



SHARPE  
PATELCPA

**OAK HILL CHARTER SCHOOL  
LENOIR, NORTH CAROLINA**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2023

**OAK HILL CHARTER SCHOOL**  
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**June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Oak Hill Charter School  
Lenoir, North Carolina

### **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 Oak Hill Charter School as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Oak Hill 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 Oak Hill Charter School, as of June 30, 2023, 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 Oak Hill 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 the 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 Oak Hill 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 Oak Hill 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 Oak Hill 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 on pages 4 through 10 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 Oak Hill Charter School's basic financial statements. The accompanying budgetary schedules as well as the accompanying schedule of expenditures of federal and state 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* and the State Single Audit Implementation Act., 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 and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of Oak Hill 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 Oak Hill Charter School's 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 Oak Hill Charter School's internal control over financial reporting and compliance.

*Sharpe Patel PLLC*

Raleigh, North Carolina

October 31, 2023

**Management's Discussion and Analysis  
Oak Hill Charter School  
June 30, 2023**

As management of Oak Hill Charter School, we offer readers of Oak Hill Charter School's audited financial statements this narrative overview and analysis of the financial activities of Oak Hill Charter School for the fiscal year ended June 30, 2023. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

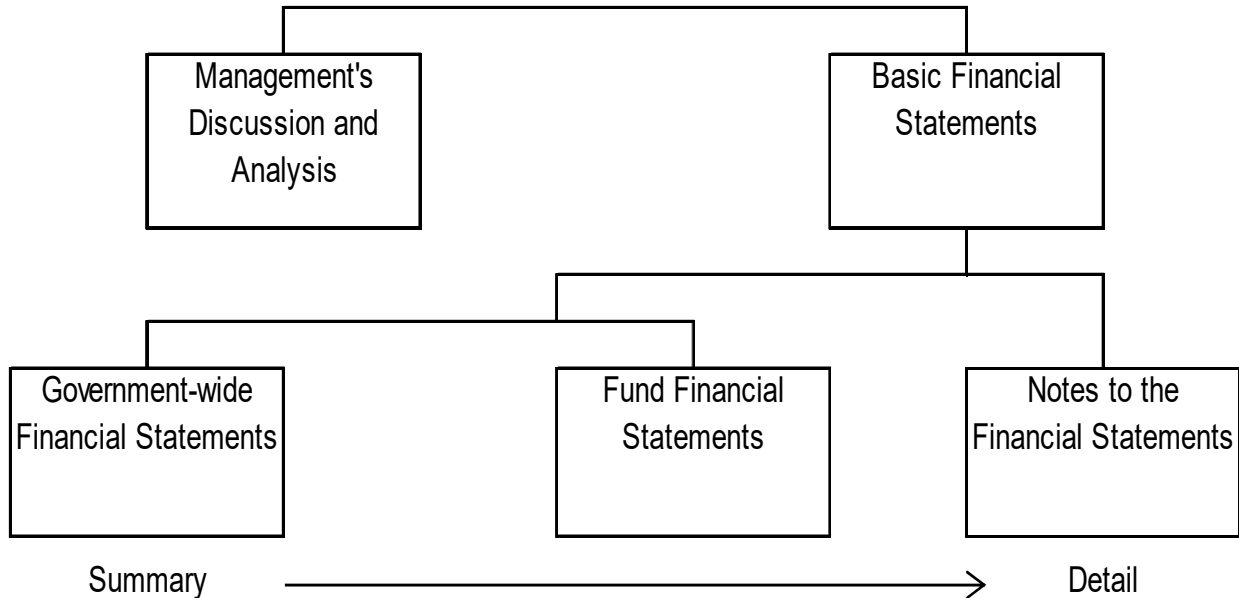
**Financial Highlights**

- The assets of Oak Hill Charter School exceeded its liabilities and deferred inflows at the close of the fiscal year by \$107,464 (**net position**).
- As of the close of the current fiscal year, Oak Hill Charter School's governmental funds reported combined ending fund balances of \$70,390.
- Enrollment for their inaugural year is 189.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Oak Hill Charter School's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two distinct financial perspectives of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Oak Hill Charter School.

**Figure 1  
Required Components of Annual Financial Report**



**Management's Discussion and Analysis**  
**Oak Hill Charter School**  
**June 30, 2023**

**Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial standing.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual segments of the School's government and are more detailed than the government-wide financial statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

Immediately following the fund financial statements are the **Notes to the Financial Statements** (i.e. "Notes"). The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about the School's funds. Budgetary information for the School can also be found in this section of the statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status, as a whole.

The two government-wide statements report the School's net position and how they have changed. Net position is the difference between the School's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. These functions are funded almost entirely through state, county, and federal educational funds. The business-type activities are those services that the School charges its students and other customers.

The government-wide financial statements are enumerated in Exhibits 1 and 2 of this report.

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Oak Hill Charter School, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements, such as the North Carolina General Statutes or the School's budget ordinance, where and when applicable. All of the funds of Oak Hill Charter School's can be divided into two categories: governmental funds and proprietary funds.

**Management's Discussion and Analysis**  
**Oak Hill Charter School**  
**June 30, 2023**

**Governmental Funds** – Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies remaining at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is an integral part of the fund financial statements.

Although not compelled or required to do so by federal, state, or local law, Oak Hill Charter School has elected to adopt an annual budget. Since the budget is not required by law, the budgetary comparison statements are not included in the basic financial statements, but are part of the supplemental statements and schedules following the notes. The budget incorporates input from the faculty, management, and the Board of Directors of the School and specifies which activities will be pursued and which services the School will provide during the year. It also authorizes the School to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the School has complied with the budget ordinance and whether or not the School has succeeded in providing the services as originally planned.

**Proprietary Funds** – Oak Hill Charter School operates a proprietary fund for a student breakfast and lunch program plus an after school program.

**Notes to the Financial Statements** – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The assets of Oak Hill Charter School exceeded liabilities by \$107,464 as of June 30, 2023. The amount of \$47,074 reflects the School's investment in capital assets (e.g. leasehold improvements, computer equipment, and vehicles), less any related debt still outstanding that was issued to acquire those items. Oak Hill Charter School has a capitalization limit of \$5,000. This results in an unrestricted net position of \$60,390.



**Management's Discussion and Analysis  
Oak Hill Charter School  
June 30, 2023**

Figure 2  
Oak Hill Charter School  
Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 111,627	\$ -	\$ 4,312.00	\$ -	\$ 115,939	\$ -
Accounts receivable	-	-	-	-	-	-
Capital assets	47,074	-	-	-	47,074	-
<b>Total assets</b>	<b>158,701</b>	<b>-</b>	<b>4,312</b>	<b>-</b>	<b>163,013</b>	<b>-</b>
Long-term liabilities outstanding	10,000	-	-	-	10,000	-
Other Liabilities	41,237	-	4,312.00	-	45,549	-
<b>Total Liabilities</b>	<b>51,237</b>	<b>-</b>	<b>4,312</b>	<b>-</b>	<b>55,549</b>	<b>-</b>
<b>Net Position</b>						
Invested in capital assets net of related debt	47,074	-	-	-	47,074	-
Restricted	-	-	-	-	-	-
Unrestricted	60,390	-	-	-	60,390	-
<b>Total Net Position</b>	<b>107,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,464</b>	<b>-</b>

Several aspects of the School's financial operations positively influenced the total unrestricted governmental net position:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.

**Management's Discussion and Analysis  
Oak Hill Charter School  
June 30, 2023**

Figure 3  
Oak Hill Charter School  
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Charges for Services	\$ -	\$ -	\$ 27,565	\$ -	\$ 27,565	\$ -
Operating grants and contributions	41,436	-	-	-	41,436	-
General revenues:						
County, State, and Federal	1,694,656	-	-	-	1,694,656	-
Grants & contributions not restricted to specific programs						
Other:	124,151	-	-	-	124,151	-
<b>Total Revenue</b>	<b>1,860,243</b>	<b>-</b>	<b>27,565</b>	<b>-</b>	<b>1,887,808</b>	<b>-</b>
<b>Expenses:</b>						
Instructional programs	1,172,241	-	-	-	1,172,241	-
Support services	535,012	-	-	-	535,012	-
Non-programmed charges	-	-	-	-	-	-
After School Care	-	-	14,425	-	14,425	-
School food service	-	-	52,556	-	52,556	-
Interest on long-term debt	-	-	-	-	-	-
<b>Total Expenses</b>	<b>1,707,253</b>	<b>-</b>	<b>66,981</b>	<b>-</b>	<b>1,774,234</b>	<b>-</b>
Increase (Decrease) in net position before transfers	152,990	-	(39,416)	-	113,574	-
Transfers	(39,416)	-	39,416	-	-	-
Change in net position	113,574	-	-	-	113,574	-
Net position - opening	(6,110)	-	-	-	(6,110)	-
Net position - ending	107,464	-	-	-	107,464	-

**Governmental activities.** Governmental activities increased the School's net position by \$107,464.

**Business-type activities.** The School operates a nutrition program and an after school program.

### Financial Analysis of the School's Funds

As noted earlier, Oak Hill Charter School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of Oak Hill Charter School's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing Oak Hill Charter School's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Oak Hill Charter School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$70,390.

**Proprietary Funds.** Oak Hill Charter School operates a proprietary fund for a student lunch program and an after school program.

**Management’s Discussion and Analysis  
Oak Hill Charter School  
June 30, 2023**

**Capital Asset and Debt Administration**

Figure 4  
Oak Hill Charter School  
Capital Assets  
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Furniture & Office Equipment	\$ 47,074	\$ -	\$ -	\$ -	\$ 47,074	\$ -
Leasehold Improvements	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-
<b>Total</b>	<b>47,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,074</b>	<b>-</b>

**Capital assets.** Oak Hill Charter School has a capitalization limit of \$5,000.

**Long-term Debt.** As of June 30, 2023, Oak Hill Charter School had no outstanding debt.

**Economic Factors**

The following key economic indicators reflect the growth and prosperity of the School:

- Oak Hill Charter School opened for the School’s inaugural year with 189 students.

**Requests for Information**

This report is designed to provide an overview of the School’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Principal, Oak Hill Charter School, 4603 Oak Hill School Road, Lenoir, NC 28645 828-759-1383.

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**FINANCIAL SECTION**

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**OAK HILL CHARTER SCHOOL**  
**Statement of Net Position**  
**June 30, 2023**

**Exhibit 1**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 78,673	\$ 4,312	\$ 82,985
Due from other governments	1,444	-	1,444
Prepaid items	21,510	-	21,510
Security deposit	10,000	-	10,000
Total current assets	111,627	4,312	115,939
Non-current assets:			
Capital assets, net of depreciation	47,074	-	47,074
Total non-current assets	47,074	-	47,074
Total assets	158,701	4,312	163,013
<b>LIABILITIES</b>			
Accounts payable	1,820	4,312	6,132
Payroll related liabilities	39,417	-	39,417
Long-term liabilities:			-
Due in one year	-	-	-
Due in more than one year	10,000	-	10,000
Total liabilities	51,237	4,312	55,549
<b>NET POSITION</b>			
Net investment in capital assets	47,074	-	47,074
Restricted	-	-	-
Unrestricted	60,390	-	60,390
Total net position	\$ 107,464	\$ -	\$ 107,464

The accompanying notes to the financial statements are an integral part of these statements.

**OAK HILL CHARTER SCHOOL**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

**Exhibit 2**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		
				<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Primary government:</b>						
Governmental activities:						
Instructional services	\$ 1,172,241	\$ -	\$ 3,012	\$ (1,169,229)	\$ -	\$ (1,169,229)
System-wide support services	535,012	-	38,424	(496,588)	-	(496,588)
Total governmental activities	<u>1,707,253</u>	<u>-</u>	<u>41,436</u>	<u>(1,665,817)</u>	<u>-</u>	<u>(1,665,817)</u>
Business-type activities:						
School food service	52,556	26,908	-	-	(25,648)	(25,648)
Before and after school care	14,425	657	-	-	(13,768)	(13,768)
Total business-type activities	<u>66,981</u>	<u>27,565</u>	<u>-</u>	<u>-</u>	<u>(39,416)</u>	<u>(39,416)</u>
Total primary government	<u>\$ 1,774,234</u>	<u>\$ 27,565</u>	<u>\$ 41,436</u>	<u>(1,665,817)</u>	<u>(39,416)</u>	<u>(1,705,233)</u>
General revenues:						
Unrestricted county appropriations				247,450	-	247,450
Unrestricted State appropriations				1,447,206	-	1,447,206
Donations - general				7,060	-	7,060
Grants - general				113,136	-	113,136
Miscellaneous, unrestricted				3,955	-	3,955
Transfers				(39,416)	39,416	-
Total general revenues				<u>1,779,391</u>	<u>39,416</u>	<u>1,818,807</u>
Change in net position				113,574	-	113,574
Beginning net position				(6,110)	-	(6,110)
Ending net position				<u>\$ 107,464</u>	<u>\$ -</u>	<u>\$ 107,464</u>

The accompanying notes to the financial statements are an integral part of these statements.

**OAK HILL CHARTER SCHOOL**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

**Exhibit 3**

	Major Funds		Non-Major Funds	Total Governmental Funds
	General	State Public School	Federal Grants	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 78,673	\$ -	\$ -	\$ 78,673
Due from other governments	1,444	-	-	1,444
Prepaid items	21,510	-	-	21,510
Security deposit	10,000	-	-	
Total assets	\$ 111,627	\$ -	\$ -	\$ 101,627
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,820	\$ -	\$ -	\$ 1,820
Payroll related liabilities	39,417	-	-	39,417
Total liabilities	41,237	-	-	41,237
 Fund balances:				
Nonspendable:				
Prepaid items	21,510	-	-	21,510
Security deposit	10,000	-	-	10,000
Unassigned	38,880	-	-	38,880
Total fund balances	70,390	-	-	70,390
Total liabilities and fund balances	\$ 111,627	\$ -	\$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	47,074
Some liabilities, including bonds payable, lease liability and accrued interest, are not due and payable in the current period and therefore are not reported in the funds	(10,000)
Net position of governmental activities	107,464

The accompanying notes to the financial statements are an integral part of these statements.

**OAK HILL CHARTER SCHOOL**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

**Exhibit 4**

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Federal Grants</u>	
<b>REVENUES</b>				
State of North Carolina	\$ -	\$ 1,447,206	\$ -	\$ 1,447,206
Boards of education	247,450	-	-	247,450
U.S. Government	-	-	41,436	41,436
Donations - general	7,060	-	-	7,060
Grants - general	113,136	-	-	113,136
Miscellaneous	3,955	-	-	3,955
Total revenues	<u>371,601</u>	<u>1,447,206</u>	<u>41,436</u>	<u>1,860,243</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional services	174,606	994,623	3,012	1,172,241
System-wide support services	67,425	426,809	38,424	532,658
<b>Capital outlay</b>	<u>23,654</u>	<u>25,774</u>	<u>-</u>	<u>49,428</u>
Total expenditures	<u>265,685</u>	<u>1,447,206</u>	<u>41,436</u>	<u>1,754,327</u>
Excess of revenues over (under) expenditures	<u>105,916</u>	<u>-</u>	<u>-</u>	<u>105,916</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	<u>(39,416)</u>	<u>-</u>	<u>-</u>	<u>(39,416)</u>
Total other financing sources (uses)	<u>(39,416)</u>	<u>-</u>	<u>-</u>	<u>(39,416)</u>
Net change in fund balance	66,500	-	-	66,500
Beginning fund balance	<u>3,890</u>	<u>-</u>	<u>-</u>	<u>3,890</u>
Ending fund balance	<u>\$ 70,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,390</u>

The accompanying notes to the financial statements are an integral part of these statements.



OAK HILL CHARTER

Exhibit 5

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances-governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances- total governmental funds \$ 66,500

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

47,074

Total changes in net position of governmental activities

\$ 113,574

The accompanying notes to the financial statements are an integral part of these statements.

OAK HILL CHARTER SCHOOL

Exhibit 6

Statement of Net Position

Proprietary Funds

June 30, 2023

	Enterprise Funds		
	Non-Major Funds	Major Fund	Total
	Before and After School Care	School Food Service	
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 4,312	\$ 4,312
Total assets	-	4,312	4,312
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 112	\$ 4,200	\$ 4,312
Total current liabilities	112	4,200	4,312
<b>NET POSITION</b>			
Unrestricted	(112)	112	-
Total net position	\$ (112)	\$ 112	\$ -

The accompanying notes to the financial statements are an integral part of these statements.

**OAK HILL CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

**Exhibit 7**

	<b>Enterprise Funds</b>		<b>Total</b>
	<b>Non-Major Fund</b>	<b>Major Fund</b>	
	<b>Before and After School Care</b>	<b>School Food Service</b>	
<b>OPERATING REVENUES</b>			
Before and after school care	\$ 657	\$ -	\$ 657
Lunch sales	-	26,908	26,908
Total operating revenues	<u>657</u>	<u>26,908</u>	<u>27,565</u>
<b>OPERATING EXPENSES</b>			
Salaries and related costs	9,440	-	9,440
Supplies and materials	-	3,472	3,472
Food purchases	4,985	49,084	54,069
Total operating expenses	<u>14,425</u>	<u>52,556</u>	<u>66,981</u>
Operating income (loss)	<u>(13,768)</u>	<u>(25,648)</u>	<u>(39,416)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Transfers from other funds	<u>13,656</u>	<u>25,760</u>	<u>39,416</u>
Total nonoperating revenues (expenses)	<u>13,656</u>	<u>25,760</u>	<u>39,416</u>
Change in net position	(112)	112	-
Total net position-beginning	<u>-</u>	<u>-</u>	<u>-</u>
Total net position-ending	<u>\$ (112)</u>	<u>\$ 112</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of these statements.

**OAK HILL CHARTER SCHOOL**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

**Exhibit 8**

	<b>Enterprise Funds</b>		
	<b>Non-Major Fund</b>	<b>Major Fund</b>	<b>Total</b>
	<b>Before and After School Care</b>	<b>School Food Service</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 657	\$ 26,908	\$ 27,565
Cash paid to employees for services	(9,440)	-	(9,440)
Cash paid for goods and services	(4,873)	(48,356)	(53,229)
Net cash provided (used) by operating activities	<u>(13,656)</u>	<u>(21,448)</u>	<u>(35,104)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfers from other funds	13,656	25,760	39,416
Net cash provided (used) by capital and related financing activities	<u>13,656</u>	<u>25,760</u>	<u>39,416</u>
Net increase (decrease) in cash and cash equivalents	-	4,312	4,312
Cash, beginning of the year	-	-	-
Cash, end of the year	<u>\$ -</u>	<u>\$ 4,312</u>	<u>\$ 4,312</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (13,768)	\$ (25,648)	\$ (39,416)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Increase (decrease) in accounts payable	112	4,200	4,312
Total Adjustments	<u>112</u>	<u>4,200</u>	<u>4,312</u>
Net cash provided (used) by operating activities	<u>\$ (13,656)</u>	<u>\$ (21,448)</u>	<u>\$ (35,104)</u>

The accompanying notes to the financial statements are an integral part of these statements.

**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Oak Hill Charter School, North Carolina (School) conform to generally accepted accounting principles (GMP) as applicable to governments. Charter schools are established by non-profit entities, such as Oak Hill Charter School. Because of the authority of the State Board of Education (the "SSE") to terminate, not renew or seek applicants to assume a charter on grounds sent out in the North Carolina General Statutes at G.S. 115C-218.95 with all net assets purchased with public funds reverting to a local education agency (G.S. 115C-218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies. The following is a summary of the more significant accounting policies.

**A) Reporting Entity**

The Oak Hill Charter School is a North Carolina non-profit corporation incorporated in 2022. Pursuant to the provisions of the Charter School Act of 1996 as amended (the "Act"), Oak Hill Charter School has been approved to operate the School, a public school serving approximately 178 students. The School operates under an approved charter received from the SBE and applied for under the provisions of G.S. 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SSE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA), and requires the financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2027 and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SSE may renew the charter for a shorter period or not renew the charter.

The School has been recognized by the Internal Revenue Service as exempt from Federal income taxation under section 501 (a) of the Internal Revenue Code as an organization described in section 501 (c)(3).

**B) Basis of Presentation**

In accordance with *GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments* (GASB 34), the School is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general purpose governments.

**Government-wide Financial Statements:** The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B) Basis of Presentation (Continued)**

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the School's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The School reports the following major governmental funds:

**General Fund:** The General Fund is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

**State Public School Fund:** The State Public School Fund includes appropriations from the Department of Public Instruction for current operating needs of the School and is reported as a special revenue fund.

**C) Measurement Focus and Basis of Accounting**

**Government-wide Financial Statements.** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements.** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C) Measurement Focus and Basis of Accounting (Continued)**

Theses could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

**D) Budgetary Data**

Annual budgets are adopted for all funds. The budgets are prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget presented in the supplementary information represents the budget of the School at June 30, 2023. All appropriations lapse at year end.

**E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity**

**1. Deposits and Investments**

All deposits of the School are made in a local bank, whose accounts are FDIC insured.

**2. Cash and Cash Equivalents**

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

**3. Inventories and Prepaid Items**

The inventories of the School are valued at cost, and the School uses the first-in, first-out (FIFO) flow assumption in determining cost. Governmental fund inventories consist of supplies and are recorded as expenses when consumed. Proprietary fund inventories consist of food and supplies and are also recorded as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)**

**4. Capital Assets**

Donated capital assets are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates are not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than \$10,000 with an estimated useful life of two or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over the following estimated useful lives:

	<u>Years</u>
Equipment	7

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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 and so will not be recognized as an expense or expenditure until then. The School has no items that meet these criteria. In addition to liabilities, the statement of financial 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 a future period and so will not be recognized as revenue until then. The School has no items that meet these criteria.

**6. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.



**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)**

**7. Net Position/Fund Balances**

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance – This classification 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.

Prepaid Items – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid operating expenses which is not a spendable resource.

Security Deposits – Portion of fund balance that is not an available resource because it represents the year-end balance of security deposits which are not a spendable resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance – portion of fund balance that can only be used for a specific purpose imposed by a majority vote of the School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)**

**7. Net Position/Fund Balances (Continued)**

Assigned Fund Balance – portion of fund balance that the School intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committee. The governing body approves the appropriation; however, the budget ordinance authorizes the Director to modify the appropriations by resource or appropriation within funds up to \$5,000.

Assigned for Clubs and Activities funds – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Unassigned Fund Balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the General Fund.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the School.

**8. Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund balance sheet includes a reconciliation between governmental funds' total fund balance and governmental activities' net position as reported in the government-wide statement of net position. The net adjustment of \$37,074 consists of several elements as follows:

**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)**

**8. Reconciliation of Government-wide and Fund Financial Statements (Continued)**

Description	Amount
Capital assets used in governmental activities are not financial resources are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 49,428
Less accumulated depreciation:	(2,354)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	(10,000)
Total adjustment	\$ 37,074

**F) Revenues, Expenditures, and Expenses**

**1. Funding**

The School is funded by the SBE receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the School is located (i.e. Caldwell County Board of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)]. Additionally, the School receives, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective local school administrative unit for the fiscal year which is transferred by the appropriate local school administrative unit(s) [G.S. 115C-238.29H9b)]. For the year ended June 30, 2023, the School received funding from the Boards of Education for Caldwell County, Catawba County, Alexander County, and Burke County.

Furthermore, the School has received donations of cash and/or equipment from private organizations. The cash has been used for the purchase of new equipment for the School's facilities.

**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F) Revenues, Expenditures, and Expenses (Continued)**

**2. Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund statement of revenues, expenditures, and changes in fund balances is followed by a reconciliation between the change in governmental funds' fund balance and the change in governmental activities' net position as reported on the government-wide statement of activities. The net difference of \$47,074 between the two amounts consists of the following elements:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	\$ 49,428
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(2,354)
Total adjustment	\$ 47,074

**G) Use of Estimates and Assumptions**

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

**II. DETAIL NOTES ON ALL FUNDS**

**A) Assets**

**1. Deposits**

At June 30, 2023, the School had deposits with banks and savings and loans with a carrying amount of \$82,985. The bank balance with the financial institutions was \$90,570. The entire balance is covered by federal depository insurance. The School does not have a deposit policy for custodial credit risk.

**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**A) Assets (Continued)**

**2. Capital Assets**

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets being depreciated				
Equipment	\$ -	\$ 49,428	\$ -	\$ 49,428
Total capital assets being depreciated	<u>-</u>	<u>49,428</u>	<u>-</u>	<u>49,428</u>
Less accumulated depreciation				
Equipment	-	2,354	-	2,354
Total accumulated depreciation	<u>-</u>	<u>2,354</u>	<u>-</u>	<u>2,354</u>
Governmental activities capital assets, net	<u>\$ -</u>			<u>\$ 47,074</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services	\$ -
System-wide support services	2,354
	<u>\$ 2,354</u>

**B) Liabilities**

**1. Retirement Plan**

The School maintains a 403(b) retirement plan eligible to employees who work more than 20 hours per week and meet legal requirements to participate. The plan is effective as of September 1, 2022.

Funding policy – Eligible employees may contribute a percentage of their annual compensation to the plan, up to the limit determined by the IRS. The School matches 100 percent of employee contributions up to the first 4 percent of gross wages. During the year ended June 30, 2023, the School’s contributions to the plan totaled \$5,205.

**2. Risk Management**

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains general liability and errors and omissions insurance coverage of \$1 million per occurrence with a commercial carrier.

**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B) Assets (Continued)**

**2. Risk Management (Continued)**

The School has obtained a major medical insurance policy for its personnel through a commercial insurer. Through the plan, permanent, full-time employees of the School are eligible to receive health care benefits.

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and claims have not exceeded coverage in any of the past three fiscal years.

**3. Long-Term Obligations**

a) Leases

The School entered into a lease agreement with Oak Hill Development, Inc. on June 16, 2023 for a building and related school facilities. The term of this lease begins on July 1, 2023 and expires on June 30, 2024, thus qualifying as a short-term lease under GASB 87. The School is required to pay \$21,000 per month during the term of the lease. The future minimum lease obligation as of June 30, 2023 is \$252,000.

b) Changes in Long-Term Obligations

The School entered into a promissory note agreement with Oak Hill Development, Inc. on February 10, 2022. The note is unsecured, interest free, and requires the School to repay the loan in one lump sum at the end of five years. On June 30, 2023, the outstanding principal balance was \$10,000.

The following is a summary of changes in the School's long-term obligations for the fiscal year ended June 30, 2023:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion
Promissory Note	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -
	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -

**C) Interfund Balances and Activity**

During the year ended June 30, 2023, the School transferred \$39,416 from the general fund to the School Food Service and the Before and After School Care funds to supplement operations.

**OAK HILL CHARTER SCHOOL**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**D) Fund Balance**

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-School funds, Oak Hill Charter School funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the School.

The following schedule provides management and citizens with information on the portion of the General Fund balance that is available for appropriation.

Total fund balance	\$	70,390
Less:		
Prepaid items		21,510
Security deposit		<u>10,000</u>
Remaining fund balance	\$	<u><u>38,880</u></u>

**III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**Federal and State Assisted Programs**

The School has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**IV. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 31, 2023, the date of the issuance of these financial statements.

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**SUPPLEMENTARY INFORMATION**

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**OAK HILL CHARTER SCHOOL** **Schedule 1**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Government Fund Types**  
**For the Fiscal Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
State of North Carolina	\$ 1,341,390	\$ 1,447,206	\$ 105,816
Local education agencies	302,400	247,450	(54,950)
U.S. Government	105,800	41,436	(64,364)
Donations - general	-	7,060	7,060
Grants - general	-	113,136	
Miscellaneous	-	3,955	3,955
Before and after school care	-	657	657
School food service	-	26,908	26,908
Total revenues	<u>1,749,590</u>	<u>1,887,808</u>	<u>25,082</u>
<b>EXPENDITURES</b>			
Salaries and bonuses	666,300	811,885	(145,585)
Employee benefits	343,600	129,142	214,458
Books and supplies	75,500	110,110	(34,610)
Technology	12,000	6,272	5,728
Non-capitalized tech & equipment	35,000	90,116	(55,116)
Contracted student services	23,000	286,189	(263,189)
Staff development	11,800	2,150	9,650
Administrative services	235,000	69,711	165,289
Insurance	26,400	12,555	13,845
Rent	78,000	134,259	(56,259)
Facilities	21,600	8,338	13,262
Utilities	42,000	2,415.00	39,585
Transportation and travel	34,700	54,554.00	(19,854)
Nutrition	60,000	54,184	5,816
Total	<u>1,664,900</u>	<u>1,771,880</u>	<u>(106,980)</u>
Capital outlay	<u>-</u>	<u>49,428</u>	<u>(49,428)</u>
Total expenditures	<u>1,664,900</u>	<u>1,821,308</u>	<u>(156,408)</u>
Excess of revenue over expenditures	<u>\$ 84,690</u>	<u>\$ 66,500</u>	<u>\$ (131,326)</u>



**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***

To the Board of Directors  
Oak Hill Charter School  
Lenoir, North Carolina

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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oak Hill Charter School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Oak Hill Charter School's basic financial statements, and have issued our report thereon dated October 31, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Oak Hill 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 Oak Hill Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Oak Hill 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 entity'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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oak Hill 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*.

### **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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sharpe Patel PLLC*

Raleigh, North Carolina  
October 31, 2023



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE OBM UNIFORM  
GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Directors  
Oak Hill Charter School  
Lenoir, North Carolina

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited Oak Hill Charter School’s compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* that could have a direct and material effect on each of Oak Hill Charter School’s major State programs for the year ended June 30, 2023. Oak Hill Charter School’s major State programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Oak Hill 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 State programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major 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) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. 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 Oak Hill 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 State program. Our audit does not provide a legal determination of Oak Hill 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 Oak Hill Charter School’s 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 Oak Hill 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*, and the Uniform Guidance 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 Oak Hill Charter School's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Oak Hill 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 Oak Hill 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, but not for the purpose of expressing an opinion on the effectiveness of Oak Hill 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 State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 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 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 the State Single Implementation Act. Accordingly, this report is not suitable for any other purpose.

*Sharpe Patel PLLC*

Raleigh, North Carolina

October 31, 2023

**OAK HILL CHARTER SCHOOL**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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**Financial Statements**

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes        X   no

Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported

Noncompliance material to the financial statements noted \_\_\_\_\_ yes        X   no

**State Awards**

Internal control over major State programs:

Material weaknesses identified? \_\_\_\_\_ yes        X   no

Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported

Type of auditors' report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act \_\_\_\_\_ yes        X   no

Identification of major State programs:

**Program Name**  
 \_\_\_\_\_  
 State Public School Fund - Charter Schools

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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None reported.

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**SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

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**SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS**

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No findings disclosed in the prior year.

**OAK HILL CHARTER SCHOOL**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2023**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass- Through Grantor's Number	Expenditures
<b>FEDERAL GRANTS</b>			
Cash Assistance:			
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction			
Title I Cluster:			
IASA Title I - LEA Basic Education	84.010A	PRC 050	\$ 1,264
Passed-through the N.C. Department of Public Instruction			
Title VI-B Handicapped	84.027	PRC 060	38,424
Supporting Effective Instruction	84.367	PRC 103	1,748
			<u>40,172</u>
Total U.S. Department of Education			<u>41,436</u>
Total Federal Assistance			<u>41,436</u>
<b>STATE GRANTS</b>			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund - Charter Schools		PRC 036	1,447,206
Total State assistance			<u>1,447,206</u>
Total Federal and State assistance			<u>\$ 1,488,642</u>

**Notes to the Schedule of Expenditures of Federal and State Financial Awards:**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the Federal and State grant activity of Oak Hill Charter School under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

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