550	7/1/21-6/30/22	7,079	-	-	7,079	(7,079)	-	-	-
Child Nutrition Cluster:										
School Snack Program	10.553	7/1/21-6/30/22	6,476	-	-	5,976	(6,476)	-	(500)	-
Emergency Operational Cost Program	10.555	7/1/21-6/30/22	24,751	-	-	24,751	(24,751)	-	-	-
Summer Food Service Program for Children	10.559	7/1/20-6/30/21	430,071	(48,340)	-	48,340	-	-	-	-
Summer Food Service Program for Children	10.559	7/1/21-6/30/22	421,421	-	-	386,914	(421,421)	-	(34,507)	-
Subtotal of Child Nutrition Cluster				(48,340)	-	465,981	(452,648)	-	(35,007)	-
Total Enterprise (Food Service) Fund				(48,340)	-	474,302	(460,969)	-	(35,007)	-
Total Expenditures of Federal Awards				\$ (392,714)	\$ -	\$ 1,036,712	\$ (1,574,374)	\$ -	\$ (930,376)	\$ -

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, 2022

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2021</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue at June 30, 2022</u>	<u>(Accounts Receivable) at June 30, 2022</u>	<u>Due to Grantor at June 30, 2022</u>
New Jersey Department of Education									
General Fund:									
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 117,599	\$ -	\$ 117,599	\$ (117,599)	\$ -	\$ -	\$ -
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	207,522	-	207,522	(207,522)	-	-	-
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	920,834	(12,199)	12,199	-	-	-	-
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	1,100,278	-	1,009,323	(1,100,278)	-	(90,955)	-
On-Behalf TPAF Pension Contribution	22-100-034-5094-002	7/1/21-6/30/22	350,396	-	350,396	(350,396)	-	-	-
On-Behalf TPAF Post-Retirement Medical	22-100-034-5094-001	7/1/21-6/30/22	81,867	-	81,867	(81,867)	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	22-100-034-5094-004	7/1/21-6/30/22	434	-	434	(434)	-	-	-
Reimbursed TPAF Social Security Tax Contribution	21-495-034-5094-003	7/1/20-6/30/21	81,126	(8,480)	8,480	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	22-495-034-5094-003	7/1/21-6/30/22	140,412	-	133,056	(140,412)	-	(7,356)	-
Total General Fund				<u>(20,679)</u>	<u>1,920,876</u>	<u>(1,998,508)</u>	<u>-</u>	<u>(98,311)</u>	<u>-</u>
Special Revenue Fund:									
SDA Emergency	22-100-034-5120-519	7/1/21-6/30/22	21,736	-	21,736	(21,736)	-	-	-
Total Special Revenue Fund				<u>-</u>	<u>21,736</u>	<u>(21,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enterprise Fund:									
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	12,182	(2,038)	2,038	-	-	-	-
State School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	5,954	-	5,533	(5,954)	-	(421)	-
Total Enterprise Fund				<u>(2,038)</u>	<u>7,571</u>	<u>(5,954)</u>	<u>-</u>	<u>(421)</u>	<u>-</u>
Total Expenditures of State Awards for testing				<u>\$ (22,717)</u>	<u>\$ 1,950,183</u>	<u>\$ (2,026,198)</u>	<u>\$ -</u>	<u>\$ (98,732)</u>	<u>\$ -</u>
State Financial Assistance Not Subject to Single Audit Determination									
General Fund:									
On-Behalf TPAF Pension Contribution	22-100-034-5094-002	7/1/21-6/30/22	350,396	-	350,396	(350,396)	-	-	-
On-Behalf TPAF Post-Retirement Medical	22-100-034-5094-001	7/1/21-6/30/22	81,867	-	81,867	(81,867)	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	22-100-034-5094-004	7/1/21-6/30/22	434	-	434	(434)	-	-	-
Total State Financial Assistance Not Subject to Single Audit Determination				<u>-</u>	<u>432,697</u>	<u>(432,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance				<u>\$ (22,717)</u>	<u>\$ 1,517,486</u>	<u>\$ (1,593,501)</u>	<u>\$ -</u>	<u>\$ (98,732)</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, 2022

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

Ocean Academy Charter School

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

June 30, 2022

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(350,396) for the general fund and \$1,600 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	\$ -	\$ 1,648,112	\$ 1,648,112
Special Revenue Fund	1,115,005	21,736	1,136,741
Food Service Fund	<u>460,969</u>	<u>5,954</u>	<u>466,923</u>
Total awards and financial assistance	<u>\$ 1,575,974</u>	<u>\$ 1,675,802</u>	<u>\$ 3,251,776</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, 2022.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 15-08.

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, 2022

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

Federal Awards Section

Internal Control over major programs:

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

Type of auditor's report issued on compliance for major programs:
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 no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.282A	Charter School Program
Elementary and Secondary Education Cluster	
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)

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

Auditee qualified as low-risk auditee? yes no

Ocean Academy Charter School

Schedule of Findings and Questioned Costs (continued)

June 30, 2022

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

Equalization Aid
 Security Aid
 Special Education Aid

Ocean Academy Charter School

Schedule of Findings and Questioned Costs (Continued)

June 30, 2022

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, 2022

Summary Schedule of Prior Year Audit Findings - N/A