

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Financial Statements
with Independent Auditor's Reports Thereon**

June 30, 2018



McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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OASIS MIDDLE SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Oasis Middle School, Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2018. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- ❖ The School ended fiscal year 2018 with a net position of \$454,037.
- ❖ For the fiscal year ended June 30, 2018, the School's revenues exceeded expenses by approximately \$129,784.

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 consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of the School.

Government-wide Financial Statements

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

The two government-wide statements report the School's net position and the current year changes. Net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for not directly related to the School's mission. For the year ended June 30, 2018, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental funds are used to account for those functions reported as governmental activities. The School's basic services are accounted for in governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out, and what monies left at year-end are available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts annual budgets for its general and special revenue funds, as required by the Florida Statutes. The budgets are legally adopted by management of the School and its Board. Budgetary comparison schedules have been included as part of the required supplementary information. The budgetary comparison schedule shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the funds, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

Other Reports

This report also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

The School's combined net position as of June 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets:			
Current assets	\$ 479,320	\$ 303,542	\$ 175,778
Capital assets, net	110,596	131,270	(20,674)
Total assets	<u>589,916</u>	<u>434,812</u>	<u>155,104</u>
Liabilities:			
Current liabilities	78,233	38,233	40,000
Long-term liabilities	57,646	72,326	(14,680)
Total liabilities	<u>135,879</u>	<u>110,559</u>	<u>25,320</u>
Net Position:			
Investment in capital assets, net of related debt	52,950	58,944	(5,994)
Unrestricted	401,087	265,309	135,778
Total net position	<u>\$ 454,037</u>	<u>\$ 324,253</u>	<u>\$ 129,784</u>

The change in current assets is primarily due to the increase cash due to current year operating surplus. The increase in current liabilities is due to the timing of payments. Long-term liabilities decreased as loans were paid according to terms. The increase in total net position is due to the current year operating surplus.

Change in Net Position

The School's total revenues exceeded expenses total by approximately \$175,000 in fiscal 2018—see table below.

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues:			
Federal sources passed through local school district	\$ 102,640	\$ 63,384	\$ 39,256
State and local sources	879,300	864,616	14,684
Contributions and other revenues	<u>14,755</u>	<u>12,654</u>	<u>2,101</u>
Total revenues	<u>996,695</u>	<u>940,654</u>	<u>56,041</u>
Expenses:			
Instruction	309,111	273,964	35,147
Board	7,051	2,074	4,977
General administration	39,726	40,914	(1,188)
School administration	186,050	215,189	(29,139)
Fiscal services	16,852	34,811	(17,959)
Transportation services	71,156	67,926	3,230
Operation of plant	233,070	172,528	60,542
Interest	<u>3,895</u>	<u>4,430</u>	<u>(535)</u>
Total expenses	<u>866,911</u>	<u>811,836</u>	<u>55,075</u>
Change in net position	<u>\$ 129,784</u>	<u>\$ 128,818</u>	<u>\$ 966</u>

The federal funds increased due to decrease in Title I revenue. State and local sources increased due local capital improvement revenue. The School's instructional expenditures increased due to an increase in teacher salaries and related bonuses. Operation of plant increased due to an increase in contracted services.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

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

As the School completed the year, its governmental funds reported a combined fund balance of \$401,087.

General and Special Revenue Funds Budgetary Highlights

During the fiscal year, the School did not amend its budgets. Budget amendments fall into one of the three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available, 2) amendments made to recognize changes in funding amounts, and 3) changes in appropriations that become necessary to maintain services.

In the general fund, revenues were approximately \$39,000 more than budgeted revenues and actual expenditures were approximately \$58,000 less than budgeted expenditures. The special revenue funds actual revenues and expenditures were consistent with final budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2018, the School had invested \$243,644, in capital assets.

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Capital assets			
Furniture, fixtures, and equipment	\$ 42,966	\$ 42,966	\$ -
Vehicles	200,678	200,678	-
Total capital assets	<u>\$ 243,644</u>	<u>\$ 243,644</u>	<u>\$ -</u>

There were no major capital asset additions in fiscal year 2018.

More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

Long-Term Liabilities

Interest paid during fiscal year June 30, 2018 was approximately \$3,895. More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2019

Amounts available for appropriation in the general fund are approximately \$909,000, an increase of approximately \$15,000 over the actual 2018 amount.

Budgeted expenditures are expected to decrease to approximately \$813,000, an increase of approximately \$73,000 over the 2018 actual amount.

The School added no new programs to the fiscal 2019 budget. If these estimates are realized, the School's general fund balance is expected to remain consistent.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 4306 32nd Street West, Bradenton, FL 33813.



McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditor's on Basic Financial Statements and Supplementary Information

To the Board of Directors of Oasis Middle School, Inc.,
a Charter School and Component Unit of the District
School Board of Manatee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Oasis Middle School, Inc., a Charter School and Component Unit of the District School Board of Manatee County, Florida, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-6 and 26-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2018, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the School's internal control over financial reporting and compliance.

McCrady & Associates, PLLC

Altamonte Springs, Florida
October 30, 2018

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OASIS MIDDLE SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Manatee County, Florida

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 342,515
Due from other agencies	106,805
Other assets	30,000
Capital assets:	
Furniture, fixtures, and equipment	42,966
Vehicles	200,678
Less accumulated depreciation	<u>(133,048)</u>
Total capital assets, net	<u>110,596</u>
Total assets	<u><u>\$ 589,916</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 78,233
Long-term liabilities:	
Portion due or payable within one year:	
Note payable	15,797
Portion due or payable after one year:	
Note payable	<u>41,849</u>
Total liabilities	<u>135,879</u>
NET POSITION	
Investment in capital assets, net of related debt	52,950
Unrestricted	<u>401,087</u>
Total net position	<u><u>\$ 454,037</u></u>

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

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Statement of Activities

For the Year Ended June 30, 2018

	Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 309,111	\$ -	\$ 102,640	\$ -	\$ (206,471)	\$ (206,471)
Board	7,051	-	-	-	(7,051)	(7,051)
General administration	39,726	-	-	-	(39,726)	(39,726)
School administration	186,050	-	-	-	(186,050)	(186,050)
Fiscal services	16,852	-	-	-	(16,852)	(16,852)
Transportation services	71,156	-	-	-	(71,156)	(71,156)
Operation and maintenance of plant	233,070	-	-	-	(233,070)	(233,070)
Interest	3,895	-	-	-	(3,895)	(3,895)
Total primary government	\$ 866,911	\$ -	\$ 102,640	\$ -	(764,271)	(764,271)
General revenues:						
State and local sources					879,300	879,300
Contributions and other revenues					14,755	14,755
Total general revenues					894,055	894,055
Changes in net position					129,784	129,784
Net position at beginning of year					324,253	324,253
Net position at end of year					\$ 454,037	\$ 454,037

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

OASIS MIDDLE SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Manatee County, Florida

Balance Sheet - Governmental Funds

June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 342,515	\$ -	\$ 342,515
Due from other agencies	-	106,805	106,805
Other assets	30,000	-	30,000
Due from special revenue fund	106,805	-	106,805
Total assets	<u>\$ 479,320</u>	<u>\$ 106,805</u>	<u>\$ 586,125</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 78,233	\$ -	\$ 78,233
Due to general fund	-	106,805	106,805
Total liabilities	<u>78,233</u>	<u>106,805</u>	<u>185,038</u>
FUND BALANCES			
Nonspendable:			
Other assets	30,000	-	30,000
Spendable:			
Unassigned	<u>371,087</u>	<u>-</u>	<u>371,087</u>
Total fund balances	<u>401,087</u>	<u>-</u>	<u>401,087</u>
Total liabilities and fund balances	<u>\$ 479,320</u>	<u>\$ 106,805</u>	<u>\$ 586,125</u>

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

OASIS MIDDLE SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Manatee County, Florida

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2018

Total fund balance - governmental funds \$ 401,087

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund. The cost of the capital assets are \$243,644 and the accumulated depreciation is \$133,048. 110,596

Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at the end of the period consist of:

Note payable (57,646)

Total net position - governmental activities \$ 454,037

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

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Statement of Revenues, Expenditures and
Change in Fund Balances of Governmental Funds**

For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	\$ -	\$ 102,640	\$ -	\$ 102,640
State and local sources	879,300	-	-	879,300
Contributions and other revenues	14,755	-	-	14,755
Total revenues	894,055	102,640	-	996,695
EXPENDITURES				
Current:				
Instruction	205,865	102,640	-	308,505
Board	7,051	-	-	7,051
General administration	39,726	-	-	39,726
School administration	186,050	-	-	186,050
Fiscal services	16,852	-	-	16,852
Transportation services	51,088	-	-	51,088
Operation and maintenance of plant	233,070	-	-	233,070
Capital outlay	428	-	-	428
Debt services:				
Principal	-	-	14,680	14,680
Interest	-	-	3,895	3,895
Total expenditures	740,130	102,640	18,575	861,345
Excess (deficiencies) of revenues over expenditures	153,925	-	(18,575)	135,350
OTHER FINANCING SOURCES (USES)				
Proceeds from the issuance of debt		-	-	-
Operating transfer in	-	-	18,575	18,575
Operating transfer out	(18,575)	-	-	(18,575)
Total other financing sources	(18,575)	-	18,575	-
Net change in fund balances	135,350	-	-	135,350
Fund balance at beginning of year	265,309	-	-	155,379
Fund balance at end of year	<u>\$ 400,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,729</u>

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

OASIS MIDDLE SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Manatee County, Florida

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities

For the Year Ended June 30, 2018

Net changes in fund balances - governmental funds \$ 135,350

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays (\$19,819) exceeds depreciation expense (\$19,570) in the current period. (20,246)

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. 14,680

Change in net position of governmental activities \$ 129,784

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

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

For the Year Ended June 30, 2018

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Oasis Middle School, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of at least three members.

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 District School Board of Manatee County Florida, ("School Board"). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB").

Charter Contract

The current charter expires June 30, 2023. At the end of the term, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered as a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the FDOE.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to that of a private-sector business. The statement of net position and statement of activities are designed to provide financial information about the School as a whole, on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and its liabilities, using an economic resources measurement focus.

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

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

Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are individual governmental funds that are reported in the fund financial statements:

- General Fund – the School's primary operating fund that accounts for all financial resources of the school, except those that are required to be accounted for in another fund.
- Special Revenue Fund – to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose.
- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principal, interest, and related costs.

For the purpose of these statements, the general and special revenue funds are considered major funds. The debt service is a non-major funds and reported as other governmental funds.

Basis of Accounting

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

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

The governmental funds basic financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues are recognized at the time the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the acquisition of long-term debt are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Cash and Cash Equivalents

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

All cash and cash equivalent accounts held by the School are non-interest bearing and fully insured by the FDIC as of June 30, 2018.

Interfund receivables and payables

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. The general fund has recorded total receivables of approximately \$45,000 for amounts paid by the general fund on behalf of the special revenue fund.

Interfund transfers

The School reports its debt service fund expenditures in the other governmental funds. For the year ended June 30, 2018, the general funds transferred approximately \$18,575 to the other governmental funds for the current year debt service payments.

OASIS MIDDLE SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Manatee County, Florida

Notes to Financial Statements
(continued)

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical cost and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date of donation. The School capitalizes assets with a cost of \$750 or more. Expenditures of normal maintenance and repair that do not add to the assets value or extend the useful lives are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Furniture, fixtures, and equipment	5
Vehicles	10

Information related to the change in capital assets is described in Note 4.

Net Position and Fund Balance Classifications

Government-wide financial statements

Net position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

Net Position and Fund Balance Classifications

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) that are legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

Revenue Sources

Revenues for operations are received primarily from the District School Board of Manatee County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the School Board. The School Board receives a 5% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program ("FEFP"). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2018, the School reported 118,69 unweighted FTE.

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

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 enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

2 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The School's significant financial instruments are cash, accounts receivable, accounts payable, short term borrowings, and other short term assets and liabilities. For these financial instruments (level 1), carrying values approximate fair value because of the short maturity of these instruments.

3 DUE FROM OTHER AGENCIES

Due from other agencies included in the accompanying financial statements includes approximately \$106,805 of Title I receivable from the School Board. Based on the sources of funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

4 CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Furniture, fixtures and equipment	\$ 42,966	\$ -	-	\$ 42,966
Vehicles	200,678	-	-	200,678
Total capital assets	243,644	-	-	243,644
Accumulated depreciation:				
Furniture, fixture, and equipment	(40,138)	(606)	-	(40,744)
Vehicles	(72,236)	(20,068)	-	(92,304)
Total accumulated depreciation	(112,374)	(20,674)	-	(133,048)
Capital assets, net	\$ 131,270	\$ (20,674)	-	\$ 110,596
Depreciation expense:				
Instructional			\$ 606	
Transportation			20,068	
Total governmental activities depreciation expense			\$ 20,674	

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

5 LONG-TERM DEBT

The School has entered into a note payable to finance the School's bus. The note calls for principal and interest payments of \$1,541 monthly. Interest rate is 5.99% annual and the note matures January 2023.

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

Balance outstanding at the beginning of year	\$	72,326
Additions		-
Reduction		(14,680)
		<u> </u>
Balance outstanding at the end of year	\$	<u>57,646</u>

Future debt service related to the note payable is as follows as of June 30, 2018:

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 15,797	\$ 2,691	\$ 18,488
2020	16,689	1,802	18,491
2021	17,644	844	18,488
2022	7,516	115	7,631
	<u>\$ 57,646</u>	<u>\$ 5,452</u>	<u>\$ 63,098</u>

Interest paid during the year ended June 30, 2018 totaled approximately \$3,895.

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Notes to Financial Statements
(continued)**

6 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources:

District School Board of Manatee County, Florida:

Florida Education Finance Program	\$ 504,289
Class size reduction	107,764
Local capital improvement revenue	61,587
Discretionary local effort	59,594
Transportation	40,866
ESE guaranteed allocation	35,730
Capital outlay	25,295
Supplemental academic instruction	23,550
Instructional materials	8,968
Reading allocation	4,999
Digital classroom allocation	3,075
Safe schools	2,678
Additional allocation	787
Discretionary lottery funds	198
Proration to funds available	(80)
Total	<u>\$ 879,300</u>

The administrative fee paid to the School Board during the year ended June 30, 2018 totaled approximately \$40,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

7 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

8 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates 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

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at year-end may be impaired.

Management believes there are no significant contingent liabilities related 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.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. Management believes the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

9 INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School's income tax returns for the past tax years 2016, 2015 and 2014 are subject to examination by tax authorities, and may change upon examination.

10 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through October 30, 2018, which is the date the financial statements were available to be issued.

OASIS MIDDLE SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State and local sources	\$ 857,200	\$ 843,560	\$ 879,300	\$ 35,740
Contributions and other revenues	11,150	11,150	14,755	3,605
Total revenues	<u>868,350</u>	<u>854,710</u>	<u>894,055</u>	<u>39,345</u>
EXPENDITURES				
Current:				
Instruction	253,644	239,052	205,865	33,187
Instruction staff training	2,500	2,500	-	2,500
Board	5,785	6,000	7,051	(1,051)
General administration	25,000	2,500	39,726	(37,226)
School administration	193,205	193,205	186,050	7,155
Fiscal services	35,000	35,000	16,852	18,148
Transportation services	56,472	56,472	51,088	5,384
Operation and maintenance of plant	223,500	223,500	233,070	(9,570)
Capital outlay	25,000	40,000	428	39,572
Total expenditures	<u>820,106</u>	<u>798,229</u>	<u>740,130</u>	<u>58,099</u>
Excess of revenue over over expenditures	<u>48,244</u>	<u>56,481</u>	<u>153,925</u>	<u>97,444</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(18,575)</u>	<u>6,425</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(18,575)</u>	<u>6,425</u>
Net changes in fund balance	23,244	31,481	135,350	103,869
Fund balance at beginning of year	<u>155,379</u>	<u>155,379</u>	<u>155,379</u>	<u>-</u>
Fund balance at end of year	<u>\$ 178,623</u>	<u>\$ 186,860</u>	<u>\$ 290,729</u>	<u>\$ 103,869</u>

See report of independent auditor's.

OASIS MIDDLE SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Manatee County, Florida

Required Supplementary Information

Budgetary Comparison Schedule - Special Revenue Fund

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources passed through				
local school district	\$ 103,592	\$ 103,592	\$ 102,640	\$ (952)
Total revenues	<u>103,592</u>	<u>103,592</u>	<u>102,640</u>	<u>(952)</u>
EXPENDITURES				
Current:				
Instruction	103,592	103,592	102,640	952
Total expenditures	<u>103,592</u>	<u>103,592</u>	<u>102,640</u>	<u>952</u>
Net changes in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See report of independent auditor's.



McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**Report of Independent Auditor's on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of Oasis Middle School, Inc.,
a Charter School and Component Unit of the District
School Board of Manatee County, 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, each major fund, and the aggregate remaining fund for Oasis Middle School, Inc., a Charter School and Component Unit of the District School Board of Manatee County, Florida, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 30, 2018.

Internal Control Over Financial Reporting

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

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.

McCrary & Associates, PLLC

Altamonte Springs, Florida
October 30, 2018

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**Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools
and Similar Entities***



**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of Oasis Middle School, Inc.,
a Charter School and Component Unit of the District
School Board of Manatee County, Florida

Report on the Financial Statements

We have audited the financial statements of Oasis Middle School, Inc. (the “School”) as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated October 30, 2018.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, if applicable, which is dated, October 30, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Oasis Middle School, Inc.

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 to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate 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 that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

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, the Board of Directors, applicable management, and Manatee County School Board and is not intended to be and should not be used by anyone other than these specified parties.

McCrary & Associates, PLLC

Altamonte Springs, Florida
October 30, 2018