



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

**FINANCIAL STATEMENTS AND AUDITOR'S REPORTS
June 30, 2022**

OAKLAND AVENUE CHARTER SCHOOL

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June 30, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oakland Avenue Charter School, (the "School"), a charter school and special revenue fund of the Town of Oakland, Florida (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Oakland Avenue Charter School as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

Change in Accounting Principle – As described in Note 13 to the financial statements, in 2022 the School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87 – *Leases*. Our opinions are not modified with respect to this matter.

Reporting Entity - As discussed in Note 1, the School is included in the operations of the Town and the School is presented in the Town's basic financial statements as a separate special revenue fund. These financial statements present only the financial position of the Oakland Avenue Charter School on June 30, 2022, and the changes in financial position for the year then ended and are not intended to be a complete presentation of the Town of Oakland, Florida. Our opinions are not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT
(cont...)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITOR'S REPORT
(concluded)

Auditor's Responsibilities for the Audit of the Financial Statements (concluded)

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – general fund and the schedule of changes in the total OPEB liability and related ratios as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2022, on our consideration of Oakland Avenue Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Oakland Avenue Charter School's internal control over financial reporting and compliance.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
October 13, 2022

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The management's discussion and analysis (MD&A) provides an overview of Oakland Avenue Charter School ("School") activities for the year ended June 30, 2022 and should be read in conjunction with the financial statements and the notes thereto.

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

FINANCIAL HIGHLIGHTS

- Net position represents the residual interest in the School's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The School's net position at June 30, 2022 totaled \$1,242,982 or 22% of 2021-2022 expenses compared to the June 30, 2021 total of \$1,101,547 or 21% of 2020-2021 expenses.
- For the year ended June 30, 2022, the School's total net position increased by \$141,435 compared to an increase of \$39,510 the year ended June 30, 2021.
- As of the close of the current fiscal year, the School's general fund reported ending fund balance of \$352,820, an decrease of \$135,631 in comparison with the prior year.
- At the close of the current fiscal year, the School's general fund reported ending unassigned fund balance of \$307,121 which represents 5% of the total expenditures for the year ended June 30, 2022 compared to a ratio of 9% in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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

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

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

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

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

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

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

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

OAKLAND AVENUE CHARTER SCHOOL
A Special Revenue Fund of the Town of Oakland, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Statement of Net Position (Summary)			
	Governmental Activities			
	June 30, 2022	June 30, 2021	Change	% Change
Assets:				
Current and other assets	\$ 765,766	\$ 820,789	\$ (55,023)	-7%
Capital assets, net	1,023,077	871,935	151,142	17%
Total assets	1,788,843	1,692,724	96,119	6%
Liabilities:				
Current liabilities	308,793	332,338	(23,545)	-7%
Long-term liabilities	237,068	258,839	(21,771)	-8%
Total liabilities	545,861	591,177	(45,316)	-8%
Net position:				
Net investment in capital assets	1,013,678	871,935	141,743	16%
Unrestricted	229,304	229,612	(308)	0%
Total net position	\$ 1,242,982	\$ 1,101,547	\$ 141,435	13%

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

Of the two components of the School's net position, the largest portion is the unrestricted portion and the remaining portion of net position reflects the School's investment in capital assets. The School uses these capital assets to provide services to students, so these assets are not available for future spending. The School's investment in capital assets totaled \$1,013,678 as of June 30, 2022 and \$871,935 as of June 30, 2021.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The School's net position was \$1,242,982 at the close of the current fiscal year. Unrestricted net position is approximately 18% of the total net position (21% at the end of the prior year) and the School's investment in capital assets makes up the remaining 82% (79% at the end of the prior year).

OAKLAND AVENUE CHARTER SCHOOL
A Special Revenue Fund of the Town of Oakland, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The key elements of the changes in the School's net position for the fiscal year ended June 30, 2022 and 2021 are as follows.

	Governmental Activities			
	For the year ended		Change	% Change
	June 30, 2022	June 30, 2021		
Revenues:				
<i>Program Revenues:</i>				
Charges for services	\$ 364,077	\$ 269,635	\$ 94,442	35%
Operating grants and contributions	822,940	575,850	247,090	43%
Capital grants and contributions	266,691	93,544	173,147	185%
<i>General revenues:</i>				
State and local sources passed through local school district	4,283,092	4,357,862	(74,770)	-2%
Other general revenues	111,933	72,952	38,981	53%
Total revenues	5,848,733	5,369,843	478,890	9%
Expenses:				
Basic instruction	2,805,124	2,564,927	240,197	9%
Exceptional instruction	258,130	235,175	22,955	10%
Student support services	108,219	123,597	(15,378)	-12%
Instructional media services	63,079	56,551	6,528	12%
Instructional staff training services	13,587	16,085	(2,498)	-16%
School administration	433,492	350,450	83,042	24%
Central services	193,346	166,662	26,684	16%
Food services	217,576	183,787	33,789	18%
Fiscal services	188,913	187,468	1,445	1%
Pupil transportation services	2,236	1,764	472	27%
Operation of plant	1,241,896	1,200,953	40,943	3%
Maintenance of plant	181,105	242,914	(61,809)	-25%
Interest expense	595	-	595	-----
Total expenses	5,707,298	5,330,333	376,965	7%
Change in Net Position	\$ 141,435	\$ 39,510	\$ 101,925	

Governmental activities' change in net position for 2022 was an increase of \$141,435 as compared to an increase of \$39,510 in the prior year.

- Total revenue increased by \$478,890 or 9% mainly due to:
 - A \$74,770 or 2% decrease in the Florida Education Finance Program (FEFP) per-student funding caused by lower headcount in 2022 compared to 2021.
 - A \$420,237 or 63% increase in capital and operating grants mainly due to increased federal grants passed through the sponsoring School district in response to the COVID-19 pandemic.
 - A \$94,442 or 35% increase in charges for services which is mainly generated by the School's prekindergarten program which experienced a 19% increase in attendance.

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

- Total expenses increased by \$376,965 mainly due to:
 - Basic instructional expenses increased by \$240,197 or 9% mainly due to increased personnel related expenses, increased field trip expenses, increased purchases of educational materials and increased depreciation expense due to investments in technology that are capital in nature and that generate increased depreciation expense.
 - School administration expenses increased by \$83,042 or 24% mainly due to increased personnel related expenses and liability insurance expenses.
 - The remaining functional expenses increased by \$53,726 or 2% for a myriad of reasons across a broad section of expense categories.
 - Across most functions, expenses were driven higher by the availability of significant reimbursement grants through the District which required the goods or services be procured and paid before reimbursement could take place thereby driving expenses and revenue higher than normal.

The largest revenue source for the School are the state and local funds received through the School District of Orange County, Florida (87% of total revenue for year ended June 30, 2022 and 91% for 2021) Revenues from these state and local sources are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds - As of June 30, 2021, the School's general fund reported a positive fund balance of \$352,820 or 5% of 2021-2022 general fund expenditures. As of June 30, 2021, the School's general fund reported a positive fund balance of \$488,451 or 9% of 2020-2021 general fund expenditures.

The main reason for this decline is caused by the School incurring grant-funded expenses and those related grant revenues not being received until after the period of availability thereby requiring the reporting of \$104,153 of unavailable grant revenue as a deferred inflow of resources as of June 30, 2022. Total fund balance on June 30, 2022, when combined with the deferred inflows of resources, represents 8% of 2021-2022 general fund expenses.

BUDGETARY HIGHLIGHTS

The School's budget was developed based on anticipated revenues and expenditures which are driven by the expected student population for the school year. For the year ended June 30, 2022, actual revenues were \$266,683 more than the final budgeted amount and expenditures were \$317,197 more than final budgeted amounts resulting in an overall unfavorable budget variance of \$50,514

The budget for the fiscal year ended June 30, 2022 was not amended.

CAPITAL ASSETS

On June 30, 2021, the School had \$2,487,166 in capital assets, less accumulated depreciation/amortization of \$1,464,089 for net capital assets of \$1,023,077 (\$885,894 as of the end of the prior year). Depreciation/amortization charges for the current fiscal year totaled \$173,670 up from \$112,298 in the prior year. More information about the School's capital assets is presented in the notes to financial statements.

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

LONG TERM OBLIGATIONS

On June 30, 2022, the School's long-term liabilities consisted of \$35,741 of unused personal time (\$42,827 at the end of the prior year), the total OPEB liability of \$191,928 (\$216,012 at the end of the prior year) and leases payable of \$9,399 (\$13,959 at the end of the prior year). More information about the School's long-term obligations is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The budget is initially adopted by June of the prior year based on a conservative estimate of enrollment and estimated per pupil revenue from the state. The School is forecasting enrollment for the 2022-2023 School year to remain constant at approximately 530 full-time equivalent students.

REQUEST FOR INFORMATION

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

OAKLAND AVENUE CHARTER SCHOOL
STATEMENT OF NET POSITION
 June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 615,914
Receivables, current:	
Intergovernmental	104,153
Prepaid expenses	45,699
Capital assets:	
Depreciable, net	<u>1,023,077</u>
TOTAL ASSETS	<u>1,788,843</u>
LIABILITIES	
Accounts payable and accrued wages	308,793
Long-term liabilities:	
Due within one year	4,794
Due in more than one year	<u>232,274</u>
TOTAL LIABILITIES	<u>545,861</u>
NET POSITION	
Net investment in capital assets	1,013,678
Unrestricted	<u>229,304</u>
TOTAL NET POSITION	<u>\$ 1,242,982</u>

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	
PRIMARY GOVERNMENT					
Governmental activities:					
Basic instruction	\$ 2,805,124	\$ 328,476	\$ 237,148	\$ -	\$ (2,239,500)
Exceptional instruction	258,130	-	-	-	(258,130)
Student support services	108,219	-	20,352	-	(87,867)
Instructional media services	63,079	-	-	48,331	(14,748)
Instructional staff training services	13,587	-	2,000	-	(11,587)
School administration	433,492	-	-	-	(433,492)
Central services	193,346	-	-	218,360	25,014
Food services	217,576	2,161	214,601	-	(814)
Fiscal services	188,913	1,280	-	-	(187,633)
Pupil transportation services	2,236	-	-	-	(2,236)
Operation of plant	1,241,896	32,160	348,839	-	(860,897)
Maintenance of plant	181,105	-	-	-	(181,105)
Interest expense	595	-	-	-	(595)
Total governmental activities	\$ 5,707,298	\$ 364,077	\$ 822,940	\$ 266,691	\$ (4,253,590)
GENERAL REVENUES:					
State and local sources passed through local school district					4,283,092
Interest income					1
Other general revenues					111,932
Total general revenues					4,395,025
CHANGE IN NET POSITION					141,435
NET POSITION, beginning of year					1,101,547
NET POSITION, end of year					\$ 1,242,982

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
 June 30, 2022

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 615,914
Receivables, current:	
Intergovernmental	104,153
Prepaid expenditures	<u>45,699</u>
TOTAL ASSETS	<u>\$ 765,766</u>
LIABILITIES	
Accounts payable and accrued wages	<u>308,793</u>
TOTAL LIABILITIES	<u>308,793</u>
DEFERRED INFLOW OF RESOURCES	
Unavailable grant revenue	<u>104,153</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>104,153</u>
FUND BALANCE	
Nonspendable:	
Prepaid expenditures	45,699
Unassigned	<u>307,121</u>
TOTAL FUND BALANCE	<u>352,820</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 661,613</u>

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL

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

June 30, 2022

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	352,820
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		1,023,077
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund. Unavailable revenue		104,153
Long-term liabilities, consisting of accumulated compensated absences leases payable and the total OPEB liability are not due and payable in the current period and therefore they are not reported in the governmental funds.		(237,068)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$</u>	<u>1,242,982</u>

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS
For the year ended June 30, 2022

	General Fund
REVENUES:	
State and local sources:	
State and local sources passed through local school district	\$ 4,572,271
Contributions and other local sources	476,011
Total state and local sources	<u>5,048,282</u>
Federal sources:	
Federal direct food service grants	214,600
Federal sources passed through local school district	481,698
Total federal sources	<u>696,298</u>
Total revenues	<u>5,744,580</u>
EXPENDITURES:	
Current:	
Basic instruction	2,751,291
Exceptional instruction	260,371
Student support services	108,810
Instructional media services	52,130
Instructional staff training services	13,587
School administration	441,891
Central services	188,729
Food services	217,576
Fiscal services	188,913
Pupil transportation services	2,236
Operation of plant	1,157,564
Maintenance of plant	181,105
Capital outlay	310,853
Debt service	5,155
Total expenditures	<u>5,880,211</u>
NET CHANGE IN FUND BALANCE	(135,631)
FUND BALANCE, beginning of year	<u>488,451</u>
FUND BALANCE, end of year	<u>\$ 352,820</u>

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2022

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (135,631)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.

This is the amount of capital assets recorded in the current period. 310,853

This is the amount of depreciation expense recorded in the current period. (173,670)

Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.

This represents the change caused by the "availability" criterion. 104,153

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

This is the change in accrued compensated absences during the year. 7,086

This is the change in the total OPEB liability during the year. 24,084

Repayment of principal on long term liabilities are expenditures in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.

This is the amount of lease liability repayments 4,560

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 141,435

The accompanying notes are an integral part of these statements

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

BASIS OF PRESENTATION

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

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

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

BASIS OF PRESENTATION (cont...)

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

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

The government-wide financial statements, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

CASH AND CASH EQUIVALENTS

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

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

RECEIVABLES

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

INVENTORIES

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time.

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

COMPENSATED ABSENCES

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

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

The liability for unused personal leave to be paid with current financial resources, if any, is reported as a liability in the fund level balance sheet as a component of wages payable. As of June 30, 2022, there were no amounts accrued for unused personal leave at the fund level.

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

LEASES

The School is a lessee for noncancellable lease of equipment. The School recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of \$1,000 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the estimated useful life of the tangible asset being leased or the lease term.

Key estimates and judgements related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

CAPITAL ASSETS

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

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

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

CAPITAL ASSETS (concluded)

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

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

The School’s right-to-use leased equipment is being amortized over 5.25 years and the amortization expense is combined with depreciation expense in the statement of activities.

USE OF ESTIMATES

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

INCOME TAXES

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

REVENUE SOURCES

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

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

REVENUE SOURCES (concluded)

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

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollments during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, the unspent portion is reflected as restricted net position and fund balance in the accompanying statements of net position and balance sheet - governmental fund, respectively. As of June 30, 2022, the School had no unspent capital outlay funds.

EQUITY CLASSIFICATIONS

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

- a) *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b) *Restricted net position* - Consists of net position with constraints placed in its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net position* - Consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of the investment in capital assets or the restricted component of net position.

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

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

- a) *Nonspendable* - amounts that are not in spendable form (such as prepaid items and deposits) or are legally required to be maintained intact. The School reported nonspendable fund balance for prepaid expenditures at June 30, 2022.

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

EQUITY CLASSIFICATIONS (concluded)

- b) *Restricted* - amounts constrained to specific purposes by external purposes by external providers or imposed by law through constitutional provisions or by enabling legislation. The School had no restricted fund balance amounts at June 30, 2022.
- c) *Committed* - amounts constrained to specific purposes by formal action of the School itself, using its highest level of decision-making authority (the School's Board of Directors) through resolution. To be reported as committed, amounts cannot be used for any other purpose unless the School's Board of Directors takes the same highest-level action (a resolution) to remove or change the constraint. The School had no committed fund balance amounts at June 30, 2022.
- d) *Assigned* - amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the principal or by an official or body which the Board of Directors have delegated the authority. The School had no assigned fund balance amounts at June 30, 2022.
- e) *Unassigned* - includes residual positive fund balance which has not been classified within the other above-mentioned categories.

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

NOTE 2 - BUDGETARY LAW AND PRACTICE

The budget is adopted by the School's Board of Directors on or before July 1 of each year by motion in the minutes. All budget amounts presented in the accompanying supplementary information have been adjusted for legally authorized amendments. The budget for the general fund is prepared on a cash basis which differs from the basis used for financial reporting purposes.

For the year ended June 30, 2022, the general fund's actual expenditures exceeded budgeted appropriations by \$317,197 which were funded with revenue in excess of the original budgeted amounts of \$266,683 and the remainder was funded by previous years' fund balance.

NOTE 3 - CASH

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

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

June 30, 2022

NOTE 3 - CASH (concluded)

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

Cash and cash equivalents:	
Insured or fully collateralized bank deposits	\$ 615,914
Total cash and cash equivalents	<u>\$ 615,914</u>

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

NOTE 4 – CHANGES IN CAPITAL ASSETS

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

	Balance July 1, 2021 (*)	Increases	Decreases	Balance June 30, 2022
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Building improvements	\$ 1,351,933	\$ -	\$ -	\$ 1,351,933
Furniture, fixtures and equipment	401,122	20,671	-	421,793
Information technology equipment	322,879	169,107	-	491,986
Audio visual equipment	75,244	121,075	-	196,319
Right-to-use leased equipment	25,135	-	-	25,135
Total capital assets, being depreciated	<u>2,176,313</u>	<u>310,853</u>	<u>-</u>	<u>2,487,166</u>
Less accumulated depreciation/ amortization for:				
Building improvements	(688,470)	(80,401)	-	(768,871)
Furniture, fixtures and equipment	(334,910)	(17,272)	-	(352,182)
Information technology equipment	(212,668)	(48,619)	-	(261,287)
Audio visual equipment	(43,195)	(22,591)	-	(65,786)
Right-to-use leased equipment	(11,176)	(4,787)	-	(15,963)
Total accumulated depreciation/amortization	<u>(1,290,419)</u>	<u>(173,670)</u>	<u>-</u>	<u>(1,464,089)</u>
Total capital assets being depreciated, net	<u>885,894</u>	<u>137,183</u>	<u>-</u>	<u>1,023,077</u>
Governmental activities capital assets, net	<u>\$ 885,894</u>	<u>\$ 137,183</u>	<u>\$ -</u>	<u>\$ 1,023,077</u>

Effective July 1, 2021, the School implemented GASB 87 – Leases and as a result, the previously reported balances as of July 1, 2021 were restated to reflect the right-to-use leased equipment as of that date. See Note 13 for more information about the implementation of GASB 87.

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

June 30, 2022

NOTE 4 – CHANGES IN CAPITAL ASSETS (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

Basic instruction	\$	71,623
Instructional media services		10,949
Central services		4,617
Operation of plant		86,481
Total depreciation expense - governmental activities	\$	<u>173,670</u>

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2022:

	Balance July 1, 2021 (*)	Increases	Decreases	Balance June 30, 2022	Amounts Due within One Year
Governmental Activities:					
Long-term liabilities:					
Compensated absences	\$ 42,827	\$ 31,435	\$ (38,521)	\$ 35,741	\$ -
Total OPEB liability	216,012	-	(24,084)	191,928	-
Leases payable	13,959	-	(4,560)	9,399	4,794
Total long-term liabilities	<u>\$ 272,798</u>	<u>\$ 31,435</u>	<u>\$ (67,165)</u>	237,068	<u>\$ 4,794</u>
Less amounts due in one year				<u>(4,794)</u>	
Net long-term liabilities due after one year				<u>\$ 232,274</u>	

Effective July 1, 2021, the School implemented GASB 87 – Leases and as a result, the previously reported balances as of July 1, 2021 were restated to reflect the long-term lease obligations as of that date. See Note 13 for more information about the implementation of GASB 87

Leases Payable – Effective March 1, 2019, the School entered into a 63-month lease agreement as lessee for the use of two multifunction copiers. The lease agreement did not have an explicit interest rate and the School utilized an incremental borrowing rate of 5.5% to determine the present value of the lease obligation. This rate was determined by a review of market availability for acquisition loans and recent loans to other Schools. The value of the right-to-use asset at the end of the current year was \$25,135 and reports accumulated amortization of \$15,963. This liability was placed onto the long-term obligations table as a restatement of the previously reported July 1, 2021 balance during the implementation of new accounting guidance, GASB 87 – *Leases*. See Note 13 for more information.

Maturities – Annual requirements to repay all leases payable as of June 30, 2022 are as follows:

Fiscal Year Ending	Principal	Interest
2023	\$ 4,794	\$ 361
2024	4,605	116
Total	<u>\$ 9,399</u>	<u>\$ 477</u>

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN

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

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

Participant data as of the most recent actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	37
Total	<u>37</u>

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

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

Total OPEB Liability: The Town’s total OPEB liability was measured as of September 30, 2021 and was determined by an actuary employing the alternative measurement method as provided in GASB Cod. Sec.P52.

Discount rate: The discount rate was based on a high-quality municipal bond rate of 2.43%. The high-quality bond rate was based on the measurement date of the S&P Municipal Bond 20-year High Grade Rate Index as published by S&P Down Jones Indices. The S&P 20-year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Rating Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

All future benefits were discounted using the above discount rate.

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

June 30, 2022

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

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

Alternative method calculation date	September 30, 2021
Measurement date	September 30, 2021
Inflation	2.50%
Salary increases	2.50%
Discount rate	2.43%
Retirement rate	100% at age 58
Marital status	100% assumed married
Health care participation	20% participation assumed, with 50% electing spouse coverage
Initial health care inflation rate	7.50%
Ultimate health care inflation rate	4.00%
Years to ultimate trend rate	53
Eligibility for coverage	Must meet eligibility requirements for retirement

Mortality rates were based on the PubG-2010 Mortality Tables projected to the calculation date using projection scale MP-2019.

Change in assumptions: The discount rate changed from 2.14% for the reporting period ending June 30, 2021 to 2.43% for the reporting period ended June 30, 2022.

OPEB expense: For the year ended June 30, 2022, the School recognized a negative OPEB expense of (\$18,896).

Changes in the Total OPEB Liability:

	Total OPEB Liability
Reporting period ending June 30, 2021	\$ 216,012
Changes for the year:	
Service cost	21,684
Interest	5,040
Difference between expected and actual experience	(9,869)
Changes of assumptions	(28,528)
Benefit payments	(6,356)
Change in proportionate share between Town and School	(6,055)
Net changes	(24,084)
Reporting period ending June 30, 2022	\$ 191,928

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

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

	1% Decrease 1.43%	Current discount rate 2.43%	1% Increase 3.43%
Total OPEB liability	\$ 218,312	\$ 191,928	\$ 170,142

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

	1% Decrease 3.00% to 6.50%	Healthcare cost trend rate 4.00% to 7.50%	1% Increase 5.00% to 8.50%
Total OPEB liability	\$ 168,099	\$ 191,928	\$ 220,878

NOTE 7 - RISK MANAGEMENT

Commercial insurance protection with normal deductibles, including general liability, property and workers compensation, is in place to limit the School's exposure from losses arising from theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There has been no significant reduction in coverages, nor have settlement amounts exceeded the School's coverages during the year ended June 30, 2022 or the previous two years.

In the normal course of conducting operations, the School may become party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on financial operations. As of June 30, 2022, management was not aware of any legal actions or proceedings pending against the school.

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES

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

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES (continued)

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

NOTE 9 - FACILITY USE AGREEMENTS

The School is a party to an operating facility use agreement with the Town of Oakland, Florida. The initial agreement began on December 10, 2002 and was renewed effective July 1, 2013 for a fifteen-year term expiring on June 30, 2028. Annual payments of \$720,000 per year are payable in equal monthly installments. This agreement is not governed by the guidance contained in GASB 87 – *Leases* as the School is a special revenue fund of the Town of Oakland, Florida and thereby not a separate legal entity.

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

<u>Year</u>	<u>Total</u>
2023	\$ 720,000
2024	720,000
2025	720,000
2026	720,000
2027	720,000
2028	720,000
	<u>\$ 4,320,000</u>

The School leased portable classroom facilities under a noncancelable operating lease agreement that expired on June 30, 2021. The School is responsible for all maintenance associated with the facilities and the lease does not transfer ownership of the portable classrooms. Total lease payments under this operating lease totaled \$39,480 for the year ended June 30, 2022 and the School continues to lease these portable facilities on a monthly-by-month basis and can be cancelled at any time.

NOTE 10 - RENTAL INCOME

The School leases a portion of their facilities to a third party on a month-to-month basis. Rental income for the year ended June 30, 2022 was approximately \$32,160

OAKLAND AVENUE CHARTER SCHOOL

A Special Revenue Fund of the Town of Oakland, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 - INDIRECT COST ALLOCATION

The Town of Oakland provides finance, payroll and administrative services for the School at an indirect cost allocation rate of \$151,991 for the year ended June 30, 2022 and is reported as a component of the fiscal services expenditures/expenses of the School. This indirect cost allocation is determined by the finance, payroll and administrative personnel service costs allocated based on the estimated time they spend on School related activities.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN

The Town Commission has established by Resolution an Internal Revenue Code Section 457 deferred compensation plan and a 401(a) defined contribution plan, both of which are accounted for as a combined defined contribution pension plan (the "Plan") under the provisions of GASB Cod. Sec. P21 – *Pension Activities – Reporting for Benefits Provided through Trusts that Meet Specified Criteria – Defined Contribution*.

Plan provisions include the following:

- Covers all full-time School employees who are over 18 years of age and who have completed three months of service. Full time employees are only those employees who normally work more than 20 hours per week.
- The Town is designated as the pension board of trustees and has designated the Florida Municipal Pension Trust Fund as the plan administrator.
- The Plan provides for non-elective contributions by the School of 4% of employee compensation and employer matching contributions of one-half of the employee contributions up to a maximum matching contribution rate of 1% of employee compensation.
- Benefits vest at a rate of 20% per year of service up to 100% vesting upon completion of the fifth year of service.

Pension costs are accrued and funded on a current basis and all required contributions for the year were made. Contributions made to the plan by the employees and the School totaled \$110,752 and \$99,696 respectively.

NOTE 13 – IMPLEMENTATION OF ACCOUNTING STANDARD

For the fiscal year ended June 30, 2022, the School implemented the provisions of GASB Statement 87 – *Leases*. The implementation of this standard required a restatement of previously reported capital assets, capital asset accumulated amortization and long-term obligations to record the right-to-use leased equipment and related lease liability for lease agreements entered into prior to July 1, 2021. These restatements did not require a restatement of previously reported fund balance or net position as the right-to-use leased equipment and the lease liability offset one another. See Note 4 and Note 5 for more information.

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

June 30, 2022

NOTE 14 - CONCENTRATION OF REVENUE SOURCES

The School's principal source of revenues is from the State of Florida passed through the District, which provided approximately 87% of total revenue for the year ended June 30, 2022. The following is a schedule of revenue sources and amounts for the year ended June 30, 2022.

<u>Sources</u>	<u>Amount</u>
School District of Orange County, Florida	
Base funding	\$ 2,544,768
Class size reduction	555,017
Special millage	417,060
Discretionary millage	300,965
Capital outlay	281,005
Elementary and Secondary School Emergency Relief Fund	441,446
Supplemental academic instruction	122,969
Exceptional student allocation	98,531
Teacher salary increase allocation	102,020
Instructional materials allocation	41,785
Safe schools	32,185
Reading allocation	22,232
Title IV grant	3,929
Title II grant	2,000
Mental health assistance allocation	20,706
Safety security grant	8,174
Teacher supply program	10,800
Funds compression allocation	524
Compression adjustment	13,148
Digital classroom allocation	382
Total revenue through the School District of Orange County, Florida	5,019,646
Other revenue:	
Other local sources	43,403
Voluntary Prekindergarten (VPK) revenue	209,104
Other grants	34,323
Fieldtrip revenue	40,827
Student club fees	78,545
Food service sales	2,161
Donations	69,809
Rental income	32,160
Federal school lunch/breakfast program income	214,601
Interest income	1
Total revenue	\$ 5,744,580



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REQUIRED SUPPLEMENTARY INFORMATION

OAKLAND AVENUE CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Favorable (Unfavorable)
REVENUES				
State and local sources:				
State and local sources passed through				
local school district	\$ 4,544,996	\$ 4,544,996	\$ 4,572,271	\$ 27,275
Contributions and other local sources	813,901	813,901	476,011	(337,890)
Total state and local sources	5,358,897	5,358,897	5,048,282	(310,615)
Federal sources:				
Federal direct food service grants	119,000	119,000	214,600	95,600
Federal sources passed through				
local school district	-	-	481,698	481,698
Total federal sources	119,000	119,000	696,298	577,298
Total revenues	5,477,897	5,477,897	5,744,580	266,683
EXPENDITURES				
Current:				
Basic instruction	2,788,135	2,788,135	2,751,291	36,844
Exceptional instruction	231,390	231,390	260,371	(28,981)
Student support services	176,225	176,225	108,810	67,415
Instructional media services	82,000	82,000	52,130	29,870
Instructional staff training services	18,000	18,000	13,587	4,413
School administration	396,780	396,780	441,891	(45,111)
Central services	230,700	230,700	484,066	(253,366)
Food services	189,891	189,891	217,576	(27,685)
Fiscal services	187,300	187,300	188,913	(1,613)
Pupil transportation services	3,090	3,090	2,236	854
Operation of plant	1,140,903	1,140,903	1,178,235	(37,332)
Maintenance of plant	118,600	118,600	181,105	(62,505)
Total expenditures	5,563,014	5,563,014	5,880,211	(317,197)
NET CHANGE IN FUND BALANCE	\$ (85,117)	\$ (85,117)	\$ (135,631)	\$ (50,514)

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

Reporting date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability					
Service cost	\$ 21,684	\$ 17,190	\$ 13,512	\$ 13,279	\$ 14,173
Interest	5,040	6,217	5,369	4,630	3,727
Changes of assumptions	(28,528)	32,772	(1,981)	(9,833)	(10,866)
Benefit payments	(6,356)	(5,988)	(3,188)	(732)	(3,179)
Change in proportionate share between Town and School	(6,055)	7,300	-	-	-
Difference between expected and actual experience	(9,869)	-	23,168	-	-
Net change in total OPEB Liability	(24,084)	57,491	36,880	7,344	3,855
Total OPEB Liability - beginning	216,012	158,521	121,641	114,297	110,442
Total OPEB Liability - ending	\$ 191,928	\$ 216,012	\$ 158,521	\$ 121,641	\$ 114,297
Covered-employee payroll	1,859,592	1,944,749	1,897,316	1,638,271	1,550,952
Total OPEB liability as a percentage of covered-employee payroll	10.32%	11.11%	8.36%	7.42%	7.37%

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

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

Differences between Expected and Actual Experience represents the impact of updated census data as of September 30, 2019 and 2021.

Changes in Assumptions:

- The following are the discount rates used in each period:

Reporting date June 30, 2022	2.43%
Reporting date June 30, 2021	2.14%
Reporting date June 30, 2020	3.58%
Reporting date June 30, 2019	4.18%
Reporting date June 30, 2018	3.64%
Reporting date June 30, 2017	3.06%

Benefit Payments represents expected net benefit payments produced by the actuarial valuation model rather than actual net benefits paid.

Additional years will be added to this schedule until 10 years of data is presented.



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OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Oakland Avenue Charter School (the "School") a charter school and special revenue fund of the Town of Oakland, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 13, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
October 13, 2022

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Oakland Avenue Charter School, (the "School"), a charter school and special revenue fund of the Town of Oakland, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 13, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated October 13, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Financial Condition and Management

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

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

MANAGEMENT LETTER
(cont...)

Financial Condition and Management (concluded)

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we have the following findings:

2022-01 – Budget Over Expenditure

Criteria – Pursuant to Section 166.241, Florida Statutes the Town may not expend or contract for expenditures except pursuant to the adopted budget. Because the School is a special revenue fund of the Town of Oakland, Florida, this statutory requirement applies to the activity of the School.

Condition – During our audit we noted that actual expenditures exceeded total budgeted appropriations by \$317,197 for the year ended June 30, 2022, resulting in expenditures being made that were not pursuant to the adopted budget.

Cause – Expenditures were made in excess of the adopted budget and a budget amendment was not passed to approve these excess expenditures.

Effect – Noncompliance

Recommendation – Expenditures should be monitored throughout the year to provide assurance that actual expenditures do not exceed the approved appropriations and if it appears this will happen, we recommend that a formal budget amendment be prepared and approved.

Views of Responsible Officials – See accompanying letter of management’s response.

MANAGEMENT LETTER
(concluded)

2022-02 – Audit Timing

Criteria – The School’s charter contract with the School Board of Orange County, Florida (“Sponsor”) requires the School’s annual audit to be completed and submitted to the Sponsor by October 1 following the close of each fiscal year on June 30th.

Condition – The School’s audit was completed on October 13, 2022 which was after the deadline prescribed by the charter with the School’s Sponsor.

Cause and Effect – The delay was the result of a shortage of Town staff to facilitate timely responses to audit requests which resulted in a violation of the October 1 audit deadline.

Recommendation – We recommend the hiring of qualified staff to be able to prepare for and complete the annual audit within the prescribed time frame as required by the charter contract with the School’s Sponsor.

Views of Responsible Officials – See accompanying letter of management’s response.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter.

The official title of the entity is Oakland Avenue Charter School of District 48 Orange, School 0072, which is a special revenue fund of the Town of Oakland, Florida.

Purpose of this Letter

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

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
October 13, 2022

Town of OAKLAND Florida

220 N. Tubb Street • Post Office Box 98 • Oakland, FL 34760-0098 • 407.656.1117 (voice) • 407.656.2940 (fax)

October 13, 2022

Honorable Mayor, Town Commissioners
Town of Oakland, Florida

RE: Management Letter date October 13, 2022

View of responsible officials and planned corrective actions regarding OACS audit.

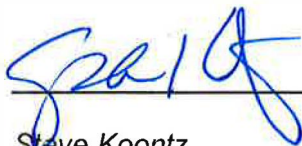
Finding 2022-01: Budget

During the Town budget preparation in September, management will perform a budget to actual analysis of School activity after all year-end closing adjustments have been recorded and a budget amendment will be proposed if needed. This amendment will be presented to the Town Commission in conjunction with the Town budget to ensure the amendment is effective before September 30.

Finding 2022-02: Audit Timing

Management will implement procedures to ensure the Other Postemployment Benefit Obligation (OPEB) actuarial valuation is completed in a timely manner to allow the audit to be completed before the September 30 deadline.

Respectfully Submitted,



Steve Koontz

Town Manager



Renee Mullen

Director of Finance

