



**A Charter School and Special Revenue Fund
of the Town of Oakland, Florida**

**FINANCIAL STATEMENTS AND AUDITOR'S REPORTS
June 30, 2018**

OAKLAND AVENUE CHARTER SCHOOL

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June 30, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Town of Oakland Commissioners
Oakland Avenue Charter School
Oakland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Oakland Avenue Charter School, (the "School"), a charter school and special revenue fund of the Town of Oakland, Florida (the "Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Oakland Avenue Charter School, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(cont...)

Emphasis of Matters

Reporting Entity

As discussed in Note 1, the School is included in the operations of the Town and the School is presented in the Town's basic financial statements as a separate special revenue fund. These financial statements present only the financial position of the Oakland Avenue Charter School at June 30, 2018, and the changes in financial position for the year then ended and are not intended to be a complete presentation of the Town of Oakland. Our opinion is not modified with respect to this matter.

Implementation of New Accounting Standard

As discussed in Note 14 to the financial statements, during the current year the School adopted Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These statements require for the first time, that employers report the Other Postemployment Benefit Plan (OPEB) liability on their statements of net position. In connection with the implementation of this standard, the City decreased its beginning net position by \$110,442. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule – general fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of Oakland Avenue 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oakland Avenue Charter School's internal control over financial reporting and compliance.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
September 28, 2018

OAKLAND AVENUE CHARTER SCHOOL
A Special Revenue Fund of the Town of Oakland, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The management's discussion and analysis (MD&A) provides an overview of Oakland Avenue Charter School ("School") activities for the year ended June 30, 2018 and should be read in conjunction with the financial statements and the notes thereto.

The MD&A, and the financial statements and notes thereto, are the responsibility of School management.

FINANCIAL HIGHLIGHTS

- Net position represents the residual interest in the School's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The School's net position at June 30, 2018 totaled \$1,184,735 or 27% of 2017-2018 expenses compared to the June 30, 2017 total of \$1,547,453 or 38% of 2016-2017 expenses.
- For the year ended June 30, 2018, the School's total net position decreased by \$252,276 which included a \$400,000 transfer to the Town of Oakland, Florida.
- The School implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of this implementation, the previously reported net position was decreased by \$110,442 to reflect the recording of the School's total other post-employment benefit (OPEB) liability as of June 30, 2017.
- As of the close of the current fiscal year, the School's general fund reported ending fund balance of \$758,922 a decrease of \$253,273 in comparison with the prior year.
- At the close of the current fiscal year, the School's general fund reported ending unassigned fund balance of \$756,762 which represents 17% of the total expenditures for the year ended June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes the management's discussion and analysis, the independent auditor's report and the basic financial statements of the School as well as required supplementary information. The financial statements also include notes that explain in more detail some of the information found in the financial statements. The basic financial statements include two kinds of statements that present different views of the School.

The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status. These statements report information about the School as a whole and about its activities in a manner that helps answer the question, "Is Oakland Avenue Charter School better off or worse off as a result of the year's activities?" These statements include all assets, liabilities and deferred outflows and inflows of resources using the accrual basis of accounting similar to the accounting used by the private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

OAKLAND AVENUE CHARTER SCHOOL
A Special Revenue Fund of the Town of Oakland, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The *statement of net position* presents all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual measure reported as "net position". Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating. The reader will need to consider other non-financial factors such as the current tax laws, student enrollment growth or decline, and facility conditions in arriving at their conclusion regarding the overall health of the School

The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The remaining statements are the fund financial statements that focus on individual parts of the School's operation in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation of governmental fund(s) to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance provide detailed information about the School's most significant funds. The School operates one fund, a general fund to account for its general operations and internal account activities. For reporting purposes, the general fund is the only major fund of the School.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the general fund to demonstrate compliance with the budget.

Notes to financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

OAKLAND AVENUE CHARTER SCHOOL
A Special Revenue Fund of the Town of Oakland, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the information in the Statement of Net position.

	Statement of Net Position (Summary)			
	Governmental Activities			
	June 30, 2018	June 30, 2017	Change	%Change
Assets:				
Current and other assets	\$ 1,024,291	\$ 1,189,451	\$ (165,160)	-14%
Capital assets, net	574,056	565,828	8,228	1%
Total assets	1,598,347	1,755,279	(156,932)	-9%
Liabilities:				
Current liabilities	265,369	177,256	88,113	50%
Long-term liabilities	148,243	141,012	7,231	5%
Total liabilities	413,612	318,268	95,344	30%
Net position:				
Investment in capital assets	574,056	565,828	8,228	1%
Unrestricted	610,679	871,183	(260,504)	-30%
Total net position	\$ 1,184,735	\$ 1,437,011	\$ (252,276)	-18%

The June 30, 2017 long-term liabilities above reflect an increase of \$110,442 from the previously reported amounts and unrestricted net position reflects a \$110,442 decrease from the previously reported amount. These restatements of previously reported amounts were due to the recording of the June 30, 2017 total OPEB liability in connection with the implementation of GASB Statement No. 75.

The assets of the School primarily consist of cash and cash equivalents, building improvements, construction in progress, furniture and equipment. Liabilities consist primarily of accounts payable and accrued wages, compensated absences payable and the total OPEB liability.

Of the two components of the School's net position, the largest portion is the unrestricted portion and the remaining portion of net position reflects the School's investment in capital assets. The School uses these capital assets to provide services to students, so these assets are not available for future spending. The School's investment in capital assets totaled \$574,056 as of June 30, 2018 and \$565,828 as of June 30, 2017.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The School's net position was \$1,184,735 at the close of the current fiscal year. Unrestricted net position is approximately 52% of the total net position (61% at the end of the prior year as restated) and the School's investment in capital assets makes up the remaining 44% (37% at the end of the prior year).

OAKLAND AVENUE CHARTER SCHOOL
A Special Revenue Fund of the Town of Oakland, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The key elements of the changes in the School's net position for the fiscal year ended June 30, 2018 and 2017 are as follows.

	Governmental Activities			
	For the year ended			
	June 30, 2018	June 30, 2017	Change	%Change
Revenues:				
<i>Program Revenues:</i>				
Charges for services	\$ 84,375	\$ 94,526	\$ (10,151)	-11%
Operating grants and contributions	338,121	227,888	110,233	48%
<i>General revenues:</i>				
State and local sources passed through local school district	4,026,137	3,884,375	141,762	4%
Other general revenues	101,048	98,038	3,010	3%
Total revenues	4,549,681	4,304,827	244,854	6%
Expenses:				
Basic instruction	1,956,623	1,729,252	227,371	13%
Exceptional instruction	170,569	90,937	79,632	88%
Student support services	76,225	60,895	15,330	25%
Instructional media services	76,054	71,667	4,387	6%
Instructional staff training services	5,302	5,815	(513)	-9%
School administration	279,881	278,130	1,751	1%
Central services	148,000	188,658	(40,658)	-22%
Food services	179,789	179,579	210	0%
Fiscal services	226,662	199,374	27,288	14%
Pupil transportation services	2,882	2,921	(39)	-1%
Operation of plant	1,105,643	1,118,330	(12,687)	-1%
Maintenance of plant	171,508	133,141	38,367	29%
Community services	2,819	331	2,488	752%
Total expenses	4,401,957	4,059,030	342,927	8%
Transfers in (out)	(400,000)	-	(400,000)	-----
Change in Net Position	\$ (252,276)	\$ 245,797	\$ (498,073)	

Governmental activities' change in net position for 2018 was an increase of \$147,724 before transfers, as compared to an increase of \$245,797 in the prior year.

- Total revenue increased by \$244,854 mainly due to increased capital outlay funding.
- Total expenses increased by \$342,927 mainly due to increased instructional personnel costs.

The School transferred \$400,000 to the Town of Oakland, Florida during the year ended June 30, 2018 to fund the enrollment stabilization and sinking funds of the Town of Oakland, Florida's Charter School Revenue Refunding Bond, Series 2013. There were no interfund transfers with the Town of Oakland, Florida in 2017.

The largest revenue source for the School are the state and local funds received through the School District of Orange County, Florida (94% of total revenue for years ended June 30, 2018 and 2017). Revenues from these state and local sources are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

OAKLAND AVENUE CHARTER SCHOOL
A Special Revenue Fund of the Town of Oakland, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds - As of June 30, 2018, the School's general fund reported a positive fund balance of \$758,922 or 17% of 2017-2018 general fund expenditures. As of June 30, 2017, the School's general fund reported a positive fund balance of \$1,012,195 or 25% of 2016-2017 general fund expenditures.

BUDGETARY HIGHLIGHTS

The School's budget was developed based on anticipated revenues and expenditures which are driven by the expected student population for the school year. For the year ended June 30, 2018, actual revenues were \$245,532 greater than the final budgeted amount and expenditures were \$98,805 more than final budgeted amounts resulting in an overall positive budget variance of \$146,727 before interfund transfers.

The School made an interfund transfer to the Town of Oakland, Florida during the year ended June 30, 2018 which was not budgeted.

The significant budgetary variances noted above were caused by revenues, expenditures and transfers that were significantly different than the original budgeted amounts and a budget amendment was not prepared to address these differences.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At June 30, 2018, the School had \$1,579,211 in capital assets, less accumulated depreciation of \$1,055,155, for net capital assets of \$574,056 (\$565,828 as of the end of the prior year). Depreciation charges for the current fiscal year totaled \$71,810. More information about the School's capital assets is presented in the notes to financial statements.

Debt: At June 30, 2018, the School's long-term liabilities consisted of \$33,946 of unused personal time (\$30,570 at the end of the prior year) and the total OPEB liability of \$114,297 (\$110,442 at the end of the prior year as restated during the implementation of GASB Statement No. 75). More information about the School's long-term obligations is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The budget is initially adopted by June of the prior year based on a conservative estimate of enrollment and estimated per pupil revenue from the state. The School is forecasting enrollment for the 2018 – 2019 School year to remain constant at approximately 530 full-time equivalent students.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town's administrative offices at 220 North Tubb Street, Oakland, Florida 34760.

OAKLAND AVENUE CHARTER SCHOOL
STATEMENT OF NET POSITION
 June 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,014,201
Receivables, current:	
Intergovernmental	7,930
Prepaid expenses	2,160
Capital assets:	
Non-depreciable	45,327
Depreciable, net	<u>528,729</u>
TOTAL ASSETS	<u>1,598,347</u>
LIABILITIES	
Accounts payable and accrued wages	265,369
Long-term liabilities:	
Due within one year	-
Due in more than one year	<u>148,243</u>
TOTAL LIABILITIES	<u>413,612</u>
NET POSITION	
Investment in capital assets	574,056
Unrestricted	<u>610,679</u>
TOTAL NET POSITION	<u><u>\$ 1,184,735</u></u>

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the year ended June 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	
PRIMARY GOVERNMENT					
Governmental activities:					
Basic instruction	\$ 1,956,623	\$ -	\$ -	\$ -	\$ (1,956,623)
Exceptional instruction	170,569	-	-	-	(170,569)
Student support services	76,225	-	-	-	(76,225)
Instructional media services	76,054	-	-	-	(76,054)
Instructional staff training services	5,302	-	-	-	(5,302)
School administration	279,881	-	-	-	(279,881)
Central services	148,000	-	-	-	(148,000)
Food services	179,789	54,246	83,149	-	(42,394)
Fiscal services	226,662	-	-	-	(226,662)
Pupil transportation services	2,882	-	-	-	(2,882)
Operation of plant	1,105,643	30,129	254,972	-	(820,542)
Maintenance of plant	171,508	-	-	-	(171,508)
Community services	2,819	-	-	-	(2,819)
Total governmental activities	\$ 4,401,957	\$ 84,375	\$ 338,121	\$ -	(3,979,461)
GENERAL REVENUES:					
State and local sources passed through local school district					4,026,137
Interest income					551
Other general revenues					100,497
TRANSFERS:					(400,000)
Total general revenues and transfers					<u>3,727,185</u>
CHANGE IN NET POSITION					(252,276)
NET POSITION, beginning of year					1,547,453
Restatement (Note 14)					(110,442)
NET POSITION, beginning - as restated					<u>1,437,011</u>
NET POSITION, end of year					<u>\$ 1,184,735</u>

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
 June 30, 2018

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,014,201
Receivables, current:	
Intergovernmental	7,930
Prepaid expenditures	<u>2,160</u>
TOTAL ASSETS	<u>\$ 1,024,291</u>
LIABILITIES	
Accounts payable and accrued wages	<u>\$ 265,369</u>
TOTAL LIABILITIES	<u>265,369</u>
FUND BALANCE	
Nonspendable:	
Prepaid expenditures	2,160
Unassigned	<u>756,762</u>
TOTAL FUND BALANCE	<u>758,922</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,024,291</u>

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 758,922

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. 574,056

Long-term liabilities, consisting of accumulated compensated absences and the total OPEB liability are not due and payable in the current period and therefore they are not reported in the governmental funds. (148,243)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,184,735

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS
For the year ended June 30, 2018

	General Fund
REVENUES:	
State and local sources:	
State and local sources passed through local school district	\$ 4,281,109
Contributions and other local sources	185,423
Total state and local sources	<u>4,466,532</u>
Federal sources:	
Federal direct food service grants	83,149
Total federal sources	<u>83,149</u>
Total revenues	<u>4,549,681</u>
EXPENDITURES:	
Current:	
Basic instruction	1,952,725
Exceptional instruction	170,259
Student support services	76,123
Instructional media services	72,669
Instructional staff training services	5,302
School administration	270,690
Central services	139,839
Food services	177,603
Fiscal services	226,662
Pupil transportation services	2,882
Operation of plant	1,053,835
Maintenance of plant	171,508
Community services	2,819
Capital outlay	80,038
Total expenditures	<u>4,402,954</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>146,727</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	(400,000)
Total other financing sources (uses)	<u>(400,000)</u>
NET CHANGE IN FUND BALANCE	<u>(253,273)</u>
FUND BALANCE, beginning of year	<u>1,012,195</u>
FUND BALANCE, end of year	<u>\$ 758,922</u>

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Oakland Avenue Charter School (the "School") is organized pursuant to Section 1002.33, Florida Statutes and is included in the financial operations of the Town of Oakland, Florida (the "Town"), which is the charter holder of the School. The governing body of the School is the Town of Oakland Commission consisting of five members. The financial information presented is that of the School only. The School is presented in the Town's basic financial statements as a separate special revenue fund.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School District of Orange County, Florida (the "District"). The current charter is effective until July 1, 2027. The charter may be renewed for up to an additional fifteen years. During the term of the charter, the District may terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with Florida Education Finance Program (FEFP) public funds and any unencumbered FEFP public funds revert to the District.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based upon these criteria, no component units are included within the reporting entity of the School.

BASIS OF PRESENTATION

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, the basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - The government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole using accounting methods similar to those used by private-sector companies. These statements include nonfiduciary financial activity of the school. Both statements report only governmental activities as the School does not engage in any business type activities.

Program revenues include charges paid by the recipient of the goods or services offered by the program, and 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.

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

BASIS OF PRESENTATION (cont...)

Fund Financial Statements - The fund financial statements provide detailed information about the School's most significant funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The financial transactions of the School are recorded in a single governmental "general" fund. There are no other governmental funds. Because the focus of governmental fund financial statements differs from the focus of the government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

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 recorded when a liability is incurred, regardless of the timing of related cash flows.

Imposed nonexchange resources are reported as deferred inflows if received before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions (donations and grants) resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within 60 days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state or other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recognized only when payment is due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

CASH AND CASH EQUIVALENTS

The financial statement caption "cash and cash equivalents" includes all deposits with banks and financial institutions including certificates of deposit and all highly-liquid investments (with original maturities of three months or less). All deposits are insured by federal depository insurance and, are collateralized in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

RECEIVABLES

Consist primarily of amounts due from other governments. All receivables are deemed collectible, and no allowance for uncollectible accounts is considered necessary.

INVENTORIES

Supplies inventory is immaterial and such items are charged to expense when purchased.

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 will not be recognized as an outflow of resources (expense/expenditure) until that time.

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

COMPENSATED ABSENCES

- a) Non-instructional Staff: The School provides personal leave to non-instructional staff to be used for sick, vacation or personal paid time off. Personal leave is credited to non-instructional staff depending on years of service, ranging from eighteen to thirty-two days of leave per year. If a non-instructional staff does not use all of their personal leave by the end of the fiscal year, up to 480 hours will be carried forward to the following fiscal year. Non-instructional employees who are separated in good standing from the School shall be paid a lump sum amount for all accrued personal leave. Employees may elect to be paid for up to forty hours of unused personal leave if the election is submitted to the Principal and received by the Town Manager prior to the end of the fiscal year.
- b) Instructional Staff: Instructional staff are given five days of personal leave and five days of sick leave per year. Instructional staff shall forfeit all unused personal leave at the end of each school year but are allowed to carry forward up to eighty hours of unused sick leave. Sick leave accrued beyond the eighty-hour carryover maximum will be paid out at the end of the school year in which the maximum carryover was reached.

An employee who is involuntarily terminated from the School shall forfeit all unused accrued leave, unless a payout is approved by the Town Manager. The liability for these compensated absences is recorded as long-term in the government-wide statement of net position and not reported in the fund level balance sheet because the liability is generally not payable from expendable available financial resources.

The liability for unused personal leave to be paid with current financial resources, if any, is reported as a liability in the fund level balance sheet as a component of wages payable. As of June 30, 2018, there were no amounts accrued for unused personal leave at the fund level.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

CAPITAL ASSETS

In the government-wide statements, capital assets include building improvements and furniture and equipment. Capital assets are defined as personal or real property or improvements with an individual cost of \$1,000 or more and that is either titled in the School's name or for which the School has the continuing responsibility for maintenance. Such assets are recorded at historical cost and reported net of accumulated depreciation. Donated assets are recorded at fair market value as of the date received. Other costs incurred for repairs and maintenance are expensed as incurred.

In the fund financial statements, capital assets used in governmental fund operations are accounted as capital outlay expenditures of the governmental fund upon acquisition.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

	Years
Building improvements	3-20
Furniture, fixtures and equipment	5-10
Information technology equipment	3-10
Audio visual equipment	5-10

USE OF ESTIMATES

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

INCOME TAXES

The School is a charter school included in the financial operations of the Town of Oakland, Florida; the School's charter holder, which qualifies as a tax-exempt organization, and therefore, is exempt from income tax. Accordingly, no provision for income taxes have been made in the accompanying financial statements.

REVENUE SOURCES

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

REVENUE SOURCES (concluded)

Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The District receives a 5% administrative fee from the School on the first 250 students, which is reflected as a central services expense / expenditure in the accompanying statement of activities and statement of revenues, expenditures and change in fund balance.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollments during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, the unspent portion is reflected as restricted net position and fund balance in the accompanying statements of net position and balance sheet - governmental fund, respectively. As of June 30, 2018, the School had no unspent capital outlay funds.

EQUITY CLASSIFICATIONS

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

- a) *Investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b) *Restricted net position* - Consists of net position with constraints placed in its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net position* - Consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of the investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position are available for use, it is the School's policy to use restricted net position first, then unrestricted net position as they are needed.

Fund Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. The following classifications describe the relative strength of the spending constraints:

- a) *Nonspendable* - amounts that are not in spendable form (such as prepaid items and deposits) or are legally required to be maintained intact. The School reported nonspendable fund balance for prepaid expenditures at June 30, 2018.
- b) *Restricted* - amounts constrained to specific purposes by external purposes by external providers or imposed by law through constitutional provisions or by enabling legislation. The School had no restricted fund balance amounts at June 30, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

EQUITY CLASSIFICATIONS (concluded)

- c) *Committed* - amounts constrained to specific purposes by formal action of the School itself, using its highest level of decision making authority (the School's Board of Directors) through resolution. To be reported as committed, amounts cannot be used for any other purpose unless the School's Board of Directors takes the same highest-level action (a resolution) to remove or change the constraint. The School had no committed fund balance amounts at June 30, 2018.
- d) *Assigned* - amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the principal or by an official or body which the Board of Directors have delegated the authority. The School had no assigned fund balance amounts at June 30, 2018.
- e) *Unassigned* - includes residual positive fund balance which has not been classified within the other above-mentioned categories.

The details of the fund balances are included in the governmental funds balance sheet. The School uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds. The details of the fund balances are included in the governmental fund balance sheet on page 10.

NOTE 2 - BUDGETARY LAW AND PRACTICE

The budget is adopted by the School's Board of Directors on or before July 1 of each year by motion in the minutes. All budget amounts presented in the accompanying supplementary information have been adjusted for legally authorized amendments. The budget for the general fund is prepared on a cash basis which differs from the basis used for financial reporting purposes. For the year ended June 30, 2018, actual expenditures exceeded budgeted appropriations by \$98,805 which was funded by greater than anticipated current year budgetary resources.

NOTE 3 - CASH

The School's deposits are insured by the FDIC up to \$250,000 per financial institution. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the Chief Financial Officer, State of Florida ("CFO") in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the CFO will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08. Florida Statutes.

OAKLAND AVENUE CHARTER SCHOOL
A Special Revenue Fund of the Town of Oakland, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - CASH (concluded)

There were no investment securities maintained during the year. The captions on the government-wide statement of net position for "cash and cash equivalents" are summarized below.

Cash and cash equivalents:		
Insured or fully collateralized bank deposits	\$	1,014,201
	<hr/>	
Total cash and cash equivalents	\$	1,014,201
	<hr/> <hr/>	

The types of investments in which the School may invest are governed by the Town of Oakland's investment policy. The School nor the Town of Oakland have any additional policies for dealing specifically with interest rate, credit or concentration risks.

NOTE 4 – CHANGES IN CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction-in-progress	\$ -	\$ 45,327	\$ -	\$ 45,327
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, not being depreciated	-	45,327	-	45,327
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, being depreciated:				
Building improvements	933,436	24,070	-	957,506
Furniture, fixtures and equipment	323,125	10,641	-	333,766
Information technology equipment	205,187	-	-	205,187
Audio visual equipment	37,425	-	-	37,425
Total capital assets, being depreciated	<hr/> 1,499,173	<hr/> 34,711	<hr/> -	<hr/> 1,533,884
Less accumulated depreciation for:				
Building improvements	(431,153)	(52,507)	-	(483,660)
Furniture, fixtures and equipment	(298,640)	(9,607)	-	(308,247)
Information technology equipment	(179,794)	(7,247)	-	(187,041)
Audio visual equipment	(23,758)	(2,449)	-	(26,207)
Total accumulated depreciation	<hr/> (933,345)	<hr/> (71,810)	<hr/> -	<hr/> (1,005,155)
Total capital assets being depreciated, net	<hr/> 565,828	<hr/> (37,099)	<hr/> -	<hr/> 528,729
Governmental activities capital assets, net	<hr/> <hr/> \$ 565,828	<hr/> <hr/> \$ 8,228	<hr/> <hr/> \$ -	<hr/> <hr/> \$ 574,056

OAKLAND AVENUE CHARTER SCHOOL
A Special Revenue Fund of the Town of Oakland, Florida
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 4 – CHANGES IN CAPITAL ASSETS (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

Basic instruction	\$	966
Instructional media services		3,385
Central services		8,161
Food services		2,186
School administration		5,547
Operation of plant		51,565
Total depreciation expense - governmental activities	<u>\$</u>	<u>71,810</u>

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Amounts Due within One Year
<u>Governmental Activities:</u>					
Long-term liabilities:					
Compensated absences	\$ 30,570	\$ 23,593	\$ (20,217)	\$ 33,946	\$ -
Total OPEB liability	<u>110,442</u>	<u>3,855</u>	<u>-</u>	<u>114,297</u>	<u>-</u>
Total long-term liabilities	<u>\$ 141,012</u>	<u>\$ 27,448</u>	<u>\$ (20,217)</u>	<u>148,243</u>	<u>\$ -</u>
Less amounts due in one year				<u>-</u>	
Net long-term liabilities due after one year				<u>\$ 148,243</u>	

The previously reported July 1, 2017 balances have been restated to add the total OPEB liability in the amount of \$110,442. The restatement was a result of implementation of GASB Statement 75. See Note 14 for more information.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN

Other Post-Employment Benefits (OPEB) – The School follows GASB Cod. Sec. P52 for reporting post-employment benefits other than pensions.

Plan Description: The School’s retiree health care plan (OPEB Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the School. The OPEB Plan, which is administered by the Town of Oakland, Florida, allows employees who retire and meet retirement eligibility requirements of the School’s defined contribution pension plan to continue medical insurance coverage as a participant in the School’s plan pursuant to the provisions of Section 112.0801, Florida Statutes. The School subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The School does not offer any explicit subsidies for retiree coverage. The OPEB Plan does not issue a stand-alone financial report.

Participant data as of the most recent actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>24</u>
Total	<u><u>24</u></u>

Benefits Provided: The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the School are eligible to receive postemployment health care benefits. All retiree and dependent coverage is at the expense of the retiree.

Funding Policy: The School currently pays for post-employment health care benefits on a pay-as-you-go basis and no assets are being accumulated in a trust to pay for the OPEB Plan benefits.

Total OPEB Liability: The Town’s total OPEB liability was measured as of September 30, 2017 and was determined by an actuary employing the alternative measurement method as provided in GASB Cod. Sec.P52.

Discount rate: The discount rate was based on a high-quality municipal bond rate of 3.64%. The high-quality bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard and Poor’s Corp.’s AA. All future benefits were discounted using the above discount rate.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN (continued)

Actuarial Assumptions: Significant actuarial assumptions used to measure the total OPEB liability were as follows:

Alternative method calculation date	9/30/2017
Measurement date	9/30/2017
Inflation	2.50%
Salary increases	2.50%
Discount rate	3.64%
Retirement rate	100% at age 58
Marital status	100% assumed married
Health care participation	20% participation assumed, with 50% electing spouse coverage
Initial health care inflation rate	8.50%
Ultimate health care inflation rate	4.00%
Years to ultimate trend rate	55
Eligibility for coverage	Must meet eligibility requirements for retirement

Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected to the calculation date using projection scale AA.

Change in assumptions: The discount rate changed from 3.06% for the reporting period ending June 30, 2017 to 3.64% for the reporting period ended June 30, 2018.

OPEB expense: For the year ended June 30, 2018, the School recognized OPEB expense of \$8,862.

Changes in the Total OPEB Liability

	Total OPEB Liability
Reporting period ending June 30, 2017	\$ 110,442
Changes for the year:	
Service cost	14,173
Interest	3,727
Changes of assumptions	(10,866)
Benefit payments	(3,179)
Net changes	3,855
Reporting period ending June 30, 2018	<u>\$ 114,297</u>

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN (concluded)

Sensitivity of the Total OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current discount rate (3.64%):

	1% Decrease 2.64%	Current discount rate 3.64%	1% Increase 4.64%
Total OPEB liability	\$ 129,977	\$ 114,297	\$ 101,371

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a healthcare cost trend rate range that is 1-percentage-point lower (3.00% to 7.50%) or 1-percentage-point higher (5.00% to 9.50%) than the current healthcare cost trend rate range (4.00% to 8.50%):

	1% Decrease 3.00% to 7.50%	Healthcare cost trend rate 4.00% to 8.50%	1% Increase 5.00% to 9.50%
Total OPEB liability	\$ 100,021	\$ 114,297	\$ 131,726

NOTE 7 - RISK MANAGEMENT

Commercial insurance protection with normal deductibles, including general liability, property and workers compensation, is in place to limit the School's exposure from losses arising from theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There has been no significant reduction in coverages, nor have settlement amounts exceeded the School's coverages during the year ended June 30, 2018 or the previous two years.

In the normal course of conducting operations, the School may become party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on financial operations. As of June 30, 2018, management was not aware of any legal actions or proceedings pending against the school.

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES

The School may from time to time participate in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

In accordance with Florida Statutes, all property and improvements, furnishings and equipment purchased with FEFP public funds provided to the School through the District will automatically revert to full ownership of the District upon the non-renewal or termination of the charter agreement.

NOTE 9 - FACILITY LEASE

The School is a party to an operating facility lease agreement with the Town of Oakland, Florida. The initial lease began on December 10, 2002 and was renewed effective July 1, 2013 for a fifteen-year term expiring on June 30, 2028. Rental payments of \$720,000 per year are payable in equal monthly installments.

The following is a schedule of the future minimum lease payments for the fiscal years ending June 30 until the end of the operating facility lease agreement:

Year	Total
2019	\$ 720,000
2020	720,000
2021	720,000
2022	720,000
2023	720,000
2024-2028	3,600,000
	<u>\$ 7,200,000</u>

NOTE 10 - RENTAL INCOME

The School leases a portion of their facilities to a third party on a month-to-month basis. Rental income for the year ended June 30, 2018 was approximately \$30,129.

NOTE 11 - INDIRECT COST ALLOCATION

The Town of Oakland provides finance, payroll and administrative services for the School at an indirect cost allocation rate of approximately \$362 per full-time equivalent student enrolled at the School. The indirect cost allocation for the year ended June 30, 2018 was \$190,000 and reported as a component of the fiscal services expenditures/expenses of the School

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN

The Town Commission has established by Resolution a qualified defined contribution pension plan under the provisions of Internal Revenue Code Section 401(a) (the "Plan") covering all School employees who are over 21 years of age and who have completed one-year service or, if earlier, three consecutive full calendar months of service. An employee is deemed to have completed a full calendar month of employment for any calendar month during which the employee is continuously employed without interruption for that entire calendar month and is credited with at least 80 hours of service. The plan trust is administered by John Hancock Life Insurance Company, and the assets of the plan are not considered part of the School's reporting entity. Benefits vest at a rate of 20% per year of service up to 100% vesting upon completion of the fifth year of service. Employees may elect to contribute the lesser of 100% of includible compensation or the applicable dollar limit. The Plan provides for a 100% matching contribution of up to 5% of employee compensation. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. Contributions made to the plan by the employees and the School totaled \$52,840 and \$41,059 respectively.

NOTE 13 – TRANSFER TO THE TOWN OF OAKLAND

During the year ended June 30, 2018, the School transferred \$400,000 to the general fund of the Town of Oakland, Florida. The intent of the transfer was to fund the enrollment stabilization and sinking funds of the Town of Oakland, Florida's Charter School Revenue Refunding Bond, Series 2013 (the "Bond"). The Bond is secured by the net revenues and fund balances of the School.

NOTE 14 – RESTATEMENT

For the fiscal year ended June 30, 2018, the School implemented the provisions of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires retroactive recording of the School's total OPEB liability as of June 30, 2017 in the amount of \$110,442. Accordingly, beginning net position of the governmental activities was reduced by \$110,442 to reflect the change in accounting principle.

OAKLAND AVENUE CHARTER SCHOOL
A Special Revenue Fund of the Town of Oakland, Florida
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 15 - CONCENTRATION OF REVENUE SOURCES

The School's principal source of revenues is from the State of Florida passed through the District, which provided approximately 94% of total revenue for the year ended June 30, 2018. The following is a schedule of revenue sources and amounts for the year ended June 30, 2018.

Sources	Amount
School District of Orange County, Florida	
Base funding	\$ 2,385,623
Exceptional student allocation	120,769
Discretionary lottery	939
Discretionary millage	236,636
Special millage	327,017
Compression adjustment	13,450
Safe schools	12,776
Digital classroom allocation	9,485
Instructional materials allocation	42,251
Supplemental academic instruction	111,780
Class size reduction	679,195
Reading allocation	22,698
School recognition	52,468
Teacher supply program	11,050
Capital outlay	254,972
Total revenue through the School District of Orange County, Florida	4,281,109
Other revenue:	
Food service sales	54,246
Federal school lunch/breakfast program income	83,149
Rental income	30,129
Donations	11,623
Other local sources	88,874
Interest income	551
Total revenue	\$ 4,549,681

REQUIRED SUPPLEMENTARY INFORMATION

OAKLAND AVENUE CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
For the year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
RESOURCES (inflows):				
State and local sources:				
State and local sources passed through				
local school district	\$ 4,084,299	\$ 4,084,299	\$ 4,281,109	\$ 196,810
Contributions and other local sources	182,350	182,350	185,423	3,073
Total state and local sources	4,266,649	4,266,649	4,466,532	199,883
Federal sources:				
Federal direct food service grants	37,500	37,500	83,149	45,649
Total federal sources	37,500	37,500	83,149	45,649
Total resources (inflows)	4,304,149	4,304,149	4,549,681	245,532
CHARGES TO APPROPRIATIONS (outflows):				
Current:				
Basic instruction	1,958,975	1,958,975	1,952,725	6,250
Exceptional instruction	173,243	173,243	170,259	2,984
Student support services	41,339	41,339	76,123	(34,784)
Instructional media services	80,316	80,316	74,817	5,499
Instructional staff training services	5,000	5,000	5,302	(302)
School administration	252,895	252,895	270,690	(17,795)
Central services	192,858	192,858	148,332	44,526
Food services	176,478	176,478	177,603	(1,125)
Fiscal services	229,500	229,500	226,662	2,838
Pupil transportation services	2,538	2,538	2,882	(344)
Operation of plant	1,040,940	1,040,940	1,053,835	(12,895)
Maintenance of plant	147,067	147,067	240,905	(93,838)
Community services	3,000	3,000	2,819	181
Total charges to appropriations (outflows)	4,304,149	4,304,149	4,402,954	(98,805)
EXCESS (DEFICIENCY) OF RESOURCES OVER				
CHARGES TO APPROPRIATIONS	-	-	\$ 146,727	\$ 146,727
Budgeted excess inflows	-	-		
NET CHANGE IN FUND BALANCE	\$ -	\$ -		

OAKLAND AVENUE CHARTER SCHOOL
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Reporting date	6/30/2018
Measurement date	9/30/2017
Total OPEB Liability	
Service cost	\$ 14,173
Interest	3,727
Changes of assumptions	(10,866)
Benefit payments	(3,179)
Net change in total OPEB Liability	3,855
Total OPEB Liability - beginning	110,442
Total OPEB Liability - ending	<u>\$ 114,297</u>
Covered-employee payroll	1,550,952
Total OPEB liability as a percentage of covered-employee payroll	7.37%

Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios:

No assets are being accumulated in a trust to pay for OPEB Plan benefits.

Changes in Assumptions:

- The discount rate used for the reporting period ending June 30, 2017 was 3.06% and was increased to 3.64% for the reporting period ending June 30, 2018.



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OTHER REPORTS

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 Town of Oakland Commissioners
Oakland Avenue Charter School
Oakland, Florida

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 and each major fund of Oakland Avenue Charter School (the "School") a charter school and special revenue fund of the Town of Oakland, Florida, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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*

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.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
September 28, 2018

MANAGEMENT LETTER

To the Town of Oakland Commissioners
Oakland Avenue Charter School
Oakland, Florida

Report on the Financial Statements

We have audited the financial statements of Oakland Avenue Charter School, (the "School"), a charter school and special revenue fund of the Town of Oakland, Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 28, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the *Comptroller General of the United States* and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated September 28, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Financial Condition and Management

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements of the School, we determined that the School did not meet any of the specified conditions of a financial emergency described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

MANAGEMENT LETTER

(cont...)

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit we did not have any such findings.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Oakland Avenue Charter School, which is a special revenue fund of the Town of Oakland, Florida.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Town of Oakland Commissioners, the School District of Orange County, Florida and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
September 28, 2018