

**OAKLAND AVENUE
CHARTER SCHOOL**
(A special revenue
fund of the Town of
Oakland, Florida)

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2009**

BERMAN HOPKINS
WRIGHT & LAHAM
CPAS AND ASSOCIATES, LLP

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government - Wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	23
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Outlay Fund	24
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Other Governmental Fund	25
Notes to Required Supplemental Information	26
SUPPLEMENTAL INFORMATION	
Schedule of Functional Expenditures - General Fund	28
Schedule of Functional Expenditures - Capital Outlay Fund	29
Schedule of Revenues and Expenditures - Other Governmental Fund	30

TABLE OF CONTENTS (continued)

	Page
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31
MANAGEMENT LETTER	33
MANAGEMENT'S RESPONSE	37

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Oakland Avenue Charter School
Oakland, Florida



We have audited the accompanying financial statements of the governmental activities and each major fund of Oakland Avenue Charter School (the "School"), which is included in the operation of the Town of Oakland, Florida (the "Town") as a special revenue fund, as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oakland Avenue Charter School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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As described in Note A-1, the accompanying financial statements referred to above present only the financial position of Oakland Avenue Charter School at June 30, 2009, and the changes in financial position for the year then ended, and are not intended to be a complete presentation of the Town.

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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, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

www.bermanhopkins.com

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

As discussed in Note B to the financial statements, certain errors resulting in an overstatement of previously reported assets and a corresponding overstatement of capital outlay revenue and operating fund balance as of and for the year ended June 30, 2008 were discovered by management and corrected in the current year. Accordingly, an adjustment has been made to operating fund balance as of June 30, 2009.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oakland Avenue Charter School's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

August 31, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of Oakland Avenue Charter School, we offer readers of Oakland Avenue Charter School's (the "School") financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2009 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the basic financial statements found on pages 8 - 21.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$1,420,810
- The government's total net assets increased by \$2,107 after including the prior period adjustment of (\$123,092).
- As of the close of the current fiscal year, the School's governmental funds reported a combined ending fund balance of \$1,198,371 an increase of \$6,368 including the prior period adjustment of (\$94,091) in comparison with the prior year, see page 12.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The School as a Whole

The information in the government-wide financial statements includes all assets and liabilities using the accrual basis of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net assets (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, you need to consider other nonfinancial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, etc., to assess the overall health of the School.

Changes in the School's net assets were as follows:

	2009	2008 (as restated)	Change	%
Current assets	\$ 1,202,921	\$ 1,183,605	\$ 19,316	2%
Capital assets - net	222,439	197,699	24,740	13%
Total assets	<u>1,425,360</u>	<u>1,381,304</u>	<u>44,056</u>	<u>3%</u>
Current liabilities	<u>4,550</u>	<u>85,693</u>	<u>(81,143)</u>	<u>-95%</u>
Net assets	<u>\$ 1,420,810</u>	<u>\$ 1,295,611</u>	<u>\$ 125,199</u>	<u>10%</u>
Net assets consist of:				
Invested in capital assets	\$ 222,439	\$ 197,699	\$ 24,740	13%
Unrestricted net assets	<u>1,198,371</u>	<u>1,097,912</u>	<u>100,459</u>	<u>9%</u>
Net assets	<u>\$ 1,420,810</u>	<u>\$ 1,295,611</u>	<u>\$ 125,199</u>	<u>10%</u>

Net assets invested in capital assets increased due to an increase in capital outlay receipts offset partially by the depreciation expense in the current fiscal year. The majority of capital assets include furniture, fixtures, and equipment.

The increase in current assets was due to an increase in cash primarily related to the School managing its expenses. In addition, the School was able to reduce its accrued payroll through an adjustment to its payroll policy.

Changes in the School's revenues were as follows:

	2009	2008 (as restated)	Change	%
Revenues:				
Program revenues				
Charges from services	\$ 82,935	\$ 161,717	\$ (78,782)	-49%
Operating grants	281,947	-	281,947	100%
General revenues	<u>3,169,656</u>	<u>3,875,563</u>	<u>(705,907)</u>	<u>-18%</u>
Total revenues	<u>\$ 3,534,538</u>	<u>\$ 4,037,280</u>	<u>\$ (502,742)</u>	<u>-12%</u>

The significant portion of revenue is provided by the Department of Education for funding through the Florida Education Finance Program based on the number of enrolled full time equivalent students. In the current fiscal year, the School's enrollment decreased therefore, creating a decrease in revenue.

Changes in the School's expenses were as follows:

	2009	2008 (as restated)	Change	%
Basic instruction	\$ 1,576,384	\$ 1,599,159	\$ (22,775)	-1%
Exceptional instruction	118,091	292,081	(173,990)	-60%
Guidance services	51,189	-	51,189	100%
Health services	32,385	-	32,385	100%
Media services	14,980	-	14,980	100%
Curriculum development	1,505	-	1,505	100%
Board of directors	368	-	368	100%
School administration	301,817	566,306	(264,489)	-47%
Food services	122,846	88,801	34,045	38%
Facilities	50,755	-	50,755	100%
Fiscal services	39,627	-	39,627	100%
Central services	35,160	-	35,160	100%
Staff services	5,420	-	5,420	100%
Transportation	2,406	34,547	(32,141)	-93%
Operation of plant	978,830	956,297	22,533	2%
Maintenance of plant	77,576	-	77,576	100%
Other	-	101,377	(101,377)	-100%
Total expenses	<u>\$ 3,409,339</u>	<u>\$ 3,638,568</u>	<u>\$ (229,229)</u>	<u>-6%</u>

The overall decrease in expenses is primarily based on a decrease in revenues and therefore less funding for certain purchased items or services. Other costs are variable depending on circumstances.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the School include the overall operations of the School.

The government-wide financial statements include only the School itself, which is a special revenue fund of the town of Oakland, Florida. The Town includes the operations of Oakland Avenue Charter School as a special revenue fund in their operations.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial 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. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of Oakland Avenue Charter School are presented in governmental funds only.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital outlay fund which are the School's major funds.

The School adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the school to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10 - 13 of this report.

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

The notes to the financial statements can be found starting on page 14 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$1,420,810 at the close of the most recent fiscal year.

For the end of the current fiscal year, the School is reporting a positive balance in its unrestricted net assets totaling \$1,198,371.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$1,198,371.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$1,134,210.

During the current fiscal year, the fund balance of the School's general fund increased by \$36,298.

General Fund Budgetary Highlights

Budgeted revenues exceeded actual revenues by \$49,039. Actual expenditures exceeded the budgeted expenditures by \$3,114.

Capital asset and debt administration

Capital assets. The School's investment in capital assets for its governmental type activities as of June 30, 2009, amounts to \$222,439 (net of accumulated depreciation). This investment in capital assets includes improvements other than buildings and furniture, fixtures and equipment, information technology equipment and audio visual equipment.

Debt. The School reports no long term debt at June 30, 2009.

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 financial information should be addressed the Town's administrative offices at 220 North Tubb Street, Oakland, Florida 34760

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

STATEMENT OF NET ASSETS

June 30, 2009

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,195,056
Accounts receivable	<u>7,865</u>
Total current assets	<u>1,202,921</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Improvements other than building	38,153
Furniture, fixtures, and equipment	124,851
Information technology equipment	45,446
Audio visual equipment	<u>13,989</u>
Total capital assets	<u>222,439</u>
Total assets	<u>1,425,360</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	<u>4,550</u>
Total liabilities	<u>4,550</u>
NET ASSETS	
Investment in capital assets	222,439
Unrestricted	<u>1,198,371</u>
Total net assets	<u><u>\$ 1,420,810</u></u>

The accompanying notes are an integral part of this financial statement.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 1,576,384	\$ -	\$ -	\$ -	\$ (1,576,384)
Exceptional instruction	118,091	-	-	-	(118,091)
Guidance services	51,189	-	-	-	(51,189)
Health services	32,385	-	-	-	(32,385)
Media services	14,980	-	-	-	(14,980)
Curriculum development	1,505	-	-	-	(1,505)
Board of directors	368	-	-	-	(368)
School administration	301,817	-	-	-	(301,817)
Food services	122,846	56,965	-	-	(65,881)
Fiscal services	39,627	-	-	-	(39,627)
Facilities	50,755	-	-	-	(50,755)
Central services	35,160	-	-	-	(35,160)
Staff services	5,420	-	-	-	(5,420)
Transportation	2,406	-	-	-	(2,406)
Operation of plant	978,830	25,970	281,947	-	(670,913)
Maintenance of plant	77,576	-	-	-	(77,576)
Total governmental activities	\$ 3,409,339	\$ 82,935	\$ 281,947	\$ -	(3,044,457)
			General revenues		
			State passed through local school district		3,113,187
			Other revenue		49,867
			Contributions		6,602
			Total general revenues		3,169,656
			Change in net assets		125,199
			Net assets at July 1, 2008		1,418,703
			Prior period adjustment		(123,092)
			Net assets at June 30, 2009		\$ 1,420,810

The accompanying notes are an integral part of this financial statement.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	General Fund	Capital Outlay Fund	Other Governmental	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,130,895	\$ -	\$ 64,161	\$ 1,195,056
Accounts receivable	7,865	-	-	7,865
Total assets	\$ 1,138,760	\$ -	\$ 64,161	\$ 1,202,921
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 4,550	\$ -	\$ -	\$ 4,550
Total liabilities	4,550	-	-	4,550
FUND BALANCES				
Unreserved	1,134,210	-	64,161	1,198,371
Total fund balances	1,134,210	-	64,161	1,198,371
Total liabilities and fund balances	\$ 1,138,760	\$ -	\$ 64,161	\$ 1,202,921

The accompanying notes are an integral part of this financial statements.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2009

Fund balances - total governmental funds \$ 1,198,371

The net assets reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Improvements other than building, net of \$11,442 accumulated depreciation	\$ 38,153	
Furniture, fixtures, and equipment, net of \$87,239 accumulated depreciation	124,851	
IT equipment, net of \$74,274 accumulated depreciation	45,446	
Audio visual equipment, net of \$6,331 accumulated depreciation	<u>13,989</u>	
Total capital assets		<u>222,439</u>
Total net assets of governmental activities		<u><u>\$ 1,420,810</u></u>

The accompanying notes are an integral part of this financial statement.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the year ended June 30, 2009

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
State passed through local school district	\$ 3,113,187	\$ 280,085	\$ -	\$ 3,393,272
Other revenues	75,837	1,862	56,965	134,664
Fundraising	6,602	-	-	6,602
Total revenues	<u>3,195,626</u>	<u>281,947</u>	<u>56,965</u>	<u>3,534,538</u>
Expenditures				
Current:				
Basic instruction	1,576,384	-	-	1,576,384
Exceptional instruction	118,091	-	-	118,091
Guidance services	51,189	-	-	51,189
Health services	32,385	-	-	32,385
Media services	14,980	-	-	14,980
Curriculum development	1,505	-	-	1,505
Board of directors	368	-	-	368
School administration	281,272	-	-	281,272
Food service	-	-	122,846	122,846
Fiscal services	39,627	-	-	39,627
Facilities	7,460	-	-	7,460
Central services	35,160	-	-	35,160
Staff services	5,420	-	-	5,420
Transportation	2,406	-	-	2,406
Operation of plant	696,883	281,947	-	978,830
Maintenance of plant	77,576	-	-	77,576
Fixed capital outlay	88,580	-	-	88,580
Total expenditures	<u>3,029,286</u>	<u>281,947</u>	<u>122,846</u>	<u>3,434,079</u>
Excess of revenues over expenditures	<u>166,340</u>	<u>-</u>	<u>(65,881)</u>	<u>100,459</u>
Other financing sources (uses):				
Transfers in	-	-	130,042	130,042
Transfers out	(130,042)	-	-	(130,042)
Total other financing sources (uses)	<u>(130,042)</u>	<u>-</u>	<u>130,042</u>	<u>-</u>
Net change in fund balances	<u>36,298</u>	<u>-</u>	<u>64,161</u>	<u>100,459</u>
Fund balances at July 1, 2008	1,192,003	-	-	1,192,003
Prior period adjustment	(94,091)	-	-	(94,091)
Fund balances at June 30, 2009	<u>\$ 1,134,210</u>	<u>\$ -</u>	<u>\$ 64,161</u>	<u>\$ 1,198,371</u>

The accompanying notes are an integral part of this financial statement.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

**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, 2009

Net change in fund balances - total government funds		\$ 100,459
The change in net assets reported for governmental activities in the statement of activities are different because:		
Governmental funds report fixed capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Fixed capital outlay	\$ 88,580	
Depreciation	<u>(63,840)</u>	<u>24,740</u>
Change in net assets of governmental activities		<u><u>\$ 125,199</u></u>

The accompanying notes are an integral part of this financial statement.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Oakland Avenue Charter School (the "School") is organized pursuant to Chapter 617, Florida Statutes and Section 1002.33, Florida Statutes. The school 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's School Advisory Council consisting of seven members (the "Commission"). The financial information presented is that of Oakland Avenue Charter School only. The school is presented in the Town's basic financial statements as a separate special revenue fund. A copy of the basic financial statements may be obtained from the Town.

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 Board of Orange County, Florida (the "District"). The current charter is effective until June 30, 2016. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Oakland Avenue Charter School is considered a component unit of the School Board of Orange County, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only the governmental activities, as the School does not engage in any business type activities.

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets, restricted net assets, and unrestricted net assets.

Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or by laws or regulations of other governments, or enabling legislation.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues. Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports both of its funds as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty 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, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with guidelines established by the School Board of Orange County, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

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

4. Cash and cash equivalents

Cash consists of cash on hand at the school, a checking account and a money market account held at financial institutions.

5. Accounts Receivables

The School's receivables consist of amounts due from other agencies. After reviewing the individual account balances, the School's management has determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund receivables and payables

Activity between the funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

**Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$500 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair values at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Improvements other than buildings	5-10
Furniture, fixtures, equipment, and motor vehicles	5-10
Information technology equipment	3-7
Audio visual equipment	3-7

8. Revenue sources

Revenues for current operations are received primarily from the Orange County District School Board 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 FTE students and related data to the Florida Department of Education (DOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the DOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. These federal awards may have eligibility requirements whereby the issuance of grant funds is withheld until such eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts and those differences may be material.

NOTE B - PRIOR PERIOD ADJUSTMENT

The School's management discovered during the current year differences between revenues recorded in the capital outlay fund during the year ended June 30, 2008 and the amounts ultimately received from the State. In the statement of activities for the year ended June 30, 2008, general revenues from state passed through local school district were overstated by \$123,092 resulting in the unrestricted net assets and accounts receivable also being overstated by the corresponding amount. In the statement of revenues, expenditures and changes in fund balances – governmental funds for the year ended June 30, 2008, revenues from state passed through local school district were overstated by \$94,091, resulting in the general fund balance and accounts receivable also being overstated by the corresponding amount.

These errors have been corrected as adjustments to the corresponding unrestricted net asset and general fund balances. After restating these amounts for the year ended June 30, 2008, there are no further effects in the current or future periods.

NOTE C - CASH

Custodial Credit Risk - The School maintains its cash balances in Bank First (the "Bank"). The Bank participates in the Federal Deposit Insurance Corporation (FDIC) Transaction Account Guarantee Program. Under this program, through December 31, 2009, all non-interest-bearing transaction accounts (demand deposit accounts) are fully guaranteed by the FDIC for the entire amount in the account. Coverage under this program is in addition to and separate from the coverage available under the FDIC's basic deposit insurance rules. Balances in other account types, including interest bearing accounts, are insured up to \$250,000. At June 30, 2009, \$969,853 of the School's interest bearing accounts were not fully insured. After December 31, 2013, balances up to \$100,000 will be insured.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE D - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Capital assets depreciated:				
Improvements other than buildings	\$ 12,247	\$ 37,348	\$ -	\$ 49,595
Furniture, fixtures, equipment, and motor vehicles	193,797	18,293	-	212,090
Information technology equipment	94,381	25,339	-	119,720
Audio visual equipment	12,720	7,600	-	20,320
Total assets depreciated	<u>313,145</u>	<u>\$ 88,580</u>	<u>\$ -</u>	<u>401,725</u>
Less accumulated depreciation:				
Improvements other than buildings	6,104	\$ 5,338	\$ -	11,442
Furniture, fixtures, equipment, and motor vehicles	52,513	34,726	-	87,239
Information technology equipment	53,729	20,545	-	74,274
Audio visual equipment	3,100	3,231	-	6,331
Total accumulated depreciation	<u>115,446</u>	<u>\$ 63,840</u>	<u>\$ -</u>	<u>179,286</u>
Total governmental activities capital assets, net	<u>\$ 197,699</u>			<u>\$ 222,439</u>

Depreciation expense for the year ended June 30, 2009 was charged to functions of the School as follows:

School administration	\$ 20,545
Facilities	<u>43,295</u>
	<u>\$ 63,840</u>

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE E - CONCENTRATIONS

Revenue sources

As stated in Note A-8, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
Base funding	\$ 2,117,757
Declining enrollment allocation	9,666
Safe schools	14,753
ESE allocation	74,326
Supplemental academic instruction	123,647
Discretionary millage	210,619
Discretionary lottery	12,655
Instructional materials allocation	49,464
Class size reduction	577,704
Prorated holdback	(2,786)
Administration fee withheld (5%)	(159,391)
Subtotal	3,028,414
Capital outlay	280,085
Florida teachers lead	7,200
School recognition funds	46,113
Reading program	31,460
Total School Board of Orange County, Florida	3,393,272
Other revenues:	
Fundraising	6,602
Interest income	8,130
Student lunch fees	56,965
Other revenues	69,569
Total revenues	\$ 3,534,538

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE F - COMMITMENTS AND CONTINGENCIES

Operating lease

The School entered into a commercial lease agreement with a related party. The initial term of the lease began December 10, 2002 and ends December 10, 2032. Rental payments of \$720,000 per year are payable in 12 monthly installments.

The School has entered into a commercial lease agreement with a third party for office equipment. The agreement calls for sixty monthly payments of \$1014 beginning January 1, 2008.

The following is a schedule of future minimum lease payments for the fiscal years ending June 30,

2010	\$ 732,168
2011	732,168
2012	732,168
2013	726,084
2014	720,000
2015 - 2019	3,600,000
2020 - 2024	3,600,000
2025 - 2029	3,600,000
2030 - 2032	1,760,000
	<u>\$ 16,202,588</u>

NOTE G - RELATED PARTY TRANSACTION

As stated above the School has an operating lease for facilities with a related party. Details of the lease agreement can be seen at Note F.

NOTE H - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Under the property insurance policy, the School has no deductible. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the previous three years. There have been no significant reductions in insurance coverage during fiscal year 2009.

REQUIRED SUPPLEMENTAL INFORMATION

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2009

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Revenue				
Base FTE funding	\$ 3,138,522	\$ 3,085,985	\$ 3,113,187	\$ 27,202
Supplemental fee revenue	82,000	158,680	82,439	(76,241)
Gross school revenue	3,220,522	3,244,665	3,195,626	(49,039)
Expenses				
Salaries and benefits	1,964,203	2,162,625	2,025,824	136,801
Other school service expense	162,894	157,200	155,698	1,502
Direct educational expense	105,750	115,280	73,257	42,023
General and administrative	195,852	209,194	180,477	28,717
Rent	511,108	439,915	437,753	2,162
Marketing expense	-	-	-	-
Facility expense	60,000	72,000	156,277	(84,277)
Transfer out	-	-	130,042	(130,042)
Total expenses	2,999,807	3,156,214	3,159,328	(3,114)
Excess (deficiency) of revenues over (under) expenditures	220,715	88,451	36,298	(52,153)
Fund balance at July 1, 2008	1,192,003	1,192,003	1,192,003	-
Prior period adjustment	(94,091)	(94,091)	(94,091)	-
Fund balance at June 30, 2009	\$ 1,318,627	\$ 1,186,363	\$ 1,134,210	\$ (52,153)

See accompanying notes to required supplemental information.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND

For the year ended June 30, 2009

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Charter capital funding	\$ 200,000	\$ 280,085	\$ 281,947	\$ 1,862
Expenses				
Rent	200,000	280,085	281,947	(1,862)
Total expenses	200,000	280,085	281,947	(1,862)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance at July 1, 2008	-	-	-	-
Fund balance at June 30, 2009	\$ -	\$ -	\$ -	\$ -

See accompanying notes to required supplemental information.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUND

For the year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Supplemental fee revenue	\$ 51,500	\$ 52,600	\$ 56,965	\$ 4,365
Transfer in	-	-	130,042	130,042
Gross school revenue	<u>51,500</u>	<u>52,600</u>	<u>187,007</u>	<u>134,407</u>
Expenses				
Salaries and benefits	33,000	42,000	32,949	9,051
Direct educational expense	60,000	85,000	87,579	(2,579)
General and administrative	-	-	655	(655)
Facility expense	-	-	1,663	(1,663)
Total expenses	<u>93,000</u>	<u>127,000</u>	<u>122,846</u>	<u>4,154</u>
Excess (deficiency) of revenues over (under) expenditures	(41,500)	(74,400)	64,161	130,253
Fund balance at July 1, 2008	-	-	-	-
Fund balance at June 30, 2009	<u>\$ (41,500)</u>	<u>\$ (74,400)</u>	<u>\$ 64,161</u>	<u>\$ 130,253</u>

See accompanying notes to required supplemental information.

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2009

NOTE A - BUDGETARY INFORMATION

1. Budgetary basis of accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2009 have been amended according to Board procedures.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major special revenue fund for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

2. Excess of expenses over appropriations

General fund and capital outlay fund expenses for the School exceeded appropriations during the year ended June 30, 2009 by a total of \$70,152 and \$81,947, respectively. A significant portion of the excess was related to transportation, direct education, and general administration expenses being higher than initially anticipated.

SUPPLEMENTAL INFORMATION

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

SCHEDULE OF FUNCTIONAL EXPENDITURES - GENERAL FUND

For the year ended June 30, 2009

	Basic Instruction	Exceptional Instruction	Guidance Services	Health Services	Media Services	Curriculum Development	Board of Directors
Dues and fees	\$ 321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 368
Electricity	-	-	-	-	-	-	-
Employee benefits	25,301	1,075	1,069	795	-	-	-
Gasoline	-	-	-	-	-	-	-
Group insurance	212,876	15,436	5,184	10,382	-	-	-
Insurance	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Internet access	-	-	-	-	-	-	-
Management fee	-	-	-	-	-	-	-
Mileage, net out of county	-	-	-	-	-	-	-
Periodicals	1,624	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-
Professional services	21,906	22,838	-	-	14,503	1,505	-
Rentals	280	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-
Salaries	1,140,822	71,887	40,824	18,034	-	-	-
Social security	88,837	5,499	3,123	1,380	-	-	-
Supplies	53,806	764	711	1,516	477	-	-
Textbooks	14,800	36	-	-	-	-	-
Unemployment compensation	7,189	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-
Worker's comp	8,622	556	278	278	-	-	-
Buildings	-	-	-	-	-	-	-
Remodeling and renovations	-	-	-	-	-	-	-
Furniture, fixtures and equipment	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-
	<u>\$ 1,576,384</u>	<u>\$ 118,091</u>	<u>\$ 51,189</u>	<u>\$ 32,385</u>	<u>\$ 14,980</u>	<u>\$ 1,505</u>	<u>\$ 368</u>

School Administration	Fiscal Services	Facilities	Central Services	Staff Services	Transportation	Plant	Maintenance of Plant	Fixed Capital Outlay	Total
\$ -	\$ 12,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,413
-	-	-	-	-	-	55,810	-	-	55,810
3,727	-	-	-	-	-	-	-	-	31,967
-	-	-	-	-	-	92	-	-	92
26,190	7,242	-	-	630	-	9,827	-	-	287,767
-	-	-	-	-	-	53,096	-	-	53,096
-	-	-	9,985	-	-	-	-	-	9,985
-	-	-	-	-	-	14,380	-	-	14,380
8,290	-	-	-	-	-	-	-	-	8,290
-	-	-	-	938	-	-	-	-	938
-	-	-	-	-	-	-	-	-	1,624
-	-	-	1,443	-	-	-	-	-	1,443
-	18,670	-	-	3,852	-	-	-	-	83,274
-	-	-	16,228	-	-	437,753	-	-	454,261
-	-	-	-	-	741	29,367	45,574	-	75,682
239,797	-	-	-	-	-	69,545	-	-	1,580,909
-	-	-	-	-	-	5,320	-	-	104,159
1,877	412	-	5,438	-	-	4,113	32,002	-	101,116
-	-	-	-	-	-	-	-	-	14,836
-	-	-	-	-	1,665	834	-	-	9,688
-	-	-	-	-	-	7,175	-	-	7,175
1,391	209	-	-	-	-	-	-	-	11,334
-	-	-	-	-	-	-	-	63,241	63,241
-	-	7,460	-	-	-	-	-	-	7,460
-	-	-	2,066	-	-	9,571	-	25,339	36,976
-	370	-	-	-	-	-	-	-	370
<u>\$ 281,272</u>	<u>\$ 39,627</u>	<u>\$ 7,460</u>	<u>\$ 35,160</u>	<u>\$ 5,420</u>	<u>\$ 2,406</u>	<u>\$ 696,883</u>	<u>\$ 77,576</u>	<u>\$ 88,580</u>	<u>\$ 3,029,286</u>

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

SCHEDULE OF FUNCTIONAL EXPENDITURES - CAPITAL OUTLAY FUND

For the year ended June 30, 2009

	<u>Plant</u>
Rentals	<u>\$ 281,947</u>

Oakland Avenue Charter School
(A special revenue fund of the Town of Oakland, Florida)

SCHEDULE OF REVENUES AND EXPENDITURES - OTHER GOVERNMENTAL FUND

For the year ended June 30, 2009

	<u>Food Services</u>
Dues and fees	\$ 515
Employee benefits	2,282
Food	79,307
Repairs and maintenance	1,803
Salaries	29,833
Supplies	8,272
Worker's comp	834
	<u>\$ 122,846</u>

**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
Oakland Avenue Charter School
Oakland, Florida

8035 Spyglass Hill Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oakland Avenue Charter School (a Charter School), a special revenue fund of the Town of Oakland, Florida, (the "Town"), as of and for the year ended June 30, 2009, which collectively comprise Oakland Avenue Charter School's basic financial statements and have issued our report thereon dated August 31, 2009. 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.

480 N. Orlando Ave.
Suite 218
Winter Park, FL 32789
407.644.5811
FAX 407.644.6022

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oakland Avenue Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oakland Avenue Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oakland Avenue Charter School's internal control over financial reporting.

301 Clematis Street
Suite 3000
W. Palm Beach, FL 33401
561-837-6627
FAX 561-837-6632

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Oakland Avenue Charter School's financial statements that is more than inconsequential will not be prevented or detected by Oakland Avenue Charter School's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Oakland Avenue Charter School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

As part of obtaining reasonable assurance about whether Oakland Avenue 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 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*.

We noted certain matters that we have reported in the management letter dated August 31, 2009.

Oakland Avenue Charter School's response to our findings identified in our audit is described in the accompanying letter of management response. We did not audit Oakland Avenue Charter School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Oakland Avenue Charter School's management, Board of Directors, others within the entity, the School Board of Orange County, the State of Florida Office of the Auditor General and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

August 31, 2009
Melbourne, Florida

MANAGEMENT LETTER

Honorable Board of Directors
Oakland Avenue Charter School
Oakland, Florida



We have audited the financial statements of Oakland Avenue Charter School, a component unit of the School Board of Orange County, Florida as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated August 31, 2009.

8035 Spyglass Hill Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which are dated August 31, 2009, should be considered in conjunction with this management letter.

480 N. Orlando Ave.
Suite 218
Winter Park, FL 32789
407.644.5811
FAX 407.644.6022

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of the charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

301 Clematis Street
Suite 3000
W. Palm Beach, FL 33401
561-837-6627
FAX 561-837-6632

- 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. There were no recommendations in the preceding audit report.
- Section 10.854(1)(e)3, Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, 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 more than inconsequential. In connection with our audit, we did not have any such findings.

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- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we have identified three recommendations as listed under current year recommendations and findings at 09-1 through 09-3.
- Section 10.854(1)(e)6, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Oakland Avenue Charter School, a division of Oakland Avenue, Inc.
- Section 10.854(1)(e)2, Rules of the Auditor General, requires a statement be included as to 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, we determined that the Oakland Avenue Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Oakland Avenue Charter 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General and other regulatory agencies federal and state governments, and is not intended to be and should not be used by anyone other than these specified parties.

*Berman Hopkins Wright & LaHam
CPAs and Associates, LLP*

August 31, 2009
Melbourne, Florida

Current Year Recommendations and Findings

09-1 Approval of Journal Entries

Criteria: The School should have support and approval for general journal entries prior to the entries being posted.

Condition: During our audit, we requested to view support for various general journal entries made throughout the year of which could not be provided.

Effect: Inappropriate journal entries could be made without management's knowledge.

Auditors' recommendation: We recommend the adoption of a policy whereby a knowledgeable member of management will approve all general journal entries. Additionally, management should perform an inspection of posted journal entries and ensure that proper authorization has been obtained.

09-2 Insurance Requirements

Criteria: The School's charter agreement requires the insurance provider for the School to have a Best's Rating of "A" or better and a Financial Size Category of "VI" or better.

Condition: Upon review of the School's insurance policies, the School was unable to provide documentation that the insurance provider for the School did meet the minimum requirements of Best's Rating of "A" and Financial Category of "VI".

Cause: The Auditor was unable to determine if the Charter agreements were followed when determining insurance companies.

Auditors' recommendation: We recommend the School utilize approved and qualified vendors and retain appropriate support for their coverage.

09-3 Finger Printing of Employees

Criteria: The School's charter agreement requires the School's employees to comply with the fingerprinting requirements of Section 1012.32(2)(b), Florida Statutes.

Condition: During our compliance testing, it was noted that one of the six employees did not have sufficient documentation to determine compliance with fingerprinting requirements.

Effect: Not all employees were sufficiently documented as having been fingerprinted.

Recommendation: In order to ensure the School is in compliance with the charter agreement and Florida Statutes, we recommend that the School institute procedures to ensure that all employees are fingerprinted in a timely manner.

Current Year Recommendations and Findings (continued)

09-4 Budget Amendments

Criteria: Section 1002.33(9)j of the Florida Statutes requires that the governing body of the charter school adopt an annual budget. This budget should be amended if management believes expenses will exceed actual appropriations.

Condition: During the current year, actual expenditures exceeded final budgeted appropriations of the general fund and capital outlay fund by \$3,114 and \$1,862, respectively.

Effect: The School did not amend the budget to reflect additional expenditures incurred after the final amendment, thus the School's actual expenditures exceeded budgeted appropriations.

Auditors' recommendation: It is our recommendation that the School amend their budget to ensure that the School's actual expenditures do not exceed the budget. The School has the ability to amend their budget within 60 days after the fiscal year end.

Town of
OAKLAND
Florida

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TO: Berman, Hopkins, Wright & LaHam
FROM: Maureen Rischitelli, Town Manager
DATE: September 30, 2009
RE: 2008-2009 Audit Oakland Avenue Charter School

Maureen Rischitelli

On behalf of the Town of Oakland and the Oakland Avenue Charter School I want to thank you and your team for all your efforts in coming in and giving us your hard work and recommendations.

Corrective Action Plan

09-01: Approval of Journal Entries

Management concurs with the findings and recommendation of the Auditor. The Fiscal Coordinator will provide documentation to the Principal, Town Manager or Town Commission SAC Representative every month on the second Tuesday describing journal entries that need to be made and a signature will be obtained.

09-02: Insurance Requirements

Management concurs with the findings and recommendation of the Auditor. The Town has utilized the Florida Municipal Insurance Trust and adapted the Charter School to its existing program. The additional coverage does meet the criteria and Orange County Public Schools has been provided insurance documentation and have not had any issues of compliance. Staff will receive written clarification from the District and provide this to the auditors and make any necessary adjustments as needed.

09-03 Fingerprinting

Management concurs with the findings and recommendation of the Auditor. The Town had the original board members fingerprinted at the time of the Charter School application and subsequently utilized the Town's Police Department for new members. Based upon clarifications and revisions from the legislature the Town Commissioners will all be fingerprinted again in October, pursuant to the 5 year rule, and any subsequent new members will follow suit utilizing the company established by the District. Copies will be provided to the auditors in October.

09-04 Budget Amendments

Management concurs with the findings and recommendation of the Auditor. Management did do a budget amendment on June 2, 2009 yet underestimated general fund expenditures by \$3,114 and capital expenditures by \$1,862. Staff will verify its numbers each year and if needed re-present to SAC at a July or August meeting.

