



FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

September 30, 2015

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
TOWN OF OAKLAND, FLORIDA

The Town of Oakland (the "Town") Management's Discussion and Analysis (the "MD&A") presents an overview of the Town's financial activities for the year ended September 30, 2015. Please read it in conjunction with the Town's financial statements following the MD&A.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of fiscal year 2015 by \$6,254,313 (net position). Of this amount, \$709,777 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$332,695 (or 5%) over the previous fiscal year.
- At September 30, 2015, the Town's governmental funds reported combined ending fund balances of approximately \$2,258,051, a decrease of \$323,532 in comparison with the prior year.
- At September 30, 2015, unassigned and assigned fund balance for the general fund was a negative \$87,040 caused by unrestricted liabilities that exceed unrestricted assets.
- Governmental funds revenue increased \$231,174 or 3%.
- The Town's outstanding long-term debt increased approximately \$440,000 or 4% during fiscal year 2015. The main increase in the Town's long-term debt is the State of Florida Department of Environmental Protection loan DW 4803C0 used to fund the water tank project in the enterprise fund.

Overview of the Financial Statement

The financial statements are presented in compliance with pronouncement 34 of the Governmental Accounting Standards Board (GASB 34). This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements consisting of the statement of net position and statement of activities are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the Town's assets, liabilities, and deferred inflows and outflows of resources with the residual measure reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the Town'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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e. g., uncollected taxes and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the Town include general government administration, public safety, charter school operation, refuse collection, streets, and parks and recreation. The business-type activities

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
TOWN OF OAKLAND, FLORIDA
(Continued)

of the Town are comprised of the water and wastewater utility. The government-wide financial statements can be found on pages 3-4 of this report.

Fund financial statements – A **fund** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary or enterprise funds.

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

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

The Town maintained three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, impact fee fund and the charter school fund, which are considered to be major funds. The basic governmental fund financial statements can be found on pages 5-8 of this report.

The Town adopts an annual appropriated budget for its general fund, and some but not all special revenue funds. Budgetary comparison schedules have been provided for the budgeted funds to demonstrate budgetary compliance. The basic governmental fund financial statements may be found immediately following the government-wide financial statements.

Proprietary or enterprise funds – Proprietary or enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town maintains one fund in this category, which accounts for the water and wastewater operations and it is considered to be a major fund of the Town. The basic proprietary fund financial statements can be found on pages 9-11 of this report. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
TOWN OF OAKLAND, FLORIDA
(Continued)

Notes to the financial statements - Notes to the financial statements are additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 12-30 of this report.

Other information – Required supplementary information is presented in addition to the basic financial statements and accompanying notes, and concerns the Town's compliance with its general fund and charter school special revenue fund budgets. Required supplementary information can be found on pages 31-32 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities by \$6,254,313 as of September 30, 2015. The following is a summary of the Statement of Net Position found on page 3 of this report:

Statement of Net Position (Summary)
as of September 30,

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 2,678,839 | \$ 2,921,255 | \$ 847,975 | \$ 836,034 | \$ 3,526,814 | \$ 3,757,289 |
| Capital assets | 8,973,808 | 9,094,154 | 4,545,800 | 4,435,756 | 13,519,608 | 13,529,910 |
| Total assets | 11,652,647 | 12,015,409 | 5,393,775 | 5,271,790 | 17,046,422 | 17,287,199 |
| Deferred Outflows of Resources | 109,837 | 126,987 | - | - | 109,837 | 126,987 |
| Current and other liabilities | 522,524 | 452,091 | (49,725) | 423,088 | 472,799 | 875,179 |
| Long-term liabilities | 8,007,336 | 8,447,692 | 2,421,811 | 1,504,307 | 10,429,147 | 9,951,999 |
| Total liabilities | 8,529,860 | 8,899,783 | 2,372,086 | 1,927,395 | 10,901,946 | 10,827,178 |
| Net position: | | | | | | |
| Net investment in capital assets | 1,173,645 | 836,141 | 2,126,526 | 2,482,203 | 3,300,171 | 3,318,344 |
| Restricted | 2,228,001 | 2,237,538 | 16,364 | 14,486 | 2,244,365 | 2,252,024 |
| Unrestricted | (169,022) | 168,934 | 878,799 | 847,706 | 709,777 | 1,016,640 |
| Total net position | \$ 3,232,624 | \$ 3,242,613 | \$ 3,021,689 | \$ 3,344,395 | \$ 6,254,313 | \$ 6,587,008 |

Approximately 53% percent of the Town's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding, compared to 50% in the prior year. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town has restricted net position of \$2,244,365 which is restricted for debt service, charter school operations and capital projects. The remaining balance of unrestricted net position, \$709,777, may be used to meet the Town's ongoing obligations to citizens and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
TOWN OF OAKLAND, FLORIDA
(Continued)

The following is a summary of the information presented in the Statement of Activities found on page 4 of this report:

Statement of Activities (Summary)
For the year ended September 30,

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | | | |
| <i>Program Revenues:</i> | | | | | | |
| Charges for services | \$5,091,932 | \$ 4,980,051 | \$ 599,906 | \$ 570,629 | \$ 5,691,838 | \$ 5,550,680 |
| Operating grants and contributions | 402,513 | 347,710 | - | - | 402,513 | 347,710 |
| Capital grants and contributions | 33,306 | 131,390 | - | - | 33,306 | 131,390 |
| <i>General revenues:</i> | | | | | | |
| Property taxes | 1,329,036 | 1,251,925 | - | - | 1,329,036 | 1,251,925 |
| Franchise/Public Ser. Tax | 431,412 | 438,988 | - | - | 431,412 | 438,988 |
| Fuel taxes | 88,439 | 88,557 | - | - | 88,439 | 88,557 |
| State shared revenues | 487,230 | 453,037 | - | - | 487,230 | 453,037 |
| Other | 12,526 | 7,325 | 16,194 | 1,546 | 28,720 | 8,871 |
| Total revenues | 7,876,394 | 7,698,983 | 616,100 | 572,175 | 8,492,494 | 8,271,158 |
| Expenses: | | | | | | |
| General government | 765,274 | 1,094,218 | - | - | 765,274 | 1,094,218 |
| Comprehensive planning | 243,621 | - | - | - | 243,621 | - |
| Code enforcement | 34,769 | - | - | - | 34,769 | - |
| Police | 1,056,683 | 950,127 | - | - | 1,056,683 | 950,127 |
| Fire protection | 449,628 | 426,020 | - | - | 449,628 | 426,020 |
| Charter school | 4,345,200 | 4,145,510 | - | - | 4,345,200 | 4,145,510 |
| Housing rehabilitation | - | 51,066 | - | - | - | 51,066 |
| Refuse collection | 176,195 | 176,545 | - | - | 176,195 | 176,545 |
| Streets | 410,503 | 369,503 | - | - | 410,503 | 369,503 |
| Parks and recreation | 83,400 | 43,892 | - | - | 83,400 | 43,892 |
| Interest on long-term debt | 321,110 | 336,913 | - | - | 321,110 | 336,913 |
| Water | - | - | 790,003 | 796,064 | 790,003 | 796,064 |
| Wastewater | - | - | 148,803 | - | 148,803 | - |
| Total expenses | 7,886,383 | 7,593,794 | 938,806 | 796,064 | 8,825,189 | 8,389,858 |
| Change in Net Position | (9,989) | 105,189 | (322,706) | (223,889) | (332,695) | (118,700) |
| Transfers | - | - | - | (27,918) | - | (27,918) |
| Net position - beginning | 3,242,613 | 3,137,424 | 3,344,395 | 3,596,202 | 6,587,008 | 6,733,626 |
| Net position - ending | \$3,232,624 | \$ 3,242,613 | \$ 3,021,689 | \$ 3,344,395 | \$ 6,254,313 | \$ 6,587,008 |

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
TOWN OF OAKLAND, FLORIDA
(Continued)

Governmental activities

Governmental activities decreased the Town's net position by \$9,989. In the prior year, governmental activities net position increased by \$105,189. In 2015, revenues increased by \$177,411 or 2% and expenses increased by \$292,589 or 4%.

Business-Type Activities

Business-type activities decreased the Town's net position by \$322,706. In the prior year, net position decreased by \$251,807. The 2015 decrease was \$70,899 more than the 2014 decrease due to an 8% increase in revenue and an 18% increase in expenses.

The Town is currently constructing the wastewater collection and distribution system and, while not generating revenue, has incurred expenses totaling \$148,803 for the year ended September 30, 2015.

Financial Analysis of the Town's Funds

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

Governmental funds

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

At September 30, 2015, the Town's governmental funds reported combined ending fund balances of \$2,258,051 a decrease of \$323,532 when compared to the previous year.

The general fund is the chief operating fund of the Town. At September 30, 2015, unassigned and assigned fund balance for the General Fund was negative \$87,040 compared to a positive \$158,799 in the prior year. When the current unassigned and assigned fund balance is compared to the prior year balances, there was a current year decline of \$245,839. This decline was mainly caused by an excess of expenditures over revenues in the general fund and the pledging of \$800,000 as loan collateral as discussed above.

Proprietary Fund

The Town's enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town has one proprietary fund for the water and wastewater departments and it is considered a major fund. Unrestricted net position of the proprietary fund at September 30, 2015 was \$878,799 which is a \$31,093 increase from 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
TOWN OF OAKLAND, FLORIDA
(Continued)

Governmental Fund Budgetary Highlights

The budgetary comparison schedule for the governmental funds can be found on pages 30-31 of this report in the required supplementary information section. In the general fund, actual revenue was \$29,125 less than budgeted revenue and actual expenditures were \$46,432 more than budgeted expenditures resulting in an overall decrease in fund balance that was \$75,557 more than budgeted. The charter school special revenue fund had a favorable overall variance from the budget of \$77,649.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounts to \$13,519,608, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, land improvements, water and wastewater systems, and vehicles. The total capital asset additions of the Town totaled approximately \$608,023 during fiscal year 2015. The capital asset increases during 2015 resulted from costs associated with police communication equipment, Town-wide phone system, water tank expansion costs and land purchased for the new wastewater system.

Following is a summary of capital assets:

Capital Assets Activity
(net of depreciation)
as of September 30,

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$ 287,957 | \$ 287,957 | \$ 39,438 | \$ 10,500 | \$ 327,395 | \$ 298,457 |
| Buildings and improvements | 11,099,064 | 10,791,472 | 6,441,154 | 4,465,182 | 17,540,218 | 15,256,654 |
| Vehicles and equipment | 2,973,716 | 2,832,388 | 342,461 | 334,068 | 3,316,177 | 3,166,456 |
| Infrastructure | 276,610 | 276,610 | - | - | 276,610 | 276,610 |
| Construction in progress | 155,087 | 305,468 | 158,186 | 1,862,005 | 313,273 | 2,167,473 |
| Less: Accumulated depreciation | (5,818,626) | (5,399,741) | (2,435,439) | (2,235,999) | (8,254,065) | (7,635,740) |
| Total | \$ 8,973,808 | \$ 9,094,154 | \$ 4,545,800 | \$ 4,435,756 | \$ 13,519,608 | \$ 13,529,910 |

Additional information regarding the Town's capital assets can be found in Note 5 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
TOWN OF OAKLAND, FLORIDA
(Concluded)

Long-Term Debt

The following is a summary of the long-term debt outstanding:

Revenue Notes and Notes Payable
as of September 30

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Primary Government</u> | |
|-----------------------------|--------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Revenue notes | \$ 6,040,000 | \$ 6,450,000 | \$ 146,700 | \$ 152,400 | \$ 6,186,700 | \$ 6,602,400 |
| Notes payable | 1,870,000 | 1,935,000 | 2,272,574 | 1,351,907 | 4,142,574 | 3,286,907 |
| Less amount due in one year | <u>(495,000)</u> | <u>(475,000)</u> | <u>(532,865)</u> | <u>(28,095)</u> | <u>(1,027,865)</u> | <u>(503,095)</u> |
| Total | <u>\$ 7,415,000</u> | <u>\$ 7,910,000</u> | <u>\$ 1,886,409</u> | <u>\$ 1,476,212</u> | <u>\$ 9,301,409</u> | <u>\$ 9,386,212</u> |

Additional information on the Town's debt can be found in Note 6 of this report.

Requests for Information

The financial report is designed to present users with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dennis Foltz, Town Manager, 220 North Tubb Street, Oakland, Florida, 34760.



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Town Commission
Town of Oakland, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Town of Oakland, Florida as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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. 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, the business-type activities and each major fund of the Town of Oakland, Florida, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof 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 M1 through M7 and 30 through 31 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oakland, Florida's basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, on our consideration of the Town of Oakland, Florida'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 the Town of Oakland, Florida's internal control over financial reporting and compliance.

Other Reporting Required by Chapter 10.550, Rules of the Auditor General

In accordance with *Chapter 10.550, Rules of the Auditor General*, we have also issued our report dated June 29, 2016 on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of that report is to describe the scope of our examination and the issuance of an opinion on the Town of Oakland, Florida's compliance with requirement of Section 218.415, *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 29, 2016

TOWN OF OAKLAND, FLORIDA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2015

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 97,672 | \$ 687,007 | \$ 784,679 |
| Receivables, current: | | | |
| Customer accounts, net | 15,902 | 49,051 | 64,953 |
| Intergovernmental | 14,325 | - | 14,325 |
| Franchise and public service taxes | 28,756 | - | 28,756 |
| Other | 50,967 | - | 50,967 |
| Prepaid expenses | 1,360 | 4,447 | 5,807 |
| Restricted assets: | | | |
| Cash and cash equivalents | 2,412,502 | 107,470 | 2,519,972 |
| Intergovernmental receivable | 57,355 | - | 57,355 |
| Capital assets: | | | |
| Non-depreciable | 443,044 | 197,624 | 640,668 |
| Depreciable, net | 8,530,764 | 4,348,176 | 12,878,940 |
| TOTAL ASSETS | 11,652,647 | 5,393,775 | 17,046,422 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 109,837 | - | 109,837 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 109,837 | - | 109,837 |
| LIABILITIES | | | |
| Accounts payable and accrued payroll | 237,676 | 7,517 | 245,193 |
| Due to other governments | 6,525 | - | 6,525 |
| Accrued interest payable | 106,418 | 1,953 | 108,371 |
| Internal balances (Note 8) | 150,251 | (148,347) | 1,904 |
| Unearned revenue | 14,154 | - | 14,154 |
| Customer deposits | 7,500 | 89,152 | 96,652 |
| Long-term liabilities: | | | |
| Due within one year | 495,000 | 532,865 | 1,027,865 |
| Due in more than one year | 7,512,336 | 1,888,946 | 9,401,282 |
| TOTAL LIABILITIES | 8,529,860 | 2,372,086 | 10,901,946 |
| NET POSITION | | | |
| Net investment in capital assets | 1,173,645 | 2,126,526 | 3,300,171 |
| Restricted for: | | | |
| Debt service | 430,157 | 16,364 | 446,521 |
| Loan collateral | 800,000 | - | 800,000 |
| Charter school operations | 491,045 | - | 491,045 |
| Water system improvements | 49,852 | - | 49,852 |
| Wastewater system improvements | 105,452 | - | 105,452 |
| Parks and recreation improvements | 4,495 | - | 4,495 |
| Transportation improvements | 333,066 | - | 333,066 |
| Law enforcement improvements | 4,172 | - | 4,172 |
| Administrative facilities improvements | 5,875 | - | 5,875 |
| Fire protection improvements | 3,887 | - | 3,887 |
| Unrestricted | (169,022) | 878,799 | 709,777 |
| TOTAL NET POSITION | \$ 3,232,624 | \$ 3,021,689 | \$ 6,254,313 |

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
for the year ended September 30, 2015

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| PRIMARY GOVERNMENT: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 765,274 | \$ 985,665 | \$ - | \$ 9,100 | \$ 229,491 | \$ - | \$ 229,491 |
| Comprehensive planning | 243,621 | 49,706 | - | - | (193,915) | - | (193,915) |
| Code enforcement | 34,769 | 12,356 | - | - | (22,413) | - | (22,413) |
| Police | 1,056,683 | 33,032 | - | 12,927 | (1,010,724) | - | (1,010,724) |
| Fire protection | 449,628 | 14,380 | - | 973 | (434,275) | - | (434,275) |
| Charter school | 4,345,200 | 3,814,310 | 402,513 | - | (128,377) | - | (128,377) |
| Refuse collection | 176,195 | 178,488 | - | - | 2,293 | - | 2,293 |
| Streets | 410,503 | 3,995 | - | 8,906 | (397,602) | - | (397,602) |
| Parks and recreation | 83,400 | - | - | 1,400 | (82,000) | - | (82,000) |
| Interest on long term debt | 321,110 | - | - | - | (321,110) | - | (321,110) |
| Total governmental activities | 7,886,383 | 5,091,932 | 402,513 | 33,306 | (2,358,632) | - | (2,358,632) |
| Business-type Activities: | | | | | | | |
| Water utility | 790,003 | 599,906 | - | - | - | (190,097) | (190,097) |
| Wastewater utility | 148,803 | - | - | - | - | (148,803) | (148,803) |
| Total business-type activities | 938,806 | 599,906 | - | - | - | (338,900) | (338,900) |
| TOTAL PRIMARY GOVERNMENT | \$ 8,825,189 | \$ 5,691,838 | \$ 402,513 | \$ 33,306 | (2,358,632) | (338,900) | (2,697,532) |
| GENERAL REVENUES: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 1,329,036 | - | 1,329,036 |
| Franchise taxes | | | | | 124,396 | - | 124,396 |
| Public service taxes | | | | | 307,016 | - | 307,016 |
| Fuel taxes levied for transportation | | | | | 88,439 | - | 88,439 |
| State shared revenue | | | | | 487,230 | - | 487,230 |
| Investment earnings | | | | | 5,864 | 857 | 6,721 |
| Miscellaneous | | | | | 6,662 | 15,337 | 21,999 |
| Total General Revenues | | | | | 2,348,643 | 16,194 | 2,364,837 |
| CHANGE IN NET POSITION | | | | | (9,989) | (322,706) | (332,695) |
| NET POSITION - beginning of year | | | | | 3,242,613 | 3,344,395 | 6,587,008 |
| NET POSITION - end of year | | | | | \$ 3,232,624 | \$ 3,021,689 | \$ 6,254,313 |

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2015

| | <u>General Fund</u> | <u>Impact Fee Special Revenue</u> | <u>Charter School Special Revenue</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---------------------------------------|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 97,672 | \$ 517,846 | \$ 593,377 | \$ 1,208,895 |
| Receivables, net: | | | | |
| Customer accounts | 15,902 | - | - | 15,902 |
| Intergovernmental | 14,325 | - | 57,355 | 71,680 |
| Franchise and public service taxes | 28,756 | - | - | 28,756 |
| Other | 44,606 | - | 6,361 | 50,967 |
| Due from impact fee fund | 5,847 | - | - | 5,847 |
| Due from general fund | - | - | 27,463 | 27,463 |
| Restricted cash and cash equivalents | 1,301,279 | - | - | 1,301,279 |
| Prepaid expenditures | 500 | - | 860 | 1,360 |
| TOTAL ASSETS | <u>\$ 1,508,887</u> | <u>\$ 517,846</u> | <u>\$ 685,416</u> | <u>\$ 2,712,149</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Accounts payable and accrued payroll | \$ 93,455 | \$ - | \$ 144,221 | \$ 237,676 |
| Due to other governments | 6,525 | - | - | 6,525 |
| Due to enterprise fund | 143,147 | 5,200 | - | 148,347 |
| Due to general fund | - | 5,847 | - | 5,847 |
| Due to charter school fund | 29,367 | - | - | 29,367 |
| Customer deposits | 7,500 | - | - | 7,500 |
| Unearned revenue | 14,154 | - | - | 14,154 |
| TOTAL LIABILITIES | <u>294,148</u> | <u>11,047</u> | <u>144,221</u> | <u>449,416</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 4,682 | - | - | 4,682 |
| FUND BALANCE: | | | | |
| Nonspendable | 500 | - | - | 500 |
| Restricted for: | | | | |
| Debt service | 496,597 | - | - | 496,597 |
| Loan collateral | 800,000 | - | - | 800,000 |
| Charter school operations | - | - | 541,195 | 541,195 |
| Water system improvements | - | 49,852 | - | 49,852 |
| Wastewater system improvements | - | 105,452 | - | 105,452 |
| Parks and recreation improvements | - | 4,495 | - | 4,495 |
| Law enforcement improvements | - | 4,172 | - | 4,172 |
| Transportation improvements | - | 333,066 | - | 333,066 |
| Administrative facilities improvements | - | 5,875 | - | 5,875 |
| Fire protection improvements | - | 3,887 | - | 3,887 |
| Unassigned: | (87,040) | - | - | (87,040) |
| TOTAL FUND BALANCE | <u>1,210,057</u> | <u>506,799</u> | <u>541,195</u> | <u>2,258,051</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$ 1,508,887</u> | <u>\$ 517,846</u> | <u>\$ 685,416</u> | <u>\$ 2,712,149</u> |

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2015

| | |
|--|----------------------------|
| FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ 2,258,051 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | 8,973,808 |
| Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities | 4,682 |
| Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds. | (106,418) |
| Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet. | |
| Total long term liabilities | (8,007,336) |
| Total redemption premium reported as a deferred outflow of resources | <u>109,837</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 3,232,624</u> |

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
for the year ended September 30, 2015

| | <u>General Fund</u> | <u>Impact Fee Special Revenue</u> | <u>Charter School Special Revenue</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---------------------------------------|---|---|
| REVENUES: | | | | |
| Taxes | \$ 1,846,127 | \$ - | \$ - | \$ 1,846,127 |
| Licenses and permits | 43,796 | - | - | 43,796 |
| Intergovernmental revenue | 513,872 | - | 4,097,018 | 4,610,890 |
| Charges for services | 307,198 | - | - | 307,198 |
| Fines and forfeitures | 30,178 | - | - | 30,178 |
| Other | 889,896 | 23,823 | 119,805 | 1,033,524 |
| Total revenues | <u>3,631,067</u> | <u>23,823</u> | <u>4,216,823</u> | <u>7,871,713</u> |
| EXPENDITURES: | | | | |
| General government | 860,030 | - | - | 860,030 |
| Public safety | 1,450,003 | - | - | 1,450,003 |
| Physical environment | 166,908 | - | - | 166,908 |
| Transportation | 372,419 | - | - | 372,419 |
| Culture/recreation | 64,957 | - | 4,306,053 | 4,371,010 |
| Debt service | 784,960 | - | - | 784,960 |
| Capital outlay | 189,915 | - | - | 189,915 |
| Total expenditures | <u>3,889,192</u> | <u>-</u> | <u>4,306,053</u> | <u>8,195,245</u> |
| NET CHANGE IN FUND BALANCE | (258,125) | 23,823 | (89,230) | (323,532) |
| FUND BALANCE, beginning of year | <u>1,468,182</u> | <u>482,976</u> | <u>630,425</u> | <u>2,581,583</u> |
| FUND BALANCE, end of year | <u>\$ 1,210,057</u> | <u>\$ 506,799</u> | <u>\$ 541,195</u> | <u>\$ 2,258,051</u> |

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, 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 September 30, 2015

| | |
|--|------------------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ (323,532) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense: | |
| This is the amount of capital assets recorded in the current period | 298,539 |
| This is the amount of depreciation recorded in the current period | (418,885) |
| Revenues 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 | 4,682 |
| Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position. | |
| This amount represents long-term debt repayments. | 475,000 |
| This amount the amortization of redemption premium | (17,149) |
| This amount represents the change in compensated absences | (34,644) |
| Accrued interest expense on long-term debt is reported in the government-wide statement of activities but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the governmental funds. The following amount represents the change in accrued interest payable from the prior year. | |
| | <u>6,000</u> |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ (9,989)</u> |

TOWN OF OAKLAND, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
September 30, 2015

| | <u>Enterprise Fund</u> |
|---|----------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 687,007 |
| Customer accounts receivable, net | 49,051 |
| Prepaid expenses | 4,447 |
| Due from impact fee fund | 5,200 |
| Due from general fund | 143,147 |
| Total current assets | <u>888,852</u> |
| Noncurrent assets: | |
| Restricted assets: | |
| Cash and cash equivalents | 107,470 |
| Capital assets, net: | |
| Non-depreciable | 197,624 |
| Depreciable, net | 4,348,176 |
| Total noncurrent assets | <u>4,653,270</u> |
| TOTAL ASSETS | <u>5,542,122</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable and accrued payroll | 7,517 |
| Bonds and notes payable, current portion | 532,865 |
| Total current liabilities | <u>540,382</u> |
| Noncurrent liabilities: | |
| Customer deposits | 89,152 |
| Accrued interest payable | 1,953 |
| Compensated absences | 2,537 |
| Bonds and notes payable, noncurrent portion | 1,886,409 |
| Total noncurrent liabilities | <u>1,980,051</u> |
| TOTAL LIABILITIES | <u>2,520,433</u> |
| NET POSITION | |
| Net investment in capital assets | 2,126,526 |
| Restricted for: | |
| Debt service | 16,364 |
| Unrestricted | 878,799 |
| TOTAL NET POSITION | <u>\$ 3,021,689</u> |

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
for the year ended September 30, 2015

| | <u>Enterprise Fund</u> |
|---|----------------------------|
| OPERATING REVENUES: | |
| Charges for services | \$ 599,906 |
| Total operating revenues | <u>599,906</u> |
| OPERATING EXPENSES: | |
| Personnel services | 297,099 |
| Operating expenses | 364,732 |
| Depreciation | <u>199,440</u> |
| Total operating expenses | <u>861,271</u> |
| OPERATING INCOME | <u>(261,365)</u> |
| NONOPERATING REVENUE (EXPENSE): | |
| Interest revenue | 857 |
| Interest expense and fiscal charges | (77,535) |
| Other, net | <u>15,337</u> |
| Total nonoperating revenues (expenses) | <u>(61,341)</u> |
| CHANGE IN NET POSITION | <u>(322,706)</u> |
| TOTAL NET POSITION - beginning of year | <u>3,344,395</u> |
| TOTAL NET POSITION - end of year | <u>\$ 3,021,689</u> |

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
for the year ended September 30, 2015

| | Enterprise Fund |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Receipts from customers | \$ 621,024 |
| Payments to suppliers | (377,148) |
| Payments for salaries and benefits | (291,267) |
| Net cash flows from operating activities | <u>(47,391)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| Intergovernmental contribution | 15,337 |
| Increase (decrease) in due to (from) other funds, net of interfund transfers | (25,466) |
| Net cash flows from noncapital financing activities | <u>(10,129)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Acquisition and construction of capital assets, net of related payables | (758,730) |
| Principal paid on notes, bonds and lease obligations | (5,700) |
| Proceeds from borrowing | 920,667 |
| Interest paid on borrowings | (75,582) |
| Net cash flows from capital and related financing activities | <u>80,655</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Interest on invested funds | 857 |
| Net cash flows from investing activities | <u>857</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 23,992 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>770,485</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u><u>\$ 794,477</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income (loss) | \$ (261,365) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | |
| Depreciation | 199,440 |
| (Increase) decrease in customer accounts receivable | 12,051 |
| Increase (decrease) in customer deposits | 9,067 |
| Increase (decrease) in accounts payable and accrued expenses | (6,584) |
| Net cash flows from operating activities | <u><u>\$ (47,391)</u></u> |
| Noncash financing and investing activities: | <u><u>\$ -</u></u> |

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. REPORTING ENTITY

The Town of Oakland, Florida is a political subdivision of the State of Florida created in 1887 by Chapter 59-1619, Laws of the State of Florida. The Town operates under a mayor-commission-manager form of municipal government and provides general municipal services, including public safety, public works, culture, recreation, community development, and water utility services. These financial statements include all of the funds, organizations, agencies, and departments of the Town (the "primary government") and any "legally" separate entities ("component units") required by generally accepted accounting principles to be included in the reporting entity.

The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Criteria for determining if other entities are potential component units of the Town which should be reported with the Town's basic financial statements are identified and described in the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. The Town does not exert significant influence over any legally separate entities, nor are there any entities for which financial relationships with the Town are significant. As a result, the financial reporting entity does not include or exclude any component units.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

B. BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide financial statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the Town. The Town has no fiduciary funds, however if it did they would be excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support. During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities (i.e. Governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment, including depreciation. The Town does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. Due to the Town's fund structure, there were no non-major funds. The various funds are reported by type within the financial statements.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

The following fund types and funds are used and reported by the Town:

a) Governmental Funds:

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- **General fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Impact fee special revenue fund** is used to account for the receipt and disbursement of impact fees.
- **Charter school special revenue fund** is used to account for the activities of the Oakland Avenue Charter School (the "School"). The School has a fiscal year ending on June 30th which differs from the Town's fiscal year end. However, the year ends are treated consistently each year. See note 8 for more detail about interfund receivable and payable balances at September 30, 2015.

b) Proprietary Funds:

The focus of the proprietary fund's measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

- **Enterprise Funds** - are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Town has one *Enterprise Fund* which accounts for the activities associated with providing potable water supply, treatment, transmission and distribution and sewer collection services to area residents. Prior to October 1, 2014, the enterprise fund only accounted for the potable water supply system. The Town is currently developing a sanitary sewer collection system that will be accounted for as a separate function of this single enterprise fund.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

C. MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

The government-wide financial statements and the proprietary fund 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. 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 recorded only when payment is due.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure. In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e. revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria. All other revenue items are considered to be measurable and available only when cash is received by the government.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

The proprietary fund is reported *economic measurement focus* and the *accrual basis of accounting*. Proprietary fund operating revenues result from producing and providing potable water services to area residents. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS - Includes all short-term highly liquid investments with a maturity of three months or less when purchased, and all bank demand deposits, certificates of deposit, money-market and savings accounts. At September 30, 2015, all of the Town's cash and investments met this definition.

INVESTMENTS - Debt securities owned are reported at cost plus accrued interest which approximates market. Purchases and sales of investments are reflected on trade dates. Net realized gains or losses on sales of investments are based on the cost of investments applied on a first-in, first-out basis and are reflected in current operating results.

CUSTOMER ACCOUNTS RECEIVABLE - The Town accrues its unbilled utility service fees. This represents the estimated value of service from the last billing date to year end and totalled \$10,257 at September 30, 2015. A reserve for doubtful accounts is maintained in each fund equal to the value of the utility customer receivables that are not expected to be collected. As of September 30, 2015, such reserves for all funds totalled \$2,131. Receivables are reported in the financial statements net of the reserve for doubtful accounts.

INTERFUND RECEIVABLES AND PAYABLES - To the extent any interfund balances exist, management anticipates they will generally be settled in cash as opposed to a permanent transfer.

INVENTORIES - Supply inventories of the general fund and the enterprise funds are immaterial and not recorded as assets. Such items are charged to expense when purchased.

CAPITAL ASSETS - In the government-wide financial statements capital assets include land, buildings, improvements, utility plant, and furniture and equipment. Capital assets are defined by Town policy as tangible property with an individual cost of \$1,000 or improvements having an initial cost of \$25,000 and an estimated useful life in excess of one year as defined by Town resolution. Such assets are recorded at historical cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense. Governmental fund infrastructure assets (e.g., roads, bridges, sidewalks, streets, drainage systems and lighting system), acquired prior to October 1, 2003, have not been reported.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

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

| | <u>Years</u> |
|----------------------------|--------------|
| Water system | 40 |
| Buildings and improvements | 45 |
| Land improvements | 10 |
| Street paving | 10 |
| Machinery and equipment | 5-10 |
| Well | 20 |
| Drainage system | 50 |

RESTRICTED ASSETS - Includes cash and investments that are legally restricted to specific uses by external parties. The Town generally uses restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

INTEREST COSTS - Interest costs are capitalized when incurred on debt where proceeds were used to finance the construction of enterprise fund capital assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. Interest costs totaling \$14,708 were capitalized in the business-type activities for the year ended September 30, 2015 related to the water system improvements project funded by the Florida Department of Environmental Protection loan agreement DW4803C0.

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).

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. The governmental funds report unavailable revenues that are deferred and recognized as an inflows of resources in the period that the amounts become available.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

COMPENSATED ABSENCES – Effective October 1, 2013, the Town adopted a new employee handbook that removed the distinction between sick and vacation leave and replaced these items with personal leave. The employee handbook provides that all full-time and probationary full-time employees shall be entitled to earn and accrue personal leave on a biweekly basis in amounts depending on years of service ranging from 144 hours to 260 hours per year. Employees may use personal leave hours at their discretion and all leave requests must be approved by the employee's department head. The employee handbook also allows for unused personal leave to be carried forward to future years up to a maximum accrual of 480 hours. Employees who terminate employment in good standing from the Town shall be paid a lump sum amount for all accrued personal leave. The liability for these compensated absences is recorded as long-term in the government wide statements and in the proprietary fund financial statements because the maturities are not determinable. In the fund financial statements, the governmental funds do not report the compensated absence liability because it is generally not payable from expendable available financial resources.

CONNECTION FEES AND IMPACT FEES - Connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities, and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Prepaid impact fees received which reserve capacity in the Town's future water or sewer facilities are deferred and reported as capital contributions when the requirements of the Developer agreements are met by the Town.

INTERFUND TRANSFERS -Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

INTERFUND TRANSFERS (concluded)

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

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 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 restricted assets reduced by liabilities related to those assets. The government-wide statement of net position reports \$2,279,049 of restricted net position, of which \$506,799 is restricted by enabling legislation.
- c) Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position is available for use, it is the Town'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 Town is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the Town's circumstances. The following classifications describe the relative strength of the spending constraints:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Town has nonspendable fund balance consisting of prepaid expenditures as of September 30, 2015.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

EQUITY CLASSIFICATIONS (concluded)

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The Town has classified debt service balances, loan collateral, impact fees and the charter school special revenue fund balance as being restricted because their use is restricted by State Statute, local ordinance or by contract.

Committed — amounts constrained to specific purposes by formal action (ordinance) of the Town using its highest level of decision making authority (the Town Commission). To be reported as committed, amounts cannot be used for any other purpose unless the Town Commission takes the same highest level action (ordinance) to remove or change the constraint. The Town did not have any committed resources as of September 30, 2015.

Assigned — amounts constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Commission or through the Town Commission delegating this responsibility to the Town manager through the budgetary process. In prior years, amounts reported as assigned fund balance included the major emergency reserve as established by Resolution 2010-04 to be used for catastrophes due to natural or human causes, major lawsuits, buffering for bonded debt, unforeseen replacement of infrastructure or similar other needs. The Town Commission repealed Resolution 2010-04 effective September 22, 2015. The Town did not have any assigned resources as of September 30, 2015.

Unassigned — all other spendable amounts.

The details of the fund balances are included in the governmental funds balance sheet. The Town 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.

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Orange County Property Appraiser and Orange County Tax Collector. The tax levy of the Town is established by the Town Commission prior to October 1 of each year and the Orange County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the Orange County School Board tax requirements. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The Town's millage rate in effect for the fiscal year ended September 30, 2015 was 6.75

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 2 - PROPERTY TAX CALENDAR (concluded)

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is adopted by Ordinance on a Town-wide basis for all Town funds on or before October 1 of each year as required by State Statute. Town Ordinance establishes the legal level of budgetary control at the fund level. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations subject to notification of the Town Commission. For the year ended September 30, 2015, general fund expenditures exceeded budgeted appropriations by \$46,432. For the charter school special revenue fund fiscal year ended June 30, 2015, actual expenditures exceeded budgeted appropriations by \$58,987.

NOTE 4 - DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS - The Town'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 Town pursuant to Section 280.08. Florida Statutes.

The captions on the government-wide statement of net position for "cash and cash equivalents", both restricted and unrestricted, are summarized below:

| | | |
|--|----|-------------------------|
| Cash and cash equivalents: | | |
| Cash on hand | \$ | 400 |
| Deposits in financial institutions: | | |
| Insured or fully collateralized bank deposits. | | <u>3,304,251</u> |
| Total cash and cash equivalents | \$ | <u><u>3,304,651</u></u> |

INVESTMENTS - The types of investments in which the Town may invest are governed by Town ordinance No. 2001-02. According to the Ordinance, the Town is authorized to invest in the following instruments: Local Government Surplus Funds Trust Fund, Florida counties investment trust fund, fixed interest mutual funds, interest-bearing time deposits and savings accounts in qualified public depositories; direct obligations of the U.S. Treasury and federal agencies and instrumentalities or repurchase agreements fully collateralized by such securities. The Town maintained no investments during the year other than deposits in financial institutions.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2015, was as follows:

| | Balance October 1, 2014 | Reclassifications | Additions | Deletions | Balance September 30, 2015 |
|--|-------------------------------|-----------------------|---------------------|-------------|----------------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 287,957 | \$ - | \$ - | \$ - | \$ 287,957 |
| Construction in process | 305,468 | (348,135) | 197,754 | - | 155,087 |
| Total | <u>\$ 593,425</u> | <u>\$ (348,135)</u> | <u>\$ 197,754</u> | <u>\$ -</u> | <u>\$ 443,044</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | \$ 436,947 | \$ - | \$ - | \$ - | \$ 436,947 |
| Buildings and improvements | 10,354,525 | 307,592 | - | - | 10,662,117 |
| Equipment | 2,832,388 | 40,543 | 100,785 | - | 2,973,716 |
| Infrastructure | | | | | |
| Road systems | 276,610 | - | - | - | 276,610 |
| Total | 13,900,470 | 348,135 | 100,785 | - | 14,349,390 |
| Total all capital assets | 14,493,895 | - | 298,539 | - | 14,792,434 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (209,027) | - | (8,537) | - | (217,564) |
| Buildings and improvements | (2,610,367) | - | (296,168) | - | (2,906,535) |
| Equipment | (2,502,437) | - | (96,173) | - | (2,598,610) |
| Infrastructure | | | | | |
| Road systems | (77,910) | - | (18,007) | - | (95,917) |
| Total accumulated depreciation | (5,399,741) | - | (418,885) | - | (5,818,626) |
| Depreciable capital assets, net | <u>\$ 8,500,729</u> | <u>\$ 348,135</u> | <u>\$ (318,100)</u> | <u>\$ -</u> | <u>\$ 8,530,764</u> |
| <u>Business-type activities:</u> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 10,500 | \$ - | \$ 28,938 | \$ - | \$ 39,438 |
| Construction in process | 1,862,005 | (1,949,075) | 245,256 | - | 158,186 |
| Total | <u>\$ 1,872,505</u> | <u>\$ (1,949,075)</u> | <u>\$ 274,194</u> | <u>\$ -</u> | <u>\$ 197,624</u> |
| Capital assets being depreciated: | | | | | |
| Water system | \$ 4,465,182 | \$ 1,940,682 | \$ 35,290 | \$ - | \$ 6,441,154 |
| Equipment | 334,068 | 8,393 | - | - | 342,461 |
| Total | 4,799,250 | 1,949,075 | 35,290 | - | 6,783,615 |
| Total all capital assets | 6,671,755 | - | 309,484 | - | 6,981,239 |
| Less accumulated depreciation for: | | | | | |
| Water system | (1,968,611) | - | (183,654) | - | (2,152,265) |
| Equipment | (267,388) | - | (15,786) | - | (283,174) |
| Total accumulated depreciation | (2,235,999) | - | (199,440) | - | (2,435,439) |
| Depreciable capital assets, net | <u>\$ 2,563,251</u> | <u>\$ 1,949,075</u> | <u>\$ (164,150)</u> | <u>\$ -</u> | <u>\$ 4,348,176</u> |

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 5 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

| | |
|--|-------------------|
| General government | \$ 74,108 |
| Law enforcement | 54,412 |
| Fire protection | 14,111 |
| Parks and recreation | 17,336 |
| Streets | 12,410 |
| Charter school | <u>246,508</u> |
| Total depreciation expense - governmental activities | <u>\$ 418,885</u> |

Business-type Activities:

| | |
|---|-------------------|
| Water | \$ 199,440 |
| Total depreciation expense - business-type activities | <u>\$ 199,440</u> |

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2015:

| | Balance October 1, 2014 | Additions | Reductions | Balance September 30, 2015 | Amounts Due within One Year |
|---|-------------------------------|-------------------|---------------------|----------------------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Long-term debt: | | | | | |
| Notes payable: | | | | | |
| Series 2002A FMLC Revenue Note | \$ 1,935,000 | \$ - | \$ (65,000) | \$ 1,870,000 | \$ 70,000 |
| Bonds payable | | | | | |
| Series 2013 Charter School Refunding Revenue Bonds | <u>6,450,000</u> | <u>-</u> | <u>(410,000)</u> | <u>6,040,000</u> | <u>425,000</u> |
| Total long-term debt | <u>8,385,000</u> | <u>-</u> | <u>(475,000)</u> | <u>7,910,000</u> | <u>495,000</u> |
| Other liabilities: | | | | | |
| Compensated absences | <u>62,692</u> | <u>34,644</u> | <u>-</u> | <u>97,336</u> | <u>-</u> |
| Total long-term liabilities | <u>\$ 8,447,692</u> | <u>\$ 34,644</u> | <u>\$ (475,000)</u> | <u>8,007,336</u> | <u>\$ 495,000</u> |
| Less amount due in one year | | | | <u>(495,000)</u> | |
| Net long-term debt due after one year | | | | <u>\$ 7,512,336</u> | |
| Business-type Activities | | | | | |
| Long-term debt: | | | | | |
| Revenue certificates: | | | | | |
| Series 1991 USDA Water Revenue Bonds | \$ 152,400 | \$ - | \$ (5,700) | \$ 146,700 | \$ 6,000 |
| Notes payable: | | | | | |
| DW 4803C0 installment note to FDEP | 1,101,907 | 685,667 | - | 1,787,574 | 41,865 |
| Bank promissory note | <u>250,000</u> | <u>235,000</u> | <u>-</u> | <u>485,000</u> | <u>485,000</u> |
| Total long-term debt | <u>1,504,307</u> | <u>920,667</u> | <u>(5,700)</u> | <u>2,419,274</u> | <u>532,865</u> |
| Other liabilities: | | | | | |
| Compensated absences | <u>-</u> | <u>2,537</u> | <u>-</u> | <u>2,537</u> | <u>-</u> |
| Total long-term liabilities | <u>\$ 1,504,307</u> | <u>\$ 923,204</u> | <u>\$ (5,700)</u> | <u>8,007,336</u> | <u>\$ 532,865</u> |
| Less amount due in one year | | | | <u>(532,865)</u> | |
| Net long-term debt due after one year | | | | <u>\$ 1,888,946</u> | |

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Notes to Long-Term Obligations Table

Governmental Activities:

- Series 2013 Charter School Refunding Revenue Bonds - The bonds were issued through private placement on August 21, 2013 to refund the Series 2002 Charter School Revenue Bonds and the Series 2003 Charter School Revenue Completion Bonds with a par value of \$6,695,000. The bonds that were refunded were used to finance land acquisition and the construction and equipping of an elementary charter school. The Series 2013 bonds are payable in annual principal amounts which vary from \$245,000 to \$555,000 with a final maturity of December 1, 2027. Interest of 3.3% of the outstanding balance is due semiannually. The Series 2013 bonds are limited obligations of the Town, payable principally from charter school revenues and, to the extent necessary, non-advolorem revenues of the Town. The bonds require the maintenance of debt service sinking and an enrollment stabilization fund.
- Series 2002A Florida Municipal Loan Council Revenue Note - The Town entered into a loan agreement with the Florida Municipal Loan Council whereby the Town borrowed funds in the amount of \$2,545,000 for the purpose of acquiring real estate and construction of municipal facilities, including a new town hall, public meeting hall, and public safety buildings. Funds were also used to renovate the existing historic town hall. The loan is payable in annual principal payments which vary from \$40,000 to \$160,000 beginning on May 1, 2004 and continuing until maturity on May 1, 2032. Interest is due in semiannual payments beginning on November 1, 2003 at rates which vary from 3.25% to 5.125%. The loan has been pledged and assigned as security for revenue bonds issued buy the Florida Municipal Loan Council. The loan is payable from non-ad valorem revenues only, and is not an obligation of the Florida Municipal Loan Council, the State of Florida, or any political subdivision.

Business-Type Activities:

- Series 1991 Water Revenue Bonds - The Series 1991 bond proceeds were used for water system expansion and are secured by the gross revenues of the water system. The Series 1991 bonds bear interest at 5.0% and are payable annually on September 1 of each year with a final maturity of September 1, 2031. The ordinance authorizing the bonds includes various restrictions including the requirement to maintain a debt service sinking and reserve fund.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW 4803C0 (the "DW 4803C0 installment note to FDEP") is secured by the net revenues of the water system. The loan is payable semiannually with principal and interest payments due on March 15 and September 15. The total loan amount of \$1,973,322 was awarded on September 26, 2013 of which \$1,787,574 has been drawn as of September 30, 2015. The loan bears interest at a weighted average rate of 2.12% with a final maturity of March 15, 2041 based upon the fixed semiannual payment of \$45,984 and the amount of the loan drawn as of year-end. When all loan proceeds are drawn, the maturity date will be September 15, 2045. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used to upgrade and expand the Town's water system facilities.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 6 - LONG-TERM OBLIGATIONS (cont...)

Business-Type Activities:

- The Bank promissory note dated August 5, 2014 bears interest at 2.50% and is collateralized by a \$800,000 certificate of deposit pledged for loan repayment. The \$800,000 certificate of deposit was purchased from the lending bank and is reported as restricted cash in the general fund as the general fund pledged the collateral on behalf of the enterprise fund. Proceeds were used to pay for the wastewater phase 1A design costs. Interest only payments on the note are due monthly with a payment of all outstanding principal and accrued interest on August 5, 2016.

Maturities:

Annual requirements to repay all long-term bonds and notes payable as of September 30, 2015, were as follows:

| Fiscal Year Ending | Governmental Activities | | Business-type Activities | |
|-----------------------|-------------------------|---------------------|--------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2016 | \$ 495,000 | \$ 288,258 | \$ 532,865 | \$ 54,817 |
| 2017 | 460,000 | 271,043 | 61,387 | 43,916 |
| 2018 | 480,000 | 253,965 | 62,866 | 42,422 |
| 2019 | 500,000 | 236,118 | 64,371 | 40,887 |
| 2020 | 520,000 | 217,500 | 66,001 | 39,312 |
| 2021 - 2025 | 2,875,000 | 790,285 | 355,000 | 171,340 |
| 2026 - 2030 | 2,270,000 | 263,854 | 401,857 | 124,723 |
| 2031 - 2035 | 310,000 | 24,088 | 404,219 | 73,996 |
| 2036 - 2040 | - | - | 429,922 | 29,918 |
| 2041 - 2045 | - | - | 40,786 | 434 |
| Total | <u>\$ 7,910,000</u> | <u>\$ 2,345,111</u> | <u>\$ 2,419,274</u> | <u>\$ 621,765</u> |

NOTE 7 - FUTURE REVENUES THAT ARE PLEDGED

The Town has pledged various future revenue sources for various debt issues. For the water system and the charter school, the Town has pledged future revenues. The following table provides a summary of the pledged revenues for the Town's outstanding debt issues. Additional information regarding the Town's pledged revenue can be found in note 6.

| <u>Pledged Revenue</u> | <u>Total Principal and Interest Outstanding</u> | <u>Current Year Principal and Interest Paid</u> | <u>Current Year Revenue</u> | <u>% of Revenues to Principal and Interest Paid</u> |
|--------------------------|---|---|---------------------------------|---|
| Water system net revenue | \$ 2,544,850 | \$ 74,574 | \$ 103,072 | 138% |
| Charter school revenue | \$ 7,416,265 | \$ 616,085 | \$ 4,216,823 | 684% |

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 8 - INTERFUND TRANSACTIONS

Interfund receivables and payables as of September 30, 2015 consisted of:

| | Interfund receivable | Interfund (payable) / receivable | | | |
|--|---------------------------------|--|--|---------------------|----------------------|
| | | Charter School Special Revenue Fund | Impact Fee Special Revenue Fund | General Fund | Timing Difference |
| Governmental Activities: | | | | | |
| General fund | \$ 5,847 | \$ - | (5,847) | - | - |
| Charter school special revenue fund | 27,463 | - | - | (29,367) | (1,904) |
| Business-Type Activities: | | | | | |
| Enterprise fund | 5,200 | - | (5,200) | - | - |
| Enterprise fund | 143,147 | - | - | (143,147) | - |
| Totals | \$ 181,657 | \$ - | \$ (11,047) | \$ (172,514) | \$ (1,904) |

The timing differences noted above between the amounts due from the charter school special revenue fund to the general, water and debt service fund arose from transactions that took place subsequent to the charter school special revenue fund's fiscal year end of June 30, 2015. The result of these timing differences resulted in an inconsistency in the financial statements in that the receivable balance as reported in the general fund does not reflect the equal reciprocal payable balances for the charter school special revenue fund.

Interfund services provided and used for the year ending September 30, 2015 consisted of:

The charter school special revenue fund leases the school facilities from the general fund pursuant to a 15 year lease agreement expiring on June 30, 2028. Rental payments of \$720,000 per year are due in equal monthly installments. The general fund provides for finance, payroll and administrative services for charter school special revenue fund for which it charged a management fee which totaled \$162,656 for the year ended September 30, 2015. These amounts are recorded as a revenue for the general fund and an expenditure of the charter school special revenue fund in accordance with GASB Cod. Sec. 1800.102. These amounts are not eliminated in the government-wide statement of activities in accordance with GASB Cod. Sec 1800.105.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN

The Town Commission has established by Resolution an Internal Revenue Code Section 457 and a 401(a) defined contribution pension plan covering all employees who are over 21 years of age and who have completed one year service or, if earlier, three consecutive full calendar months of service. An employee is deemed to have completed a full calendar month of employment for any calendar month during which the employee is continuously employed without interruption for that entire calendar month and is credited with at least 80 hours of service. The plan trust is administered by the Primerica Financial Services, Inc. and the assets of the plan are not considered part of the Town's reporting entity. Benefits vest at a rate of 20% per year of service up to 100% vesting upon completion of the fifth year of service. Participation is mandatory and the employee may elect to contribute the lesser of 100% of "includible compensation or the applicable dollar limit. The Town contributes 4% of the non-charter school employee participants' compensation. The Town makes a 5% matching contribution to the plan on behalf of the Oakland Avenue Charter School employees. Most employees of the Town were eligible and did participate in the plan during the year ended September 30, 2015. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. Total contributions to the plan for the fiscal year ended September 30, 2015 totaled approximately \$150,400. Total Town contributions made on behalf on non-charter school employees was approximately \$46,000 and \$37,200 for charter school employees. Employee contributions for non-charter school employees was approximately \$20,000 and \$47,500 for charter school employees.

NOTE 10 - RISK MANAGEMENT AND LITIGATION

During the ordinary course of its operations, the Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Town maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the Town. There have been no significant reductions in coverage nor have settlement amounts exceeded the Town's coverage during the year ended September 30, 2015 or the previous two years. In the opinion of the Town's management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the Town. The Town's workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool.

NOTE 11 - LEASED FACILITIES

The Town leases facilities used as a post office to the Federal government. The rental agreement calls for annual rent payments of \$10,200 payable monthly at \$850. The current agreement will end on November 30, 2018.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Town has outstanding debt secured by its water revenues. The water and wastewater operations are accounted for in a single enterprise fund. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the water and wastewater system operations as of and for the year ended September 30, 2015, is presented below:

| | Water System | Wastewater System | Total |
|---|-----------------|----------------------|--------------|
| Condensed statement of revenues, expenses and changes in net position: | | | |
| Operating revenues | \$ 599,906 | \$ - | \$ 599,906 |
| Personnel services | (248,040) | (49,059) | (297,099) |
| Operating expenses | (264,988) | (99,744) | (364,732) |
| Depreciation | (199,440) | - | (199,440) |
| Non-operating revenues (expenses): | | | |
| Interest expense | (77,535) | - | (77,535) |
| Interest revenue | 857 | - | 857 |
| Other, net | 15,337 | - | 15,337 |
| Change in net position | \$ (173,903) | \$ (148,803) | \$ (322,706) |

Summary information from statement of net position:

| | | | |
|---|--------------|-----------|--------------|
| Capital assets, net | \$ 4,516,862 | \$ 28,938 | \$ 4,545,800 |
| Long-term debt, including current portion | \$ 2,419,274 | \$ - | \$ 2,419,274 |

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 13 - OTHER POST EMPLOYMENT BENEFITS

Pursuant to the provisions of section 112.08011, Florida Statutes, former employees and eligible dependents who retire from the Town may continue to participate in the Town's fully insured health and hospitalization plan. These retirees are completely responsible for payment of their insurance premiums and the Town does not contribute toward this payment. Based upon prior experience, the assumed participation rate is zero percent and current insurance premiums are not affected by the requirements of section 112.08011, Florida Statutes. An actuarial projection with a zero assumed participation rate, which is consistent with actual results, would result in a Other Post Employment Benefit (OPEB) obligation of zero. Accordingly there is no OPEB obligation recorded in the financial statements. It is possible that conditions could change whereby the Town may have some cost in the future which would be evaluated at that time.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

- On October 5, 1993, the Town entered into an agreement with Orange County, whereas the County is to provide fire and related services within the Town's geographical jurisdiction. This agreement is for twenty years commencing November 2002, with a yearly cost equal to the County's Fire Protection and Emergency Medical Services millage rate set by the County which totaled \$435,517 for the year ended September 30, 2015.
- The Town participates in several programs that are fully or partially funded by grants received from Federal, state, or county agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government/agency. If expenditures are disallowed due to non-compliance with grant program regulations, the Town may be required to reimburse the grantor government/agency. As of September 30, 2015, the Town believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Town.
- The Town entered into an inter-local agreement with the Orange County School Board to operate a charter elementary school within the Town. The Town secured revenue bonds and built the school facilities, which are properly reflected in the Town's financial statements. As of July 1, 2006, the Town took over the management of the school. The Town records, as revenue, amounts received from the Orange County School Board, makes debt service payments and pays the expenses of the school. The charter school is not a separate legal entity and is reflected on the Town's financial statements as part of the Town's governmental funds.
- In accordance with Florida Statutes, all property and improvements, furnishings and equipment purchased with public funds provided to the Oakland Avenue Charter School through the Orange County School Board will automatically revert to full ownership by the Orange County School Board upon the non-renewal or termination of the charter agreement.



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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OAKLAND, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
for the year ended September 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| RESOURCES (inflows): | | | | |
| Taxes | \$ 1,792,691 | \$ 1,858,969 | \$ 1,846,127 | \$ (12,842) |
| Licenses and permits | 22,300 | 43,796 | 43,796 | - |
| Intergovernmental revenue | 508,271 | 501,031 | 513,872 | 12,841 |
| Charges for services | 249,868 | 311,655 | 307,198 | (4,457) |
| Fines and forfeitures | 35,500 | 25,881 | 30,178 | 4,297 |
| Other | 884,490 | 889,665 | 889,896 | 231 |
| Interfund transfer | 26,176 | 29,195 | - | (29,195) |
| Total resources (inflows) | <u>3,519,296</u> | <u>3,660,192</u> | <u>3,631,067</u> | <u>(29,125)</u> |
| CHARGES TO APPROPRIATIONS (outflows): | | | | |
| General government | 599,114 | 833,617 | 860,030 | (26,413) |
| Public safety | 1,455,922 | 1,430,664 | 1,450,003 | (19,339) |
| Physical environment | 160,740 | 166,908 | 166,908 | - |
| Transportation | 372,419 | 371,739 | 372,419 | (680) |
| Culture/recreation | 78,939 | 64,957 | 64,957 | - |
| Debt service | 702,850 | 784,960 | 784,960 | - |
| Capital outlay | 220,528 | 189,915 | 189,915 | - |
| Total charges to appropriations (outflows) | <u>3,590,512</u> | <u>3,842,760</u> | <u>3,889,192</u> | <u>(46,432)</u> |
| EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS | | | | |
| | (71,216) | (182,568) | (258,125) | (75,557) |
| Budgeted reserve carried forward | <u>71,216</u> | <u>182,568</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (258,125)</u> | <u>\$ (75,557)</u> |

TOWN OF OAKLAND, FLORIDA
BUDGETARY COMPARISON SCHEDULE - CHARTER SCHOOL SPECIAL REVENUE FUND
for the year ended September 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| RESOURCES (inflows): | | | | |
| Intergovernmental revenue | \$ 4,004,337 | \$ 4,004,337 | \$ 4,097,018 | \$ 92,681 |
| Other sources | 75,850 | 75,850 | 119,805 | 43,955 |
| Total resources (inflows) | <u>4,080,187</u> | <u>4,080,187</u> | <u>4,216,823</u> | <u>136,636</u> |
| CHARGES TO APPROPRIATIONS (outflows): | | | | |
| Culture/recreation | <u>4,247,066</u> | <u>4,247,066</u> | <u>4,306,053</u> | <u>(58,987)</u> |
| Total charges to appropriations (outflows) | <u>4,247,066</u> | <u>4,247,066</u> | <u>4,306,053</u> | <u>(58,987)</u> |
| EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS | <u>(166,879)</u> | <u>(166,879)</u> | <u>(89,230)</u> | <u>77,649</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (166,879)</u> | <u>\$ (166,879)</u> | <u>\$ (89,230)</u> | <u>\$ 77,649</u> |

Notes to Required Supplementary Information

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Town did not prepare a budget, nor were they legally required to prepare a budget for the impact fee special revenue fund for the year ended September 30, 2015. Therefore, budget comparison information for the impact fee special revenue fund is not included in the Town's financial statements.



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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*

Honorable Mayor and Members of the Town Commission
Town of 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, the business-type activities and each major fund of Town of Oakland, Florida as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Oakland, Florida's basic financial statements, and have issued our report thereon dated June 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Oakland, Florida'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 Town of Oakland, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Oakland, Florida'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. We consider the deficiencies 10-01, 10-05 and 11-5 described in the accompanying summary schedule of prior audit recommendations to be material weaknesses.

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. We consider the deficiencies 10-06 and 14-002 described in the accompanying summary schedule of prior audit recommendations to be significant deficiencies.

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 Town of Oakland, Florida'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*.

Honorable Mayor and Members of the Town Commission
Town of Oakland, Florida

Town of Oakland, Florida's Responses to Findings

Town of Oakland, Florida's responses to the findings identified in our audit are described in the accompanying summary schedule of prior audit recommendations. Town of Oakland, Florida's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
June 29, 2016

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Members of the Town Commission
Town of Oakland, Florida

We have examined Town of Oakland, Florida's compliance with Section 218.415, Florida Statutes for the year ended September 30, 2015. Management is responsible for Town of Oakland, Florida's compliance with those requirements. Our responsibility is to express an opinion on Town of Oakland, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Town of Oakland, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Town of Oakland, Florida's compliance with specified requirements.

In our opinion, Town of Oakland, Florida complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes for the year ended September 30, 2015.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 29, 2016

MANAGEMENT LETTER

Honorable Mayor and Members of the Town Commission
Town of Oakland, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Oakland, Florida as of and for the year ended September 30, 2015, and have issued our report thereon dated June 29, 2016.

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 10.550, Rules of the Auditor General.

Other Reports and Schedule

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*; Independent Auditor's Report on Compliance for each Major State Project and on Internal Control over Compliance; Schedule of Findings and Questioned Costs Related to State Financial Assistance; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance with the requirements of Section 218.415, Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the accompanying summary schedule of prior audit recommendations.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. For the legal authority of Town of Oakland, Florida, see footnote A of the summary of significant accounting policies in the notes to financial statements.

Financial Condition

Section 10.554(1)(i)5.a and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not Town of Oakland, Florida 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 Town of Oakland, Florida, the results of our tests did not indicate the Town of Oakland, Florida met any of the specified conditions of a financial emergency described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Town of Oakland's, Florida'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.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town of Oakland, Florida for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. Our comparison of these two reports resulted in no material differences.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following recommendation.

Section 10.554(1)(i)3., 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 have the following finding.

15-001: Vehicle Allowance: During our audit we noted one employee was provide a monthly car allowance however this monthly allowance was not included in the employee's W-2, Wage and Tax Statement to the Internal Revenue Service (IRS). United States Treasury Regulations generally requires that car allowances under a nonaccountable plan must be included in the employee's gross income. We recommend that the Town include such car allowances in the employee's gross income in accordance with the United States Treasury Regulations.

Management Response: Management agrees with comment and has implemented the change.

15-002: Cash Disbursements: During our audit we noted the following:

- a) Two checks cleared the Town bank with no signatures for a total of \$30 and three checks cleared with one signature for a total of \$465. Per Town policy, two signatures are required on all checks.
- b) The Town paid the same invoice twice with the same check. The amount of the invoice was \$6,308.80. Adequate review of the invoices by the accounts payable function should have prevented the duplicate payment.

We recommend that management design and implement adequate internal controls over the cash disbursement transaction cycle to prevent duplicate payments and prevent the release of completed checks without supervisor review and signature in accordance with Town policy.

Management Response: Management has procedures in place that will be tightened up to prevent future incidents.

Honorable Mayor and Members of the Town Commission
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, members of the Town Commission, 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
June 29, 2016

**SUMMARY SCHEDULE OF PRIOR AUDIT RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
TOWN OF OAKLAND, FLORIDA**

| Audit Finding Number | Title | Brief Description | Status | Comments |
|----------------------|--|---|--------------|--|
| 10-01 | Utility Billing Subledgers should be Reconciled to the General Ledger (material weakness) | In the past six audits we have recommended that management implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i> | Not Resolved | Based upon the results of our audit procedures we proposed immaterial adjustments to the general ledger control accounts to reconcile them to the detail customer accounts receivable subsidiary ledger. We also noted that a monthly analysis is not taking place as recommended. |
| 10-04 | Payroll (management letter comment) | In prior years we noted the following conditions where the internal control procedures over payroll processing and human resources have not been adequately designed or were not operating properly. - Payroll data is being entered incorrectly into the Town's general ledger and there is no reconciliation of payroll related liabilities to the actual amounts paid. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i> | Not Resolved | Payroll related activity is still being posted to the general ledger incorrectly and without reconciliation between the accrued liabilities and the actual amounts paid for benefits. |
| 10-05 | Internal Control over Financial Reporting (material weakness) | In prior years we noted the Town's internal control over financial reporting failed to detect many financial statement misstatements resulting in audit adjustments. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i> | Not Resolved | During our current year audit we continued to find many financial statement misstatements, some considered material. |
| 10-06 | Restricted cash Monitoring needs Improvement (significant deficiency) | We noted that management was not always monitoring the restrictions places on revenues that are restricted as to use by enabling legislation or contract. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i> | Not Resolved | We noted the amount of cash set aside in the water fund fund was approximately \$83,000 less than required and cash set aside in the general fund was approximately \$497,000 less than required. |

**SUMMARY SCHEDULE OF PRIOR AUDIT RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
TOWN OF OAKLAND, FLORIDA**

| Audit Finding Number | Title | Brief Description | Status | Comments |
|----------------------|---|--|--------------|--|
| 11-5 | Approval and support of Journal Entries (material weakness) | In prior years we have recommended that management adopt procedures that ensure that all journal entries are supported by adequate documentation and are subject to supervisory review. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i> | Not Resolved | This recommendation has not been implemented. We continue to identify journal entries that lack adequate documentation and evidence of supervisory review. |
| 12-3 | Capital Asset Inventory (management letter recommendation) | In prior years we have recommended that the Town implement procedures to ensure that a physical inventory of all capital asset property is completed annually and in accordance with Florida Administrative Code 69I-73.006. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i> | Not Resolved | An inventory of the Town's capital asset property for the fiscal year ended September 30, 2015 was not performed. |
| 12-4 | Refuse Collection (management letter recommendation) | In prior years we have recommended that management amend the Town code of ordinances to reflect the current refuse collection rates. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i> | Not Resolved | We noted that the Town code of ordinances has not been amended to reflect the refuse collection rates being charged. We did observe resolution 2015-01 that sets forth the desired refuse collection rates of the Town Commission but it is our understanding that to remove the codified rate, an ordinance would be required. |
| 14-002 | Accounts Payable Reconciliation (significant deficiency) | In the prior year we recommended that management implement procedures to ensure that a monthly reconciliation of the general ledger control accounts to the accounts payable detailed listing is performed and questionable entries or reconciling items are investigated and corrected in a timely manner. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i> | Not Resolved | We noted that the Town was unable to provide an accurate detailed listing of the Town's accounts payable as of year-end. |
| 14-006 | Budgetary Control (management letter recommendation) | In the prior year we recommended that the Town amend their budget to ensure that the actual expenditures do not exceed the budgeted appropriations. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i> | Not Resolved | We noted that the Town Commission approved a budget amendment on November 10, 2015 but the actual expenditures still exceeded the amended appropriations. Furthermore, Section 166.241, Florida Statutes requires that a budget amendment must be adopted in the same manner as the original budget. The original budget was adopted by resolution while the November 10, 2015 budget amendment was adopted by a motion recorded in the minutes. |



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SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

Honorable Mayor and Members of the Town Commission
Town of Oakland, Florida

Report on Compliance for Each Major State Project

We have audited Town of Oakland's (the "Town") compliance with the types of compliance requirements described in the Department of Financial Services State Projects Compliance Supplement that could have direct and material effect on each of the state projects for the year ended September 30, 2015. The Town's major state projects are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs related to state financial assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 10.550, *Rules of the Auditor General*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major State Project

In our opinion, Town of Oakland, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 29, 2016

TOWN OF OAKLAND, FLORIDA

T.I.N. 59-1237784

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
for the year ended September 30, 2015**

| <u>State Agency, pass-through entity, state project</u> | <u>CSFA #</u> | <u>Contract / Grant #</u> | <u>Expenditures</u> |
|---|---------------|---------------------------|---------------------|
| State of Florida Department of Environmental Protection | | | |
| Direct Projects | | | |
| Drinking Water Facility Construction | 37.076 | DW4803C0 | \$ 670,958 |
| Total State of Florida Department of Environmental Protection | | | <u>670,958</u> |
| | | | |
| Total expenditures of State Financial Assistance | | | <u>\$ 670,958</u> |

Notes to the Schedule of Expenditures of State Financial Assistance

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance presents the State of Florida grant and loan activity of **Town of Oakland, Florida** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 69I-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, *State Financial Assistance*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - BASIS OF ACCOUNTING

Grant monies received and disbursed by the Town are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Town does not believe that such disallowances, if any would have a material effect on the financial position of the Town. As of September 30, 2015, there were no material questioned or disallowed costs as a result of grant or loan audits in process or completed.

NOTE C - MAJOR PROJECTS

Major state projects are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs related to State Financial Assistance.

TOWN OF OAKLAND, FLORIDA

T.I.N. 59-1237784

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2015

Section I – Summary of Independent Auditor’s Results

Financial Statements

| | | |
|--|---------------------------|-------------------|
| Type of Auditor's Report Issued: | <u>Unmodified Opinion</u> | |
| | <u>Yes</u> | <u>No</u> |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | <u>X</u> | <u> </u> |
| Significant deficiency(ies) identified? | <u>X</u> | <u> </u> |
| Noncompliance material to the financial statements reported? | <u> </u> | <u>X</u> |

State Financial Assistance

| | | |
|---|---------------------------|-------------------|
| Type of Auditor's Report Issued on Compliance for Major State Projects | <u>Unmodified Opinion</u> | |
| | <u>Yes</u> | <u>No</u> |
| Internal control over major State projects: | | |
| Material weakness(es) identified? | <u>None reported</u> | <u> </u> |
| Significant deficiency(ies) identified? | <u>None reported</u> | <u> </u> |
| Noncompliance material to a major State projects reported? | <u>None reported</u> | <u> </u> |
| Any audit findings disclosed that are required to be reported in accordance with Rule 10.557, <i>Rules of the Auditor General</i> | <u> </u> | <u>Yes</u> |
| Major State Project(s): | | |
| 37.076 - State of Florida Department of Environmental Protection - Drinking Water Facility Construction | | |
| Dollar threshold used to distinguish between Type A and Type B projects: | <u>\$</u> | <u>201,272</u> |

Section II – Summary Schedule of Prior Audit Findings Related to State Projects

14-003: Project Costs – Financial Reporting: Corrective action was taken to address this finding.

14-004: Project Costs – Overpayment: Corrective action was taken to address this finding.

Section III - Findings Related to Financial Statements Required to be Reported in Accordance with Government Auditing Standards

See accompanying Independent Auditor’s Report on Internal Control over Financial reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* on page 33 and 34 and the accompanying Schedule of Prior Audit Recommendations on page 39 to 40.