

**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, 2010**

BERMAN HOPKINS
WRIGHT & LAHAM
CPAS AND ASSOCIATES, LLP

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INDEPENDENT AUDITORS' REPORT

To the Town of Oakland Commissioners
School Advisory Council
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, 2010, 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.

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.

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, 2010, and the changes in financial position for the year then ended, and are not intended to be a complete presentation of the Town.

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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2010 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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.

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 basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

October 19, 2010
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, 2010 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 starting on page 8.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$1,432,558
- The government's total net assets increased by \$11,748.
- As of the close of the current fiscal year, the School's governmental funds reported a combined ending fund balance of \$1,027,494, a decrease of \$170,877 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:

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Current assets	\$ 1,181,897	\$ 1,202,921	\$ (21,024)
Capital assets - net	<u>270,569</u>	<u>222,439</u>	<u>48,130</u>
Total assets	<u>1,452,466</u>	<u>1,425,360</u>	<u>27,106</u>
Current liabilities	<u>19,908</u>	<u>4,550</u>	<u>15,358</u>
Net assets	<u>\$ 1,432,558</u>	<u>\$ 1,420,810</u>	<u>\$ 11,748</u>
Net assets consist of:			
Invested in capital assets	\$ 270,569	\$ 222,439	\$ 48,130
Unrestricted net assets	<u>1,161,989</u>	<u>1,198,371</u>	<u>(36,382)</u>
Net assets	<u>\$ 1,432,558</u>	<u>\$ 1,420,810</u>	<u>\$ 11,748</u>

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

The decrease in current assets was due to a decrease in cash primarily related to the School managing its expenses.

Changes in the School's revenues were as follows:

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges from services	\$ 82,085	\$ 82,935	\$ (850)
Operating grants	403,546	281,947	121,599
General revenues	<u>3,084,854</u>	<u>3,169,656</u>	<u>(84,802)</u>
Total revenues	<u>\$ 3,570,485</u>	<u>\$ 3,534,538</u>	<u>\$ 35,947</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 increased therefore, creating an increase in revenue.

Changes in the School's expenses were as follows:

	2010	2009	Change
Basic instruction	\$ 1,725,766	\$ 1,576,384	\$ 149,382
Exceptional instruction	107,790	118,091	(10,301)
Guidance services	51,901	51,189	712
Health services	24,039	32,385	(8,346)
Media services	23,862	14,980	8,882
Curriculum development	1,090	1,505	(415)
Board of directors	-	368	(368)
School administration	230,423	301,817	(71,394)
Food services	151,815	122,846	28,969
Fiscal services	87,150	39,627	47,523
Facilities	46,801	50,755	(3,954)
Central services	42,784	35,160	7,624
Staff services	7,363	5,420	1,943
Transportation	693	2,406	(1,713)
Operation of plant	996,834	978,830	18,004
Maintenance of plant	60,426	77,576	(17,150)
Total expenses	<u>\$ 3,558,737</u>	<u>\$ 3,409,339</u>	<u>\$ 149,398</u>

The overall increase in expenses is primarily based on an increase in revenues and therefore more 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 \$1,432,558 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 \$1,161,989.

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 \$1,027,494.

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 \$888,055.

During the current fiscal year, the fund balance of the School's general fund decreased by \$124,755.

General Fund Budgetary Highlights

Budgeted revenues exceeded actual revenues by \$65,872. Actual expenditures exceeded the budgeted expenditures by \$154,595.

Capital asset and debt administration

Capital assets. The School's investment in capital assets for its governmental type activities as of June 30, 2010, amounts to \$270,569 (net of accumulated depreciation). This investment in capital assets includes improvements other than buildings, furniture, fixtures and equipment, information technology equipment and audio visual equipment.

Debt. The School reports no long-term debt at June 30, 2010.

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, 2010

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 918,137
Accounts receivable	121,400
Due from other governments	<u>142,360</u>
Total current assets	<u>1,181,897</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Improvements other than building	76,612
Furniture, fixtures, and equipment	157,399
Information technology equipment	25,416
Audio visual equipment	<u>11,142</u>
Total capital assets	<u>270,569</u>
Total assets	<u>1,452,466</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	15,124
Accrued payroll and payroll taxes	<u>4,784</u>
Total liabilities	<u>19,908</u>
NET ASSETS	
Investment in capital assets	270,569
Unrestricted	<u>1,161,989</u>
Total net assets	<u><u>\$ 1,432,558</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, 2010

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	\$ 1,725,766	\$ -	\$ 108,152	\$ -	\$ (1,617,614)
Exceptional instruction	107,790	-	-	-	(107,790)
Guidance services	51,901	-	-	-	(51,901)
Health services	24,039	-	-	-	(24,039)
Media services	23,862	-	-	-	(23,862)
Curriculum development	1,090	-	-	-	(1,090)
School administration	230,423	-	-	-	(230,423)
Food services	151,815	60,505	45,188	-	(46,122)
Fiscal services	87,150	-	-	-	(87,150)
Facilities	46,801	-	-	-	(46,801)
Central services	42,784	-	-	-	(42,784)
Staff services	7,363	-	-	-	(7,363)
Transportation	693	-	-	-	(693)
Operation of plant	996,834	21,580	250,206	-	(725,048)
Maintenance of plant	60,426	-	-	-	(60,426)
Total governmental activities	<u>\$ 3,558,737</u>	<u>\$ 82,085</u>	<u>\$ 403,546</u>	<u>\$ -</u>	<u>(3,073,106)</u>
General revenues					
Federal passed through local school district					
State passed through local school district					
Other revenue					
Total general revenues					
Change in net assets					
Net assets at July 1, 2009					
Net assets at June 30, 2010					

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, 2010

	General Fund	Capital Outlay Fund	School Lunch Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 847,140	\$ -	\$ 70,997	\$ 918,137
Accounts receivable	121,400	-	-	121,400
Due from other governments	7,865	99,061	35,434	142,360
Due from other funds	52,958	-	-	52,958
Total assets	\$ 1,029,363	\$ 99,061	\$ 106,431	\$ 1,234,855
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 15,124	\$ -	\$ -	\$ 15,124
Accrued payroll and payroll taxes	4,784	-	-	4,784
Deferred revenue	-	99,061	35,434	134,495
Due to other funds	-	-	52,958	52,958
Total liabilities	19,908	99,061	88,392	207,361
FUND BALANCES				
Reserved for long-term receivable	121,400	-	-	121,400
Unreserved	888,055	-	18,039	906,094
Total fund balances	1,009,455	-	18,039	1,027,494
Total liabilities and fund balances	\$ 1,029,363	\$ 99,061	\$ 106,431	\$ 1,234,855

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, 2010

Fund balances - total governmental funds \$ 1,027,494

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 \$21,726 accumulated depreciation	\$ 76,612	
Furniture, fixtures, and equipment, net of \$120,774 accumulated depreciation	157,399	
Information technology equipment, net of \$97,179 accumulated depreciation	25,416	
Audio visual equipment, net of \$9,178 accumulated depreciation	<u>11,142</u>	
Total capital assets		270,569

Some unearned revenues have met the earned criteria for recognition in the Statement of Activities.

	<u>134,495</u>
Total net assets of governmental activities	<u><u>\$ 1,432,558</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, 2010

	General Fund	Capital Outlay Fund	School Lunch Fund	Total Governmental Funds
Revenues				
Federal passed through local school district	\$ 173,309	\$ -	\$ -	\$ 173,309
State passed through local school district	2,971,676	151,145	9,754	3,132,575
Other revenues	60,473	-	60,505	120,978
Contributions	9,128	-	-	9,128
Total revenues	<u>3,214,586</u>	<u>151,145</u>	<u>70,259</u>	<u>3,435,990</u>
Expenditures				
Current:				
Basic instruction	1,725,766	-	-	1,725,766
Exceptional instruction	107,790	-	-	107,790
Guidance services	51,901	-	-	51,901
Health services	24,039	-	-	24,039
Media services	23,862	-	-	23,862
Curriculum development	1,090	-	-	1,090
School administration	207,518	-	-	207,518
Food service	35,434	-	116,381	151,815
Fiscal services	87,150	-	-	87,150
Facilities	135	-	-	135
Central services	42,784	-	-	42,784
Staff services	7,363	-	-	7,363
Transportation	693	-	-	693
Operation of plant	845,689	151,145	-	996,834
Maintenance of plant	60,426	-	-	60,426
Fixed capital outlay	117,701	-	-	117,701
Total expenditures	<u>3,339,341</u>	<u>151,145</u>	<u>116,381</u>	<u>3,606,867</u>
Net change in fund balances	(124,755)	-	(46,122)	(170,877)
Fund balances at July 1, 2009	<u>1,134,210</u>	<u>-</u>	<u>64,161</u>	<u>1,198,371</u>
Fund balances at June 30, 2010	<u>\$ 1,009,455</u>	<u>\$ -</u>	<u>\$ 18,039</u>	<u>\$ 1,027,494</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, 2010

Net change in fund balances - total government funds		\$ (170,877)
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	\$ 117,701	
Depreciation	<u>(69,571)</u>	48,130
Some unearned revenues in the fund statements meet the recognition criteria in the Statement of Activities.		<u>134,495</u>
Change in net assets of governmental activities		<u><u>\$ 11,748</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, 2010

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, 2010

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, 2010

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.

School Lunch Fund - in accordance with guidelines established by the School Board of Orange County, Florida, this fund accounts for all resources for the School's lunch program.

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 is referred to as due to/from other funds.

7. Reservations of fund balances

Reservations of fund balances in governmental fund statements represent amounts that are not available for appropriation.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. 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	7
Furniture, fixtures, and equipment	5 - 7
Information technology equipment	3 - 7
Audio visual equipment	7

9. 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, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. 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.

11. Income taxes

Organizations that followed the provisions of FSP FIN 48-3, which delays the implementation of FIN 48 (FASB ASC 740-10-65), *Accounting for Uncertainty for Income Taxes*, will be required to implement those provisions for the fiscal year ended 2010. The School qualifies as a tax-exempt governmental entity, accordingly, no provision for Federal or State income tax is required.

NOTE B - INTERFUND ACTIVITY

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

	Due from other funds	Due to other funds
General fund	\$ 52,958	\$ -
School lunch fund	-	52,958
	\$ 52,958	\$ 52,958

NOTE C - CASH

Custodial Credit Risk - The bank balance of the School's deposits were \$975,280 at June 30, 2010. The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer 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 State Treasurer 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, 2010

NOTE D - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Capital assets depreciated:				
Improvements other than buildings	\$ 49,595	\$ 48,743	\$ -	\$ 98,338
Furniture, fixtures, and equipment	212,090	66,083	-	278,173
Information technology equipment	119,720	2,875	-	122,595
Audio visual equipment	20,320	-	-	20,320
Total assets depreciated	<u>401,725</u>	<u>\$117,701</u>	<u>\$ -</u>	<u>519,426</u>
Less accumulated depreciation:				
Improvements other than buildings	11,442	\$ 10,284	\$ -	21,726
Furniture, fixtures, and equipment	87,239	33,535	-	120,774
Information technology equipment	74,274	22,905	-	97,179
Audio visual equipment	6,331	2,847	-	9,178
Total accumulated depreciation	<u>179,286</u>	<u>\$ 69,571</u>	<u>\$ -</u>	<u>248,857</u>
Total governmental activities capital assets, net	<u>\$ 222,439</u>			<u>\$ 270,569</u>

Depreciation expense for the year ended June 30, 2010 was charged to functions of the School as follows:

School administration	\$ 22,905
Facilities	<u>46,666</u>
	<u>\$ 69,571</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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	\$ 1,957,694
Federal stabilization	173,309
Safe schools	13,799
ESE allocation	68,379
Supplemental academic instruction	111,064
Discretionary millage	216,147
Discretionary lottery	1,422
Instructional materials allocation	39,625
Class size reduction	639,405
Prorated holdback	(16,655)
Administration fee withheld (5%)	(158,228)
Subtotal	3,045,961
Capital outlay	250,206
National School Lunch Program	45,188
Florida teachers lead	7,140
School recognition funds	60,424
Reading program	31,460
Total School Board of Orange County, Florida	3,440,379
Other revenues:	
Fundraising	9,128
Interest income	2,051
Student lunch fees	60,226
Other revenues	58,701
Total revenues	\$ 3,570,485

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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. Current year facilities expense charged to operations totaled \$720,000 and of that amount \$151,145 was funded by capital outlay.

The School has entered into a commercial lease agreement with a third party for office equipment. The agreement calls for 60 monthly payments of \$1,014 beginning January 1, 2008. Current year equipment lease expense charged to operations totaled \$14,254.

The following is a schedule of future minimum lease payments for the fiscal years ending June 30 until the end of the School's current charter (see Note A-1),

2011	\$ 732,168
2012	732,168
2013	726,084
2014	720,000
2015	720,000
2016	720,000
	<hr/>
	\$ 4,350,420
	<hr/>

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 2010.

NOTE I - SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 19, 2010, the date the financial statements were available to be issued.

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, 2010

	<u>Budgeted Amounts</u>			Variance - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Base FTE funding	\$ 3,085,985	\$ 3,210,580	\$ 3,144,985	\$ (65,595)
Supplemental fee revenue	158,680	69,878	69,601	(277)
Gross school revenue	<u>3,244,665</u>	<u>3,280,458</u>	<u>3,214,586</u>	<u>(65,872)</u>
Expenses				
Salaries and benefits	2,162,625	2,115,000	2,086,115	28,885
Other school service expense	157,200	160,380	197,406	(37,026)
Direct educational expense	115,280	109,500	118,175	(8,675)
General and administrative	209,194	193,172	214,108	(20,936)
Rent	439,915	466,194	568,855	(102,661)
Facility expense	72,000	140,500	154,682	(14,182)
Total expenses	<u>3,156,214</u>	<u>3,184,746</u>	<u>3,339,341</u>	<u>(154,595)</u>
Net change in fund balances	88,451	95,712	(124,755)	(220,467)
Fund balance at July 1, 2009	<u>1,134,210</u>	<u>1,134,210</u>	<u>1,134,210</u>	-
Fund balance at June 30, 2010	<u>\$ 1,222,661</u>	<u>\$ 1,229,922</u>	<u>\$ 1,009,455</u>	<u>\$ (220,467)</u>

See accompanying note 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, 2010

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Revenue				
Charter capital funding	\$ 280,085	\$ 169,282	\$ 151,145	\$ (18,137)
Expenses				
Rent	280,085	169,282	151,145	18,137
Total expenses	280,085	169,282	151,145	18,137
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance at July 1, 2009	-	-	-	-
Fund balance at June 30, 2010	\$ -	\$ -	\$ -	\$ -

See accompanying note 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 - SCHOOL LUNCH FUND

For the year ended June 30, 2010

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Revenue				
Other state revenue	\$ 48,825	\$ 48,825	\$ 9,754	\$ (39,071)
Other revenues	57,100	57,100	60,505	3,405
Gross school revenue	105,925	105,925	70,259	(35,666)
Expenses				
Salaries and benefits	37,784	37,784	51,416	(13,632)
Direct educational expense	79,800	79,800	63,702	16,098
General and administrative	1,329	1,329	920	409
Facility expense	1,800	1,800	343	1,457
Total expenses	120,713	120,713	116,381	4,332
Excess (deficiency) of revenues over (under) expenditures	(14,788)	(14,788)	(46,122)	(31,334)
Fund balance at July 1, 2009	64,161	64,161	64,161	(110,283)
Fund balance at June 30, 2010	\$ 49,373	\$ 49,373	\$ 18,039	\$ (141,617)

See accompanying note to required supplemental information.

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

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2010

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, 2010 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 expenses for the School exceeded appropriations during the year ended June 30, 2010 by a total of \$154,595. A significant portion of the excess was related to facility 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, 2010

	Basic Instruction	Exceptional Instruction	Guidance Services	Health Services	Media Services	Curriculum Development
Dues and fees	\$ 241	\$ -	\$ -	\$ -	\$ -	\$ -
Electricity	-	-	-	-	-	-
Employee benefits	27,677	150	1,673	665	-	-
Food	-	-	-	-	-	-
Gasoline	-	-	-	-	-	-
Group insurance	180,308	8,201	4,452	8,682	-	-
Insurance	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Internet access	-	-	-	-	-	-
Miscellaneous	1,314	-	-	-	-	-
Mileage out of county	-	-	-	-	-	-
Periodicals	3,268	-	-	-	-	-
Printing	-	-	-	-	-	-
Professional services	22,936	21,698	-	-	22,924	1,090
Rentals	7,455	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-
Salaries	1,281,479	72,211	41,904	13,062	-	-
Social security	87,962	5,262	3,122	867	-	-
Supplies	59,311	268	750	763	938	-
Textbooks	53,815	-	-	-	-	-
Water and sewer	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Remodeling and renovations	-	-	-	-	-	-
Furniture, fixtures and equipment	-	-	-	-	-	-
	<u>\$ 1,725,766</u>	<u>\$ 107,790</u>	<u>\$ 51,901</u>	<u>\$ 24,039</u>	<u>\$ 23,862</u>	<u>\$ 1,090</u>

School Administration	Food Services	Fiscal Services	Facilities	Central Services	Staff Services	Transportation	Operation of Plant	Maintenance of Plant	Fixed Capital Outlay	Total
\$ -	\$ -	\$ 11,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,544
-	-	-	-	-	-	-	87,553	-	-	87,553
3,097	-	1,715	-	-	-	-	-	-	-	34,977
-	35,434	-	-	-	-	-	-	-	-	35,434
-	-	-	-	-	-	693	-	-	-	693
17,179	-	9,583	-	-	578	-	12,290	-	-	241,273
8,290	-	-	-	-	-	-	46,855	-	-	55,145
-	-	-	-	8,565	-	-	-	-	-	8,565
-	-	-	-	-	-	-	13,597	-	-	13,597
-	-	-	-	3,045	-	-	4,487	-	-	8,846
-	-	-	-	-	1,574	-	-	-	-	1,574
-	-	-	-	-	-	-	-	-	-	3,268
-	-	-	-	945	-	-	-	-	-	945
-	-	12,853	-	-	5,211	-	-	-	-	86,712
-	-	-	-	14,254	-	-	568,855	-	-	590,564
-	-	-	-	-	-	-	22,259	48,829	-	71,088
165,469	-	47,619	-	-	-	-	71,037	-	-	1,692,781
12,190	-	3,501	-	-	-	-	5,895	-	-	118,799
1,293	-	576	-	7,337	-	-	3,962	11,597	-	86,795
-	-	-	-	-	-	-	-	-	-	53,815
-	-	-	-	-	-	-	6,542	-	-	6,542
-	-	-	-	-	-	-	-	-	113,481	113,481
-	-	-	135	-	-	-	-	-	-	135
-	-	-	-	8,638	-	-	2,357	-	4,220	15,215
<u>\$ 207,518</u>	<u>\$ 35,434</u>	<u>\$ 87,150</u>	<u>\$ 135</u>	<u>\$ 42,784</u>	<u>\$ 7,363</u>	<u>\$ 693</u>	<u>\$ 845,689</u>	<u>\$ 60,426</u>	<u>\$ 117,701</u>	<u>\$ 3,339,341</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, 2010

	<u>Operation of Plant</u>
Rentals	<u>\$ 151,145</u>

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

SCHEDULE OF FUNCTIONAL EXPENDITURES - SCHOOL LUNCH FUND

For the year ended June 30, 2010

	<u>Food Services</u>
Dues and fees	\$ 685
Food	54,918
Repairs and maintenance	235
Salaries	47,775
Social security	3,641
Supplies	8,784
Furniture and fixtures	<u>343</u>
	<u>\$ 116,381</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 Town of Oakland Commissioners
School Advisory Council
Oakland Avenue Charter School
Oakland, Florida

We have audited the financial statements of the governmental activities and each major fund of Oakland Avenue Charter School (a Charter School) (the "School"), a special revenue fund of the Town of Oakland, Florida, (the "Town"), as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 19, 2010. 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.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 October 19, 2010.

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.

October 19, 2010
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

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

We have audited the financial statements of Oakland Avenue Charter School, a special revenue fund of the Town of Oakland, Florida as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 19, 2010.

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 on Compliance and Other Matters. Disclosures in that report, which is dated October 19, 2010, should be considered in conjunction with this management letter.

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:

- 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, except as noted below under the heading Prior Year Management Recommendations - Repeated.
- 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 have identified one recommendation listed under prior year recommendations and findings - repeated at 09-4.
- 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 have identified two recommendations listed under prior year recommendations and findings - repeated at 09-2 and 09-3.

- 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 have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we have identified one recommendation as listed under prior year recommendations and findings - repeated at 09-2.
- 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.
- 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)(e)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.

October 19, 2010
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Prior Year Management Recommendations - Corrected

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.

As of June 30, 2010, the above issue has been resolved.

Prior Year Management Recommendations - Repeated

09-2 Finger Printing of Employees and Board members

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

Status as of June 30, 2009:

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.

Auditors' 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.

Status as of June 30, 2010:

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. In addition, the School was unable to provide documentation to determine compliance with fingerprinting requirements for any of the School's Board members.

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

Auditors' 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 and Board members are fingerprinted in a timely manner and that an appropriate audit trail is available.

Prior Year Management Recommendations - Repeated (continued)

09-3 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.

Status as of June 30, 2009:

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.

Status as of June 30, 2010:

Condition: The School was unable to provide the auditor with the School's insurance policies. Therefore, the auditor was unable to determine whether the insurance providers for the School met the minimum requirements of Best's Rating of "A" and Financial Category of "VI". In addition, the auditor was unable to determine whether the School was in compliance with the insurance requirements, as outlined in the Charter Agreement.

Effect: The School may not be in compliance with the insurance requirements, as outlined in the Charter Agreement.

Auditors' recommendation: We recommend that the School have their insurance policies readily available for review and ensure that the insurance coverage and the minimum requirements, as outlined in the Charter Agreement, are met.

Prior Year Management Recommendations - Repeated (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.

Status as of June 30, 2009:

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.

Status as of June 30, 2010:

Condition: During the current year, actual expenditures exceeded final budgeted appropriations of the general fund by \$154,595.

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.



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TO: Berman Hopkins Wright & LaHam, CPAs and Associates, LLP
FROM: Dennis Foltz, Town Manager *DF*
DATE: October 29, 2010
RE: 2009-2010 Audit Oakland Avenue Charter School

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

09-2: Finger Printing of Employees and Board members

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, 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 for the next fiscal year's audit.

09-3 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. For the next fiscal year's audit, the School will have the insurance policies readily available for review and ensure that the insurance coverage and the minimum requirements, as outlined in the Charter Agreement, are met.

09-4 Budget Amendments

Management concurs with the findings and recommendation of the Auditor. Management did do a budget amendment during the fiscal year, yet underestimated general fund expenditures. Staff will verify its numbers each year and, if needed, re-present to SAC at a July or August meeting.