



**FINANCIAL STATEMENTS AND AUDITOR'S REPORTS**

**September 30, 2018**

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Oakland, Florida, as of September 30, 2018, 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.

### **Emphasis of Matter**

#### *Implementation of New Accounting Standard*

As discussed in Note 15 to the financial statements, during the current year the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement requires employers to report the total Other Postemployment Benefit (OPEB) liability on their statements of net position. In connection with the implementation of this standard, the Town's previously reported net position was decreased by \$193,479. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, budgetary comparison information on page 41 and 42 and the schedule of changes in the total other postemployment benefits liability and related ratios on page 43 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's basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Section 215.97, *Florida Statutes* and Chapter 10.550, *Rules of the Auditor General*, 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 were 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 the 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 26, 2019, 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.

*Brynjulfson CPA, P.A.*

Brynjulfson CPA, P.A.  
Auburndale, Florida  
June 26, 2019

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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, 2018. 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 2018 by \$13,486,730 (net position). Of this amount, \$492,713 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$3,618,614 (or 37%) over the previous fiscal year's restated net position. The previously reported net position of the governmental activities was decreased by \$193,479 due to the adoption of Governmental Accounting Standards Boards Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- At September 30, 2018, the Town's governmental funds reported combined ending fund balances of approximately \$5,080,832 an increase of \$2,308,967 (83%) in comparison with the prior year.
- At September 30, 2018, unassigned and assigned fund balance for the general fund was a positive \$22,556 (negative \$81,447 in the prior year).
- Governmental funds revenue increased \$2,296,298 or 25%.
- The Town's outstanding long-term debt increased approximately \$312,285 or 3% during fiscal year 2018.

### **Overview of the Financial Statements**

The financial statements are presented in compliance with U.S. generally accepted accounting principles. 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 personal 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).

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018

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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 of the Town are comprised of the water and wastewater utility. The government-wide financial statements can be found by referencing the table of contents 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 special revenue fund and the charter school special revenue fund, which are considered to be major funds. The basic governmental fund financial statements can be found by referencing the table of contents 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 by referencing the table of contents of this report. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**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 can be found by referencing the table of contents of this report.



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**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 by referencing the table of contents 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 \$13,486,730 as of September 30, 2018. The following is a summary of the Statement of Net Position which can be found by referencing the table of contents of this report.

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

|                                       | <b>Governmental Activities</b> |                     | <b>Business-type Activities</b> |                     | <b>Total Primary Government</b> |                      |
|---------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|----------------------|
|                                       | <b>2018</b>                    | <b>2017</b>         | <b>2018</b>                     | <b>2017</b>         | <b>2018</b>                     | <b>2017</b>          |
| Current and other assets              | \$ 7,842,716                   | \$ 5,291,526        | \$ 841,197                      | \$ 484,506          | \$ 8,683,913                    | \$ 5,776,032         |
| Capital assets                        | 10,991,032                     | 10,654,386          | 7,517,376                       | 6,266,565           | 18,508,408                      | 16,920,951           |
| <b>Total assets</b>                   | <b>18,833,748</b>              | <b>15,945,912</b>   | <b>8,358,573</b>                | <b>6,751,071</b>    | <b>27,192,321</b>               | <b>22,696,983</b>    |
| <b>Deferred Outflows of Resources</b> | <b>65,332</b>                  | <b>79,045</b>       | <b>-</b>                        | <b>-</b>            | <b>65,332</b>                   | <b>79,045</b>        |
| Long-term liabilities                 | 8,280,020                      | 7,635,672           | 2,571,055                       | 2,659,647           | 10,851,075                      | 10,295,319           |
| Other liabilities                     | 2,605,131                      | 2,198,955           | 314,717                         | 220,159             | 2,919,848                       | 2,419,114            |
| <b>Total liabilities</b>              | <b>10,885,151</b>              | <b>9,834,627</b>    | <b>2,885,772</b>                | <b>2,879,806</b>    | <b>13,770,923</b>               | <b>12,714,433</b>    |
| Net position:                         |                                |                     |                                 |                     |                                 |                      |
| Net investment in capital assets      | 4,165,274                      | 3,018,714           | 4,844,445                       | 3,598,168           | 9,009,719                       | 6,616,882            |
| Restricted                            | 3,967,726                      | 2,647,245           | 16,572                          | 45,569              | 3,984,298                       | 2,692,814            |
| Unrestricted                          | (119,071)                      | 524,371             | 611,784                         | 227,528             | 492,713                         | 751,899              |
| <b>Total net position</b>             | <b>\$ 8,013,929</b>            | <b>\$ 6,190,330</b> | <b>\$ 5,472,801</b>             | <b>\$ 3,871,265</b> | <b>\$ 13,486,730</b>            | <b>\$ 10,061,595</b> |

Approximately 67% 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 66% 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 \$3,984,298 (30% of total net position) which is restricted for debt service, charter school operations and capital projects. The remaining balance of unrestricted net position, \$492,713 (3% of total net position), may be used to meet the Town's ongoing obligations to citizens and creditors.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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The following is a summary of the information presented in the Statement of Activities which can be found by referencing the table of contents of this report.

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

|                                    | <b>Governmental Activities</b> |                    | <b>Business-type Activities</b> |                    | <b>Total Primary Government</b> |                     |
|------------------------------------|--------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|---------------------|
|                                    | <b><u>2018</u></b>             | <b><u>2017</u></b> | <b><u>2018</u></b>              | <b><u>2017</u></b> | <b><u>2018</u></b>              | <b><u>2017</u></b>  |
| <b>Revenues:</b>                   |                                |                    |                                 |                    |                                 |                     |
| <i>Program Revenues:</i>           |                                |                    |                                 |                    |                                 |                     |
| Charges for services               | \$6,416,126                    | \$5,778,760        | \$ 1,186,882                    | \$ 819,774         | \$ 7,603,008                    | \$ 6,598,534        |
| Operating grants and contributions | 583,293                        | 229,638            | -                               | -                  | 583,293                         | 229,638             |
| Capital grants and contributions   | 2,103,751                      | 1,792,304          | 1,441,601                       | 1,317,066          | 3,545,352                       | 3,109,370           |
| <i>General revenues:</i>           |                                |                    |                                 |                    |                                 |                     |
| Property taxes                     | 1,553,720                      | 1,501,634          | -                               | -                  | 1,553,720                       | 1,501,634           |
| Franchise/Public Ser. Tax          | 549,422                        | 420,122            | -                               | -                  | 549,422                         | 420,122             |
| Fuel taxes                         | 94,628                         | 95,091             | 434                             | -                  | 95,062                          | 95,091              |
| State shared revenues              | 561,429                        | 530,489            | -                               | -                  | 561,429                         | 530,489             |
| Other                              | 44,907                         | 48,867             | -                               | 714                | 44,907                          | 49,581              |
| <b>Total revenues</b>              | <b>11,907,276</b>              | <b>10,396,905</b>  | <b>2,628,917</b>                | <b>2,137,554</b>   | <b>14,536,193</b>               | <b>12,534,459</b>   |
| <b>Expenses:</b>                   |                                |                    |                                 |                    |                                 |                     |
| General government                 | 998,482                        | 792,171            | -                               | -                  | 998,482                         | 792,171             |
| Comprehensive planning             | 850,367                        | 500,733            | -                               | -                  | 850,367                         | 500,733             |
| Code enforcement                   | 10,849                         | 17,878             | -                               | -                  | 10,849                          | 17,878              |
| Police                             | 1,338,677                      | 1,183,347          | -                               | -                  | 1,338,677                       | 1,183,347           |
| Fire protection                    | 522,077                        | 504,792            | -                               | -                  | 522,077                         | 504,792             |
| Charter school                     | 4,549,965                      | 4,207,776          | -                               | -                  | 4,549,965                       | 4,207,776           |
| Refuse collection                  | 172,366                        | 168,972            | -                               | -                  | 172,366                         | 168,972             |
| Streets                            | 661,427                        | 438,146            | -                               | -                  | 661,427                         | 438,146             |
| Parks and recreation               | 117,223                        | 113,582            | -                               | -                  | 117,223                         | 113,582             |
| Interest on long-term debt         | 268,765                        | 246,125            | -                               | -                  | 268,765                         | 246,125             |
| Water                              | -                              | -                  | 816,636                         | 866,990            | 816,636                         | 866,990             |
| Sewer                              | -                              | -                  | 210,745                         | 256,714            | 210,745                         | 256,714             |
| <b>Total expenses</b>              | <b>9,490,198</b>               | <b>8,173,522</b>   | <b>1,027,381</b>                | <b>1,123,704</b>   | <b>10,517,579</b>               | <b>9,297,226</b>    |
| <b>Transfers in (out)</b>          | <b>(400,000)</b>               | <b>386,081</b>     | <b>-</b>                        | <b>13,919</b>      | <b>(400,000)</b>                | <b>400,000</b>      |
| Change in Net Position             | 2,017,078                      | 2,609,464          | 1,601,536                       | 1,027,769          | 3,618,614                       | 3,637,233           |
| Net position - October 1           | 6,190,330                      | 3,580,866          | 3,871,265                       | 2,843,496          | 10,061,595                      | 6,424,362           |
| Restatement (Note 15)              | (193,479)                      | -                  | -                               | -                  | (193,479)                       | -                   |
| Net position - September 30        | <b>\$8,013,929</b>             | <b>\$6,190,330</b> | <b>\$ 5,472,801</b>             | <b>\$3,871,265</b> | <b>\$13,486,730</b>             | <b>\$10,061,595</b> |

**Governmental activities**

Governmental activities increased the Town's net position by \$2,017,078. In the prior year, governmental activities net position increased by \$2,609,464. In 2018, revenues increased by \$1,510,371 or 15% and expenses increased by \$1,316,676 or 16%.

Capital grants and contributions revenue increased by \$311,477 or 17% mainly due lower donations of roadway infrastructure of \$224,786, decreased stormwater grant revenue of \$410,658 which was more than offset by increased impact fees of \$961,619.

Charges for service revenue increased by \$637,366 mainly due to increased building permits and other building related revenue of \$469,050.

**Business-Type Activities**

Business-type activities increased the Town's net position by \$1,601,536. In the prior year, net position increased by \$1,027,769. The 2018 increase was a \$573,767 (56%) improvement compared to 2017 mainly to a \$367,108 (45%) increase in charges for services, a \$124,535 (9%) increase in capital grants and contributions, a \$96,323 (9%) decrease in expenses and a decrease in the interfund transfer in of \$13,919.

The capital grant and contributions for the current year included donated water infrastructure of \$197,817, donated wastewater infrastructure of \$275,034, and State of Florida grant revenue of \$968,750.

**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, 2018, the Town's governmental funds reported combined ending fund balances of \$5,080,832, an increase of \$2,308,967 when compared to the previous year.

The general fund is the chief operating fund of the Town. At September 30, 2018, unassigned fund balance for the general fund was positive \$22,556 compared to a negative \$81,447 in the prior year. When the current unassigned fund balance is compared to the prior year balances, there was a current year increase of \$104,003. This increase was mainly revenues that exceeded expenditures in the general fund. The general fund unassigned fund balance deficit reported in prior years was mainly caused by the pledging of \$800,000 as collateral for a loan to construct wastewater collection and distribution infrastructure in 2015.

**Financial Analysis of the Town's Funds (cont...)**

Total fund balance of the governmental funds increased by \$2,308,967 in 2018 due to the following:

- Total revenue increased by 2,296,298 or 25% mainly due to increased construction within the Town's corporate limits which increased impact fee revenue by \$961,619 (212%) and building permit revenue by \$410,177 (144%). Tax revenue increased by \$184,952 (9%) and intergovernmental revenue increased by \$554,520 (11%)
- Total expenditures increased by 159,284 or 3%.

*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, 2018 was \$611,784, which is a \$384,256 (169%) increase from 2017.

**Governmental Fund Budgetary Highlights**

The budgetary comparison schedule for the governmental funds can be found by referencing the table of contents of this report in the required supplementary information section. In the general fund, actual budgetary inflows were \$358,007 more than budgeted and actual budgetary outflows were \$813,050 less than budgeted resulting in an overall increase in fund balance that was \$1,171,057 more than budgeted. The original budget for fiscal year 2018 was not amended.

In the charter school special revenue fund, actual budgetary inflows and outflows were greater than the budgeted amounts by \$245,532 and \$98,805, respectively, which resulted in an excess of budgetary inflows over outflows of \$146,727. The charter school special revenue fund also reported a transfer to the general fund of \$400,000 that was not budgeted which created an overall actual change in fund balance that was \$253,273 less than budgeted. The original budget for fiscal year 2018 was not amended.

**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, 2018 amounts to \$18,508,408, 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 \$2,349,807 during fiscal year 2018 compared to \$3,525,735 in 2017.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

**Capital Asset and Debt Administration (cont...)**

**Capital Assets (cont...)**

Following is a summary of capital assets:

| <b>Capital Assets Activity</b> |                                |                     |                                 |                    |                                 |                     |
|--------------------------------|--------------------------------|---------------------|---------------------------------|--------------------|---------------------------------|---------------------|
| (net of depreciation)          |                                |                     |                                 |                    |                                 |                     |
| as of September 30,            |                                |                     |                                 |                    |                                 |                     |
|                                | <b>Governmental Activities</b> |                     | <b>Business-type Activities</b> |                    | <b>Total Primary Government</b> |                     |
|                                | <b>2018</b>                    | <b>2017</b>         | <b>2018</b>                     | <b>2017</b>        | <b>2018</b>                     | <b>2017</b>         |
| Land                           | \$ 525,301                     | \$ 525,301          | \$ 49,438                       | \$ 49,438          | \$ 574,739                      | \$ 574,739          |
| Buildings and improvements     | 11,265,122                     | 11,241,052          | 9,126,743                       | 8,422,632          | 20,391,865                      | 19,663,684          |
| Vehicles and equipment         | 3,541,970                      | 3,531,329           | 346,460                         | 346,460            | 3,888,430                       | 3,877,789           |
| Infrastructure                 | 1,552,720                      | 1,026,308           | -                               | -                  | 1,552,720                       | 1,026,308           |
| Construction in progress       | 1,321,219                      | 1,047,760           | 1,143,719                       | 332,605            | 2,464,938                       | 1,380,365           |
| Less: accumulated depreciation | (7,215,300)                    | (6,717,364)         | (3,148,984)                     | (2,884,570)        | (10,364,284)                    | (9,601,934)         |
| <b>Total</b>                   | <b>\$10,991,032</b>            | <b>\$10,654,386</b> | <b>\$7,517,376</b>              | <b>\$6,266,565</b> | <b>\$18,508,408</b>             | <b>\$16,920,951</b> |

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

**Long-Term Debt**

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

| <b>Revenue Notes and Notes Payable</b> |                                |                     |                                 |                    |                                 |                     |
|--|--------------------------------|---------------------|---------------------------------|--------------------|---------------------------------|---------------------|
| as of September 30,                    |                                |                     |                                 |                    |                                 |                     |
|  | <b>Governmental Activities</b> |                     | <b>Business-type Activities</b> |                    | <b>Total Primary Government</b> |                     |
|  | <b>2018</b>                    | <b>2017</b>         | <b>2018</b>                     | <b>2017</b>        | <b>2018</b>                     | <b>2017</b>         |
| Bonds payable                          | \$ 7,636,400                   | \$ 7,133,237        | \$ 127,800                      | \$ 134,400         | \$ 7,764,200                    | \$ 7,267,637        |
| Notes payable                          | -                              | -                   | 2,435,712                       | 2,519,858          | 2,435,712                       | 2,519,858           |
| Capital lease payable                  | 254,690                        | 354,822             | -                               | -                  | 254,690                         | 354,822             |
| <b>Total</b>                           | <b>\$ 7,891,090</b>            | <b>\$ 7,488,059</b> | <b>\$2,563,512</b>              | <b>\$2,654,258</b> | <b>\$10,454,602</b>             | <b>\$10,142,317</b> |

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 Stephen Koontz, Town Manager, 220 North Tubb Street, Oakland, Florida, 34760.

**TOWN OF OAKLAND, FLORIDA**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
September 30, 2018

|   | <b>Primary Government</b>          |                                     |                      |
|---|------------------------------------|-------------------------------------|----------------------|
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
| <b>ASSETS</b>                               |                                    |                                     |                      |
| Cash and cash equivalents                   | \$ 1,856,683                       | \$ 627,407                          | \$ 2,484,090         |
| Receivables, current:                       |                                    |                                     |                      |
| Customer accounts, net                      | 18,110                             | 76,926                              | 95,036               |
| Intergovernmental                           | 127,881                            | 246,454                             | 374,335              |
| Other                                       | 196,328                            | -                                   | 196,328              |
| Internal balances (Note 8)                  | 264,594                            | (271,952)                           | (7,358)              |
| Prepaid expenses                            | 3,060                              | -                                   | 3,060                |
| Restricted assets:                          |                                    |                                     |                      |
| Cash and cash equivalents                   | 5,376,060                          | 162,362                             | 5,538,422            |
| Capital Assets:                             |                                    |                                     |                      |
| Non-depreciable                             | 1,846,520                          | 1,193,157                           | 3,039,677            |
| Depreciable, net                            | 9,144,512                          | 6,324,219                           | 15,468,731           |
| <b>TOTAL ASSETS</b>                         | <b>18,833,748</b>                  | <b>8,358,573</b>                    | <b>27,192,321</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                                    |                                     |                      |
| Deferred charge in refunding                | 65,332                             | -                                   | 65,332               |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> | <b>65,332</b>                      | <b>-</b>                            | <b>65,332</b>        |
| <b>LIABILITIES</b>                          |                                    |                                     |                      |
| Accounts payable and accrued payroll        | 534,081                            | 12,099                              | 546,180              |
| Construction payable                        | -                                  | 109,419                             | 109,419              |
| Due to other governments                    | 1,438,044                          | -                                   | 1,438,044            |
| Unearned revenue                            | 449,901                            | 47,409                              | 497,310              |
| Accrued interest payable                    | 87,490                             | 1,743                               | 89,233               |
| Deposits                                    | 95,615                             | 144,047                             | 239,662              |
| Long-term obligations:                      |                                    |                                     |                      |
| Due within one year                         | 670,791                            | 64,334                              | 735,125              |
| Due in more than one year                   | 7,609,229                          | 2,506,721                           | 10,115,950           |
| <b>TOTAL LIABILITIES</b>                    | <b>10,885,151</b>                  | <b>2,885,772</b>                    | <b>13,770,923</b>    |
| <b>NET POSITION</b>                         |                                    |                                     |                      |
| Net investment in capital assets            | 4,165,274                          | 4,844,445                           | 9,009,719            |
| Restricted for:                             |                                    |                                     |                      |
| Debt service                                | 495,464                            | 16,572                              | 512,036              |
| Bond retirement                             | 123,546                            | -                                   | 123,546              |
| Loan collateral                             | 800,000                            | -                                   | 800,000              |
| Charter school operations                   | 756,762                            | -                                   | 756,762              |
| Water system improvements                   | 253,666                            | -                                   | 253,666              |
| Wastewater system improvements              | 138,899                            | -                                   | 138,899              |
| Parks and recreation improvements           | 215,142                            | -                                   | 215,142              |
| Law enforcement improvements                | 112,604                            | -                                   | 112,604              |
| Transportation improvements                 | 947,595                            | -                                   | 947,595              |
| Administrative facilities improvements      | 96,097                             | -                                   | 96,097               |
| Fire protection improvements                | 27,951                             | -                                   | 27,951               |
| Unrestricted                                | (119,071)                          | 611,784                             | 492,713              |
| <b>TOTAL NET POSITION</b>                   | <b>\$ 8,013,929</b>                | <b>\$ 5,472,801</b>                 | <b>\$ 13,486,730</b> |

See Accompanying Notes to Financial Statements

**TOWN OF OAKLAND, FLORIDA**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
for the year ended September 30, 2018

| FUNCTIONS/PROGRAMS  | Expenses             | Program Revenues     |                                   |                                 | Net (Expense) Revenue and Changes in Net Position |                          |                      |
|---|----------------------|----------------------|-----------------------------------|---------------------------------|---|--------------------------|----------------------|
|   |                      | Charges for Services | Operating Grant and Contributions | Capital Grant and Contributions | Governmental Activities                           | Business-Type Activities | Total                |
| <b>PRIMARY GOVERNMENT</b>                                   |                      |                      |                                   |                                 |   |                          |                      |
| <b>Governmental activities:</b>                             |                      |                      |                                   |                                 |   |                          |                      |
| General government  | \$ 998,482           | \$ 962,849           | \$ 245,172                        | \$ 508,185                      | \$ 717,724  | \$ -                     | \$ 717,724           |
| Comprehensive planning                                      | 850,367              | 975,801              | -                                 | -                               | 125,434   | -                        | 125,434              |
| Code enforcement  | 10,849               | 1,754                | -                                 | -                               | (9,095)   | -                        | (9,095)              |
| Police  | 1,338,677            | 50,552               | -                                 | 79,441                          | (1,208,684)                                       | -                        | (1,208,684)          |
| Fire protection   | 522,077              | 14,158               | -                                 | 15,900                          | (492,019)   | -                        | (492,019)            |
| Charter school  | 4,549,965            | 4,211,560            | 338,121                           | -                               | (284)   | -                        | (284)                |
| Refuse collection   | 172,366              | 192,150              | -                                 | -                               | 19,784  | -                        | 19,784               |
| Streets   | 661,427              | 7,302                | -                                 | 1,285,623                       | 631,498   | -                        | 631,498              |
| Parks and recreation  | 117,223              | -                    | -                                 | 214,602                         | 97,379  | -                        | 97,379               |
| Interest on long-term debt                                  | 268,765              | -                    | -                                 | -                               | (268,765)   | -                        | (268,765)            |
| <b>Total governmental activities</b>                        | <b>9,490,198</b>     | <b>6,416,126</b>     | <b>583,293</b>                    | <b>2,103,751</b>                | <b>(387,028)</b>                                  | <b>-</b>                 | <b>(387,028)</b>     |
| <b>Business-type activities</b>                             |                      |                      |                                   |                                 |   |                          |                      |
| Water utility   | 816,636              | 1,134,676            | -                                 | 197,817                         | -   | 515,857                  | 515,857              |
| Sewer utility   | 210,745              | 52,206               | -                                 | 1,243,784                       | -   | 1,085,245                | 1,085,245            |
| <b>Total business-type activities</b>                       | <b>1,027,381</b>     | <b>1,186,882</b>     | <b>-</b>                          | <b>1,441,601</b>                | <b>-</b>  | <b>1,601,102</b>         | <b>1,601,102</b>     |
| <b>TOTAL PRIMARY GOVERNMENT</b>                             | <b>\$ 10,517,579</b> | <b>\$ 7,603,008</b>  | <b>\$ 583,293</b>                 | <b>\$ 3,545,352</b>             | <b>(387,028)</b>                                  | <b>1,601,102</b>         | <b>1,214,074</b>     |
| <b>GENERAL REVENUES</b>                                     |                      |                      |                                   |                                 |   |                          |                      |
| Taxes:  |                      |                      |                                   |                                 |   |                          |                      |
| Property taxes, levied for general purposes                 |                      |                      |                                   |                                 | 1,553,720   | -                        | 1,553,720            |
| Franchise taxes   |                      |                      |                                   |                                 | 160,612   | -                        | 160,612              |
| Public service taxes  |                      |                      |                                   |                                 | 388,810   | -                        | 388,810              |
| Fuel taxes for transportation purposes                      |                      |                      |                                   |                                 | 94,628  | -                        | 94,628               |
| State shared revenue  |                      |                      |                                   |                                 | 561,429   | -                        | 561,429              |
| Investment earnings   |                      |                      |                                   |                                 | 17,334  | 434                      | 17,768               |
| Other revenues  |                      |                      |                                   |                                 | 27,573  | -                        | 27,573               |
| <b>TRANSFERS</b>  |                      |                      |                                   |                                 | <b>(400,000)</b>                                  | <b>-</b>                 | <b>(400,000)</b>     |
| Total general revenues and transfers                        |                      |                      |                                   |                                 | 2,404,106   | 434                      | 2,404,540            |
| Change in net position                                      |                      |                      |                                   |                                 | 2,017,078   | 1,601,536                | 3,618,614            |
| <b>NET POSITION, beginning of year, previously reported</b> |                      |                      |                                   |                                 | <b>6,190,330</b>                                  | <b>3,871,265</b>         | <b>10,061,595</b>    |
| Restatement (Note 15)                                       |                      |                      |                                   |                                 | (193,479)   | -                        | (193,479)            |
| <b>NET POSITION, beginning - as restated</b>                |                      |                      |                                   |                                 | <b>5,996,851</b>                                  | <b>3,871,265</b>         | <b>9,868,116</b>     |
| <b>NET POSITION, end of year</b>                            |                      |                      |                                   |                                 | <b>\$ 8,013,929</b>                               | <b>\$ 5,472,801</b>      | <b>\$ 13,486,730</b> |

See Accompanying Notes to Financial Statements

**TOWN OF OAKLAND, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
September 30, 2018

|  | <b>General<br/>Fund</b> | <b>Impact Fee<br/>Special<br/>Revenue<br/>Fund</b> | <b>Charter School<br/>Special<br/>Revenue<br/>Fund</b> | <b>Total</b>        |
|--|-------------------------|--|--|---------------------|
| <b>ASSETS</b>  |                         |  |  |                     |
| Cash and cash equivalents  | \$ 1,856,683            | \$ 1,836,883                                       | \$ 1,014,201   | \$ 4,707,767        |
| Receivables, current:  |                         |  |  |                     |
| Customer accounts  | 18,007                  | 103  | -  | 18,110              |
| Intergovernmental  | 119,951                 | -  | 7,930  | 127,881             |
| Other  | 196,328                 | -  | -  | 196,328             |
| Due from impact fee fund   | 40,090                  | -  | -  | 40,090              |
| Due from enterprise fund   | 271,952                 | -  | -  | 271,952             |
| Prepaid expenditures   | 900                     | -  | 2,160  | 3,060               |
| Restricted cash and cash equivalents   | 2,524,976               | -  | -  | 2,524,976           |
| <b>TOTAL ASSETS</b>  | <b>\$ 5,028,887</b>     | <b>\$ 1,836,986</b>                                | <b>\$ 1,024,291</b>                                    | <b>\$ 7,890,164</b> |
| <b>LIABILITIES</b>   |                         |  |  |                     |
| Accounts payable and accrued payroll   | 268,712                 | -  | 265,369  | 534,081             |
| Due to other governments   | 1,438,044               | -  | -  | 1,438,044           |
| Due to charter school fund   | 7,358                   | -  | -  | 7,358               |
| Due to general fund  | -                       | 40,090   | -  | 40,090              |
| Deposits   | 95,615                  | -  | -  | 95,615              |
| Unearned revenue   | 426,483                 | 23,418   | -  | 449,901             |
| <b>TOTAL LIABILITIES</b>   | <b>2,236,212</b>        | <b>63,508</b>                                      | <b>265,369</b>   | <b>2,565,089</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                         |  |  |                     |
| Unavailable revenues   | 244,243                 | -  | -  | 244,243             |
| <b>FUND BALANCE</b>  |                         |  |  |                     |
| Nonspendable:  |                         |  |  |                     |
| Prepaid expenditures   | 900                     | -  | 2,160  | 3,060               |
| Restricted:  |                         |  |  |                     |
| Debt service   | 582,954                 | -  | -  | 582,954             |
| Bond retirement  | 123,546                 | -  | -  | 123,546             |
| Loan collateral  | 800,000                 | -  | -  | 800,000             |
| Public facility construction   | 1,000,000               | -  | -  | 1,000,000           |
| Charter school operations  | -                       | -  | 756,762  | 756,762             |
| Water system improvements  | -                       | 253,666  | -  | 253,666             |
| Wastewater system improvements   | -                       | 138,899  | -  | 138,899             |
| Parks and recreation improvements  | -                       | 215,142  | -  | 215,142             |
| Law enforcement improvements   | 18,476                  | 94,128   | -  | 112,604             |
| Transportation improvements  | -                       | 947,595  | -  | 947,595             |
| Administrative facilities improvements                                       | -                       | 96,097   | -  | 96,097              |
| Fire protection improvements   | -                       | 27,951   | -  | 27,951              |
| Unassigned   | 22,556                  | -  | -  | 22,556              |
| <b>TOTAL FUND BALANCE</b>  | <b>2,548,432</b>        | <b>1,773,478</b>                                   | <b>758,922</b>   | <b>5,080,832</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCE</b> | <b>\$ 5,028,887</b>     | <b>\$ 1,836,986</b>                                | <b>\$ 1,024,291</b>                                    | <b>\$ 7,890,164</b> |

See Accompanying Notes to Financial Statements



**TOWN OF OAKLAND, FLORIDA**

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

September 30, 2018

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

|  |                            |
|--|----------------------------|
| <b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>  | \$ 5,080,832               |
| Capital assets used in governmental activities are not financial resources<br>and, therefore, are not reported in the governmental funds balance sheet.  | 10,991,032                 |
| Revenues not received within the "availability" period are deferred at the fund<br>level and recognized in the statement of activities.  | 244,243                    |
| Interest payable on long-term debt does not require current financial resources.<br>Therefore, interest payable is not reported as a liability in governmental funds.  | (87,490)                   |
| Long-term liabilities, including bonds and notes payable, compensated absences<br>and the total other postemployment liability are not due and payable in the current<br>period and, therefore are not reported in the governmental funds balance sheet. |                            |
| Total long-term liabilities  | (8,280,020)                |
| Total redemption loss reported as a deferred outflow of resources  | 65,332                     |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>   | <u><u>\$ 8,013,929</u></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, 2018

|  | General<br>Fund     | Impact Fee<br>Special<br>Revenue<br>Fund | Charter School<br>Special<br>Revenue<br>Fund | Total               |
|--|---------------------|--|--|---------------------|
| <b>REVENUES:</b>   |                     |  |  |                     |
| Taxes  | \$ 2,209,115        | \$ -                                     | \$ -   | \$ 2,209,115        |
| Licenses and permits   | 694,626             | 1,415,205                                | -  | 2,109,831           |
| Intergovernmental revenue                                    | 1,042,489           | -  | 4,364,258                                    | 5,406,747           |
| Charges for services   | 417,083             | -  | 84,375                                       | 501,458             |
| Fines and forfeitures  | 17,175              | -  | -  | 17,175              |
| Other  | 1,196,852           | 1,199                                    | 101,048                                      | 1,299,099           |
| Total revenues   | <u>5,577,340</u>    | <u>1,416,404</u>                         | <u>4,549,681</u>                             | <u>11,543,425</u>   |
| <b>EXPENDITURES:</b>   |                     |  |  |                     |
| Current:   |                     |  |  |                     |
| General government   | 1,751,529           | -  | -  | 1,751,529           |
| Public safety  | 1,706,376           | -  | -  | 1,706,376           |
| Physical environment   | 172,366             | -  | -  | 172,366             |
| Transportation   | 526,421             | -  | -  | 526,421             |
| Culture/recreation   | 100,580             | -  | 4,322,916                                    | 4,423,496           |
| Capital outlay   | 323,603             | -  | 80,038                                       | 403,641             |
| Debt service   |                     |  |  |                     |
| Principal  | 590,132             | -  | -  | 590,132             |
| Interest   | 260,497             | -  | -  | 260,497             |
| Total expenditures   | <u>5,431,504</u>    | <u>-</u>                                 | <u>4,402,954</u>                             | <u>9,834,458</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>145,836</u>      | <u>1,416,404</u>                         | <u>146,727</u>                               | <u>1,708,967</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |  |  |                     |
| Transfers in   | 25,221              | -  | -  | 25,221              |
| Transfers out  | -                   | (25,221)                                 | (400,000)                                    | (425,221)           |
| Debt proceeds  | 1,000,000           | -  | -  | 1,000,000           |
| Total other financing sources (uses)                         | <u>1,025,221</u>    | <u>(25,221)</u>                          | <u>(400,000)</u>                             | <u>600,000</u>      |
| <b>NET CHANGE IN FUND BALANCE</b>                            | 1,171,057           | 1,391,183                                | (253,273)                                    | 2,308,967           |
| <b>FUND BALANCE, beginning of year</b>                       | <u>1,377,375</u>    | <u>382,295</u>                           | <u>1,012,195</u>                             | <u>2,771,865</u>    |
| <b>FUND BALANCE, end of year</b>                             | <u>\$ 2,548,432</u> | <u>\$ 1,773,478</u>                      | <u>\$ 758,922</u>                            | <u>\$ 5,080,832</u> |

See Accompanying Notes to Financial Statements

**TOWN OF OAKLAND, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
for the year ended September 30, 2018

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

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 2,308,967

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

This is the amount of capital assets recorded in the current period. 834,582  
This is the amount of depreciation recorded in the current period. (497,936)

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. (162,561)

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 represents the change in accrued interest payable from the prior year. (1,392)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on funds.

This amount represents principal repayments. 590,132  
This amount represents the amount of borrowing proceeds. (1,000,000)  
This amount represents the change in deferred outflows related to a loss on refunding. (13,713)  
This amount represents the amortization of bond premiums. 6,837

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

This is the change in accrued compensated absences during the year. (35,024)  
This is the change in the other postemployment benefit liability during the year. (12,814)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 2,017,078

See Accompanying Notes to Financial Statements

**TOWN OF OAKLAND, FLORIDA**  
**STATEMENT OF NET POSITION – PROPRIETARY FUND**  
September 30, 2018

|   | <b>Enterprise<br/>Fund</b> |
|---|----------------------------|
| <b>ASSETS</b>                               |                            |
| Current assets:                             |                            |
| Cash and cash equivalents                   | \$ 627,407                 |
| Customer accounts receivable, net           | 76,926                     |
| Due from other governments                  | 246,454                    |
| Total current assets                        | <u>950,787</u>             |
| Noncurrent assets:                          |                            |
| Restricted assets:                          |                            |
| Cash and cash equivalents                   | 162,362                    |
| Capital assets:                             |                            |
| Non-depreciable                             | 1,193,157                  |
| Depreciable, net                            | 6,324,219                  |
| Total noncurrent assets                     | <u>7,679,738</u>           |
| <b>TOTAL ASSETS</b>                         | <u>8,630,525</u>           |
| <b>LIABILITIES</b>                          |                            |
| Current liabilities:                        |                            |
| Accounts payable and accrued payroll        | 12,099                     |
| Construction payable                        | 109,419                    |
| Due to general fund                         | 271,952                    |
| Unearned revenue                            | 47,409                     |
| Bonds and notes payable, current            | 64,334                     |
| Total current liabilities                   | <u>505,213</u>             |
| Noncurrent liabilities:                     |                            |
| Compensated absences                        | 7,543                      |
| Liabilities payable from restricted assets: |                            |
| Accrued interest payable                    | 1,743                      |
| Customer deposits                           | 144,047                    |
| Bonds and notes payable, noncurrent portion | 2,499,178                  |
| Total noncurrent liabilities                | <u>2,652,511</u>           |
| <b>TOTAL LIABILITIES</b>                    | <u>3,157,724</u>           |
| <b>NET POSITION</b>                         |                            |
| Net investment in capital assets            | 4,844,445                  |
| Restricted for:                             |                            |
| Debt service                                | 16,572                     |
| Unrestricted                                | 611,784                    |
| <b>TOTAL NET POSITION</b>                   | <u>\$ 5,472,801</u>        |

See Accompanying Notes to Financial Statements

**TOWN OF OAKLAND, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION – PROPRIETARY FUND**  
for the year ended September 30, 2018

---

|   | <b>Enterprise<br/>Fund</b> |
|---|----------------------------|
| <b>OPERATING REVENUES:</b>                                  |                            |
| Charges for services:                                       |                            |
| Water charges   | \$ 1,134,676               |
| Sewer charges   | 52,206                     |
| Total operating revenues                                    | <u>1,186,882</u>           |
| <b>OPERATING EXPENSES:</b>                                  |                            |
| Personnel services  | 244,553                    |
| Operating expenses  | 456,092                    |
| Depreciation  | 264,414                    |
| Total operating expenses                                    | <u>965,059</u>             |
| <b>OPERATING INCOME</b>                                     | <u>221,823</u>             |
| <b>NONOPERATING REVENUE (EXPENSE)</b>                       |                            |
| Interest expense and other fiscal charges                   | (62,322)                   |
| Interest income   | 434                        |
| Total nonoperating revenues (expense)                       | <u>(61,888)</u>            |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS<br/>AND TRANSFERS</b> | <u>159,935</u>             |
| <b>CAPITAL CONTRIBUTIONS</b>                                |                            |
| Capital grants and contributions                            | 1,441,601                  |
| Total capital contributions                                 | <u>1,441,601</u>           |
| <b>CHANGE IN NET POSITION</b>                               | 1,601,536                  |
| <b>NET POSITION, beginning of year</b>                      | <u>3,871,265</u>           |
| <b>NET POSITION, end of year</b>                            | <u>\$ 5,472,801</u>        |

See Accompanying Notes to Financial Statements

**TOWN OF OAKLAND, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
for the year ended September 30, 2018

|   | <b>Enterprise<br/>Fund</b> |
|---|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                            |
| Receipts from customers   | \$ 1,199,142               |
| Payments to suppliers   | (484,487)                  |
| Payments for salaries and benefits  | (205,207)                  |
| Net cash flows from operating activities  | <u>509,448</u>             |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |                            |
| Proceeds from interfund borrowing   | <u>138,900</u>             |
| Net cash flows from noncapital financing activities   | <u>138,900</u>             |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                      |                            |
| Acquisition and construction of capital assets, net of related payables                               | (947,094)                  |
| Principal paid on long-term debt  | (90,746)                   |
| Interest paid on borrowings   | (80,803)                   |
| Capital grants received, net of change in related receivable  | 877,295                    |
| Net cash flows from capital and related financing activities  | <u>(241,348)</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                            |
| Interest on invested funds  | <u>434</u>                 |
| Net cash flows from investing activities  | <u>434</u>                 |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | 407,434                    |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>   | <u>382,335</u>             |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>   | <u>\$ 789,769</u>          |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                            |
| Operating income (loss)   | \$ 221,823                 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities:        |                            |
| Depreciation expense  | 264,414                    |
| (Increase) decrease in accounts receivable  | (33,894)                   |
| Increase (decrease) in unearned revenue   | 8,945                      |
| Increase (decrease) in customer deposits  | 37,209                     |
| Increase (decrease) in accounts payable   | (28,395)                   |
| Increase (decrease) in accrued wages and compensated absences   | 2,154                      |
| Net cash flows from operating activities  | <u>\$ 509,448</u>          |
| <b>As shown in the Accompanying Financial Statements</b>  |                            |
| Cash and cash equivalents   | \$ 627,407                 |
| Restricted cash and cash equivalents  | <u>162,362</u>             |
| <b>Total cash and cash equivalents</b>  | <u>\$ 789,769</u>          |
| <b>Noncash financing and investing activities:</b>  |                            |
| Donated water and sewer infrastructure  | <u>\$ 472,851</u>          |

See Accompanying Notes to Financial Statements

**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 Town are discussed below.

**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, as well as water and wastewater 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.

**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.

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

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 and deferred outflows, liabilities and deferred inflows, 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.



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

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

**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, 2018.

**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 to area residents and sewer collection and disposal services. The Town is currently continuing its developing of its sanitary sewer collection system that is accounted for as a separate function of this single enterprise fund.

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

**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 and wastewater disposal 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.

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

**ASSETS, LIABILITIES, DEFERRED FLOWS OF RESOURCES 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, 2018, all of the Town's cash and investments met this definition.

**INVESTMENTS** – Investments are reported at fair value or amortized cost, which approximates fair value. 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 totaled \$20,207 at September 30, 2018. 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, 2018, such reserves for all funds totaled \$1,944. 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 fund 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 acquisition 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.

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

**ASSETS, LIABILITIES, DEFERRED FLOWS OF RESOURCES 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:

|                            |      |
|----------------------------|------|
| 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. No interest costs were capitalized during the year ended September 30, 2018.

**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).

The Town has one item that qualifies for reporting as deferred outflows of resources. This item is a deferred charge on refunding that results from the difference in the carrying value of a refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 inflow of resources in the period that the amounts become available.

The Town has one item that qualifies for reporting as deferred inflows of resources. This item is reported only in the governmental funds balance sheet and represents unavailable revenues that were not received within 60 days of year-end.

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

**ASSETS, LIABILITIES, DEFERRED FLOWS OF RESOURCES 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.

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

**ASSETS, LIABILITIES, DEFERRED FLOWS OF RESOURCES AND NET POSITION OR EQUITY**  
(cont...)

**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".

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:

- **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.
- **Restricted net position** - Consists of restricted assets reduced by liabilities related to those assets. The government-wide statement of net position reports \$3,984,298 of restricted net position, of which \$1,791,954 is restricted by enabling legislation.
- **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, 2018.

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

**ASSETS, LIABILITIES, DEFERRED FLOWS OF RESOURCES AND NET POSITION OR EQUITY**  
(cont...)

- **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, unspent debt proceeds, 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, 2018.
- **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. The Town did not have any assigned resources as of September 30, 2018.
- **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, 2018 was 6.75.

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 resolution 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.

Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles with the exception of the following:

- Interfund transfers and proceeds from debt are budgeted as an inflow but reported as an other financing source for financial reporting purposes.

**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                                   | \$ 4,820                  |
| Deposits in financial institutions:            |                           |
| Insured or fully collateralized bank deposits, | <u>8,017,692</u>          |
| Total cash and cash equivalents                | <u><u>\$8,022,512</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.



**TOWN OF OAKLAND, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2018, was as follows:

|   | Balance<br>October 1,<br>2017 | Transfers        | Increases           | Decreases   | Balance<br>September 30,<br>2018 |
|---|-------------------------------|------------------|---------------------|-------------|----------------------------------|
| <b><u>Governmental Activities:</u></b>        |                               |                  |                     |             |                                  |
| <b>Capital assets, not being depreciated:</b> |                               |                  |                     |             |                                  |
| Land  | \$ 525,301                    | \$ -             | \$ -                | \$ -        | \$ 525,301                       |
| Construction-in-progress                      | 1,047,760                     | -                | 273,459             | -           | 1,321,219                        |
| Total capital assets, not being depreciated   | <u>1,573,061</u>              | <u>-</u>         | <u>273,459</u>      | <u>\$ -</u> | <u>1,846,520</u>                 |
| <b>Capital assets, being depreciated:</b>     |                               |                  |                     |             |                                  |
| Land improvements                             | 436,947                       | -                | -                   | -           | 436,947                          |
| Buildings & improvements                      | 10,804,105                    | -                | 24,070              | -           | 10,828,175                       |
| Equipment                                     | 3,531,329                     | -                | 10,641              | -           | 3,541,970                        |
| Infrastructure:                               |                               |                  |                     |             |                                  |
| Road systems                                  | 1,026,308                     | -                | 526,412             | -           | 1,552,720                        |
| Total capital assets, being depreciated       | <u>15,798,689</u>             | <u>-</u>         | <u>561,123</u>      | <u>-</u>    | <u>16,359,812</u>                |
| Less accumulated depreciation for:            |                               |                  |                     |             |                                  |
| Land improvements                             | (233,655)                     | -                | (6,039)             | -           | (239,694)                        |
| Buildings & improvements                      | (3,494,801)                   | -                | (275,174)           | -           | (3,769,975)                      |
| Equipment                                     | (2,856,978)                   | -                | (161,232)           | -           | (3,018,210)                      |
| Infrastructure:                               |                               |                  |                     |             |                                  |
| Road systems                                  | (131,930)                     | -                | (55,491)            | -           | (187,421)                        |
| Total accumulated depreciation                | <u>(6,717,364)</u>            | <u>-</u>         | <u>(497,936)</u>    | <u>-</u>    | <u>(7,215,300)</u>               |
| Total capital assets being depreciated, net   | <u>9,081,325</u>              | <u>-</u>         | <u>63,187</u>       | <u>-</u>    | <u>9,144,512</u>                 |
| Governmental activities capital assets, net   | <u>\$ 10,654,386</u>          | <u>\$ -</u>      | <u>\$ 336,646</u>   | <u>\$ -</u> | <u>\$ 10,991,032</u>             |
| <b><u>Business-type activities:</u></b>       |                               |                  |                     |             |                                  |
| <b>Capital assets, not being depreciated:</b> |                               |                  |                     |             |                                  |
| Land  | \$ 49,438                     | \$ -             | \$ -                | \$ -        | \$ 49,438                        |
| Construction-in-progress                      | 332,605                       | (231,259)        | 1,042,373           | -           | 1,143,719                        |
| Total capital assets, not being depreciated   | <u>382,043</u>                | <u>(231,259)</u> | <u>1,042,373</u>    | <u>-</u>    | <u>1,193,157</u>                 |
| <b>Capital assets, being depreciated:</b>     |                               |                  |                     |             |                                  |
| Water and sewer system                        | 8,422,632                     | 231,259          | 472,852             | -           | 9,126,743                        |
| Equipment                                     | 346,460                       | -                | -                   | -           | 346,460                          |
| Total capital assets, being depreciated       | <u>8,769,092</u>              | <u>231,259</u>   | <u>472,852</u>      | <u>-</u>    | <u>9,473,203</u>                 |
| Less accumulated depreciation for:            |                               |                  |                     |             |                                  |
| Water and sewer system                        | (2,567,913)                   | -                | (251,910)           | -           | (2,819,823)                      |
| Equipment                                     | (316,657)                     | -                | (12,504)            | -           | (329,161)                        |
| Total accumulated depreciation                | <u>(2,884,570)</u>            | <u>-</u>         | <u>(264,414)</u>    | <u>-</u>    | <u>(3,148,984)</u>               |
| Total capital assets being depreciated, net   | <u>5,884,522</u>              | <u>231,259</u>   | <u>208,438</u>      | <u>-</u>    | <u>6,324,219</u>                 |
| Business-type activities capital assets, net  | <u>\$ 6,266,565</u>           | <u>\$ -</u>      | <u>\$ 1,250,811</u> | <u>\$ -</u> | <u>\$ 7,517,376</u>              |

**NOTE 5 - CAPITAL ASSETS** (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

|  |    |                |
|--|----|----------------|
| General government                                   | \$ | 86,053         |
| Law enforcement                                      |    | 109,644        |
| Fire protection                                      |    | 13,206         |
| Parks and recreation                                 |    | 16,643         |
| Streets  |    | 51,834         |
| Charter school                                       |    | 220,556        |
| Total depreciation expense - governmental activities | \$ | <u>497,936</u> |

Business-type Activities:

|   |    |                |
|---|----|----------------|
| Water   | \$ | 225,874        |
| Sewer   |    | 38,540         |
| Total depreciation expense - business-type activities | \$ | <u>264,414</u> |

**TOWN OF OAKLAND, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 6 - LONG-TERM OBLIGATIONS**

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

|   | Balance<br>October 1,<br>2017 (*) | Increases           | Decreases           | Balance<br>September 30,<br>2018 | Amounts<br>Due within<br>One Year |
|---|-----------------------------------|---------------------|---------------------|----------------------------------|-----------------------------------|
| <b><u>Governmental Activities:</u></b>                |                                   |                     |                     |                                  |                                   |
| <b>Long-term liabilities:</b>                         |                                   |                     |                     |                                  |                                   |
| Bonds and notes payable:                              |                                   |                     |                     |                                  |                                   |
| Series 2016 FMLC Revenue Bond                         | \$ 1,845,000                      | \$ -                | \$ (90,000)         | \$ 1,755,000                     | \$ 95,000                         |
| Series 2016 FMLC Revenue Bond, premium                | 58,237                            | -                   | (6,837)             | 51,400                           | -                                 |
| Series 2013 Charter School Refunding<br>Revenue Bonds | 5,230,000                         | -                   | (400,000)           | 4,830,000                        | 415,000                           |
| Series 2018 Capital Improvement Note                  | -                                 | 1,000,000           | -                   | 1,000,000                        | 65,000                            |
| Capital lease payable                                 | 354,822                           | -                   | (100,132)           | 254,690                          | 89,432                            |
| Total bonds and notes payable:                        | 7,488,059                         | 1,000,000           | (596,969)           | 7,891,090                        | 664,432                           |
| Compensated absences                                  | 147,613                           | 142,715             | (107,691)           | 182,637                          | -                                 |
| Other postemployment benefits                         | 193,479                           | 12,814              | -                   | 206,293                          | 6,359                             |
| Total long-term liabilities                           | <u>\$ 7,829,151</u>               | <u>\$ 1,155,529</u> | <u>\$ (704,660)</u> | 8,280,020                        | <u>\$ 670,791</u>                 |
| Less amounts due in one year                          |                                   |                     |                     | (670,791)                        |                                   |
| Net long-term liabilities in excess of one year       |                                   |                     |                     | <u>\$ 7,609,229</u>              |                                   |
| <b><u>Business-type Activities:</u></b>               |                                   |                     |                     |                                  |                                   |
| <b>Long-term liabilities:</b>                         |                                   |                     |                     |                                  |                                   |
| Bonds and notes payable:                              |                                   |                     |                     |                                  |                                   |
| Series 1991 USDA Water Revenue Bonds                  | \$ 134,400                        | \$ -                | \$ (6,600)          | \$ 127,800                       | \$ 6,900                          |
| DW 4803C0 installment note to FDEP                    | 1,719,858                         | -                   | (84,146)            | 1,635,712                        | 57,434                            |
| Bank promissory note                                  | 800,000                           | -                   | -                   | 800,000                          | -                                 |
| Total bonds and notes payable:                        | 2,654,258                         | -                   | (90,746)            | 2,563,512                        | 64,334                            |
| Compensated absences                                  | 5,389                             | 9,350               | (7,196)             | 7,543                            | -                                 |
| Total long-term liabilities                           | <u>\$ 2,659,647</u>               | <u>\$ 9,350</u>     | <u>\$ (97,942)</u>  | 2,571,055                        | <u>\$ 64,334</u>                  |
| Less amounts due in one year                          |                                   |                     |                     | (64,334)                         |                                   |
| Net long-term liabilities in excess of one year       |                                   |                     |                     | <u>\$ 2,506,721</u>              |                                   |

(\*) - The previously reported October 1, 2017 long-term debt obligations were restated to include the other postemployment benefits liability. The restatement was a result of the implementation of GASB Statement No. 75. See Note 15 for more detail.

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

**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-ad valorem revenues of the Town. The bonds require the maintenance of debt service sinking and an enrollment stabilization fund.
- Series 2016, Florida Municipal Loan Council Refunding and Improvement Revenue Bonds - These bonds were issued September 29, 2016 to advance refund the Series 2002A Florida Municipal Loan Council Revenue Note. The refunded note had an outstanding principal of \$1,800,000 at the refunding date. The refunded note was issued in 2002 in the amount of \$2,545,000 for acquiring real estate and construction of municipal facilities, including a new town hall, public meeting hall, and public safety buildings. The 2016 Bonds mature serially on October 1 of each year through October 1, 2032 with interest payable semiannually at rates ranging from 2% to 4%. 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.
- Series 2018 Capital Improvement Revenue Note – The 2018 note was issued in the amount of \$1,000,000 on July 18, 2018 to fund the construction of a multi-purpose building, primarily functioning as an art and history center. Interest is payable semiannually at an interest rate of 3.30% and principal payments are due annually until maturity on April 1, 2028.

**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, 2018. 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. 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.

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

- The Bank promissory note dated August 5, 2016 bears interest at 2.25% 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 system capital costs. Interest only payments on the note are due monthly with a payment of all outstanding principal and accrued interest on August 5, 2018.

**Maturities:** Annual requirements to repay all long-term bonds and notes payable as of September 30, 2018, were as follows:

| <u>Fiscal Year Ending</u> | <u>Governmental Activities</u> |                    | <u>Business-type Activities</u> |                   |
|---------------------------|--------------------------------|--------------------|---------------------------------|-------------------|
|                           | <u>Principal</u>               | <u>Interest</u>    | <u>Principal</u>                | <u>Interest</u>   |
| 2019                      | \$ 664,432                     | \$ 241,545         | \$ 64,334                       | \$ 58,924         |
| 2020                      | 702,665                        | 227,054            | 865,608                         | 55,850            |
| 2021                      | 704,156                        | 201,771            | 67,519                          | 37,729            |
| 2022                      | 683,437                        | 178,161            | 69,202                          | 36,066            |
| 2023                      | 680,000                        | 155,505            | 70,912                          | 34,356            |
| 2024-2028                 | 3,735,000                      | 437,271            | 382,116                         | 144,379           |
| 2029-2033                 | 670,000                        | 62,400             | 411,142                         | 93,778            |
| 2034-2038                 | -                              | -                  | 411,827                         | 48,013            |
| 2039-2043                 | -                              | -                  | 220,852                         | 7,062             |
| Unamortized bond premium  | 51,400                         | -                  | -                               | -                 |
| <b>Total</b>              | <b>\$7,891,090</b>             | <b>\$1,503,707</b> | <b>\$ 2,563,512</b>             | <b>\$ 516,157</b> |

**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<br/>Principal and<br/>Interest<br/>Outstanding</u> | <u>Current Year<br/>Principal and<br/>Interest<br/>Paid</u> | <u>Current<br/>Year<br/>Revenue</u> | <u>% of<br/>Revenues to<br/>Principal and<br/>Interest Paid</u> |
|--------------------------|---|---|-------------------------------------|---|
| Water system net revenue | \$ 2,245,169  | \$ 171,549  | \$ 588,598                          | 343.11%   |
| Charter school revenue   | \$ 5,669,026  | \$ 565,990  | \$ 4,549,681                        | 803.84%   |

**NOTE 8 - INTERFUND TRANSACTIONS**

**Interfund receivables and payables as of September 30, 2018 consisted of:**

|  | Interfund<br>Receivable | Interfund (payable)                      |                     |                   | Timing<br>Difference |
|--|-------------------------|--|---------------------|-------------------|----------------------|
|  |                         | Impact fee<br>special<br>revenue<br>fund | Enterprise<br>fund  | General<br>fund   |                      |
| General fund                           | \$ 40,090               | \$ (40,090)                              | \$ -                | \$ -              | \$ -                 |
| General fund                           | 271,952                 | -  | (271,952)           | -                 | -                    |
| Charter school special<br>revenue fund | -                       | -  | -                   | (7,358)           | (7,358)              |
|  | <u>\$ 312,042</u>       | <u>\$ (40,090)</u>                       | <u>\$ (271,952)</u> | <u>\$ (7,358)</u> | <u>\$ (7,358)</u>    |

The timing difference above is due to the differing fiscal year of the charter school special revenue fund.

**Interfund transfers for the year ended September 30, 2018 consisted of:**

|              | Transfer Out:                            |  | Total             |
|--------------|--|--|-------------------|
|              | Impact fee<br>special<br>revenue<br>fund | Charter school<br>special<br>revenue<br>fund |                   |
| Transfer In: |  |  |                   |
| General fund | \$ 25,221                                | \$ -   | \$ 25,221         |
| General fund | -  | 400,000                                      | 400,000           |
|              | <u>\$ 25,221</u>                         | <u>\$ 400,000</u>                            | <u>\$ 425,221</u> |

The \$400,000 from the charter school special revenue fund was reported as a transfer into the general fund in the prior year because this transfer was made after the charter school special revenue fund's prior fiscal year-end of June 30, 2017 but before the Town's prior fiscal year-end of September 30, 2017.

Because of the different fiscal year-end dates, this transfer out is reported during the charter school special revenue fund's fiscal year ending June 30, 2018 and in the Town's fiscal year ending September 30, 2018. The result of this timing difference was a transfer in of \$400,000 in 2017 without a reciprocal transfer out and vice versa in 2018 which reports a transfer out of \$400,000 without a corresponding transfer in as that was reported in the prior year.

**Interfund services provided and used for the year ending September 30, 2018 consisted of:**

The charter school special revenue fund leases the school facilities from the general fund pursuant to a multi-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 \$190,000 for the year ended September 30, 2018. 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.

**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, 2018. 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 current fiscal year totaled approximately \$218,300. Total Town contributions made on behalf of non-charter school employees was approximately \$68,900 and \$41,000 for charter school employees. Employee contributions for non-charter school employees was approximately \$55,600 and \$52,800 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, 2018 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.

**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, 2018, is presented below:

|  | <u>Water<br/>System</u> | <u>Sewer<br/>System</u> | <u>Total</u>        |
|--|-------------------------|-------------------------|---------------------|
| <b>Condensed statement</b>                   |                         |                         |                     |
| <b>of revenue, expenses and</b>              |                         |                         |                     |
| <b>changes in net position:</b>              |                         |                         |                     |
| Operating revenues                           | \$ 1,134,676            | \$ 52,206               | \$ 1,186,882        |
| Personnel services                           | (226,128)               | (18,425)                | (244,553)           |
| Operating expenses                           | (320,384)               | (135,708)               | (456,092)           |
| Depreciation expense                         | (225,874)               | (38,540)                | (264,414)           |
| Nonoperating revenues (expenses):            |                         |                         |                     |
| Interest expense                             | (44,250)                | (18,072)                | (62,322)            |
| Interest income                              | 434                     | -                       | 434                 |
| Capital grants and contributions             | 197,817                 | 1,243,784               | 1,441,601           |
| Change in net position                       | <u>\$ 516,291</u>       | <u>\$ 1,085,245</u>     | <u>\$ 1,601,536</u> |
| <b>Summary information</b>                   |                         |                         |                     |
| <b>from statement of net position:</b>       |                         |                         |                     |
| Capital assets, net                          | <u>\$ 4,560,013</u>     | <u>\$ 2,957,363</u>     | <u>\$ 7,517,376</u> |
| Long-term debt,<br>including current portion | <u>\$ 1,763,512</u>     | <u>\$ 800,000</u>       | <u>\$ 2,563,512</u> |



**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS**

**Other Post-Employment Benefits (OPEB)** – The Town follows GASB Cod. Sec. P52 for reporting postemployment benefits other than pensions.

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

Participant data as of the most recent actuarial valuation:

|   |                  |
|---|------------------|
| Inactive plan members or beneficiaries currently receiving benefits | -                |
| Inactive plan members entitled to but not yet receiving benefits    | -                |
| Active plan members   | <u>62</u>        |
| Total   | <u><u>62</u></u> |

**Benefits Provided:** The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees who meet the retirement eligibility requirements of the Town’s defined contribution pension plan of the Town are eligible to receive postemployment health care benefits. All retiree and dependent coverage are at the expense of the retiree.

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

**Total OPEB Liability:** The Town’s total OPEB liability was measured as of September 30, 2017 and was determined by an actuary employing the alternative measurement method as provided in GASB Cod. Sec.P52.

**Discount rate:** The discount rate was based on a high-quality municipal bond rate of 3.64%. The high-quality bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard and Poor’s Corp.’s AA. All future benefits were discounted using the above discount rate.

**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS** (cont...)

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

|                                     |  |
|-------------------------------------|--|
| Alternative method calculation date | 9/30/2017  |
| Measurement date                    | 9/30/2017  |
| Inflation                           | 2.50%  |
| Salary increases                    | 2.50%  |
| Discount rate                       | 3.64%  |
| Retirement rate                     | 100% at age 58   |
| Marital status                      | 100% assumed married   |
| Health care participation           | 20% participation assumed, with 50% electing spouse coverage |
| Initial health care inflation rate  | 8.50%  |
| Ultimate health care inflation rate | 4.00%  |
| Years to ultimate trend rate        | 55   |
| Eligibility for coverage            | Must meet eligibility requirements for retirement            |

Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected to the valuation date using projection scale AA.

**Change in assumptions:** The discount rate changed from 3.06% for the reporting period ending September 30, 2017 to 3.64% for the reporting period ended September 30, 2018.

**OPEB expense:** For the year ended September 30, 2018, the Town recognized OPEB expense of \$22,473.

**Changes in the Total OPEB Liability**

|  | <b>Total OPEB<br/>Liability</b> |
|--|---------------------------------|
| Reporting period ending September 30, 2017 | \$ 193,479                      |
| Changes for the year:                      |                                 |
| Service cost                               | 28,211                          |
| Interest                                   | 6,686                           |
| Changes of assumptions                     | (15,724)                        |
| Benefit payments                           | (6,359)                         |
| Net changes                                | 12,814                          |
| Reporting period ending September 30, 2018 | <u>\$ 206,293</u>               |

**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS** (cont...)

**Sensitivity of the Total OPEB Liability to changes in the discount rate:** The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current discount rate (3.64%):

|                      | 1% Decrease<br>2.64% | Current<br>discount<br>rate<br>3.64% | 1% Increase<br>4.64% |
|----------------------|----------------------|--------------------------------------|----------------------|
| Total OPEB liability | \$ 234,593           | \$ 206,293                           | \$ 182,963           |

**Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates:** The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a healthcare cost trend rate range that is 1-percentage-point lower (3.00% to 7.50%) or 1-percentage-point higher (5.00% to 9.50%) than the current healthcare cost trend rate range (4.00% to 8.50%):

|                      | 1% Decrease<br>3.00% to 7.50% | Healthcare cost<br>trend rate<br>4.00% to 8.50% | 1% Increase<br>5.00% to 9.50% |
|----------------------|-------------------------------|---|-------------------------------|
| Total OPEB liability | \$ 180,526                    | \$ 206,293                                      | \$ 237,751                    |

**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 \$508,870 for the year ended September 30, 2018. The estimated cost for the fiscal year ending September 30, 2019 is \$572,819.

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, 2018, 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.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES** (cont...)

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.

As of September 30, 2018, the Town has construction commitments of \$251,964 related to water system improvements and \$1,031,798 for construction of the Town's multi-purpose building to be used as an art and history museum.

**NOTE 15 – RESTATEMENT**

For the fiscal year ended September 30, 2018, the Town implemented the provisions of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires retroactive recording of the Town's total OPEB liability as of September 30, 2017 in the amount of \$193,479. Accordingly, beginning net position of the governmental activities was reduced by \$193,479 to reflect the change in accounting principle.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF OAKLAND, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
for the year ended September 30, 2018

|   | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|-------------------------|------------------|---|---|
|   | <u>Original</u>         | <u>Final</u>     |   |   |
| <b>BUDGETARY INFLOWS</b>                                |                         |                  |   |   |
| Taxes   | \$ 2,120,617            | \$ 2,120,617     | \$ 2,209,115  | \$ 88,498   |
| Licenses and permits                                    | 338,833                 | 338,833          | 694,626   | 355,793   |
| Intergovernmental revenue                               | 1,368,289               | 1,368,289        | 1,042,489   | (325,800)   |
| Charges for services                                    | 423,391                 | 423,391          | 417,083   | (6,308)   |
| Fines and forfeitures                                   | 19,520                  | 19,520           | 17,175  | (2,345)   |
| Other   | 928,904                 | 928,904          | 1,196,852   | 267,948   |
| Loan proceeds   | 600,000                 | 600,000          | 1,000,000   | 400,000   |
| Interfund transfer                                      | 445,000                 | 445,000          | 25,221  | (419,779)   |
| Total resources   | <u>6,244,554</u>        | <u>6,244,554</u> | <u>6,602,561</u>                                    | <u>358,007</u>  |
| <b>BUDGETARY OUTFLOWS</b>                               |                         |                  |   |   |
| General government                                      | 1,262,212               | 1,262,212        | 1,751,529   | (489,317)   |
| Public safety   | 1,659,323               | 1,659,323        | 1,706,376   | (47,053)  |
| Physical environment                                    | 165,562                 | 165,562          | 172,366   | (6,804)   |
| Transportation  | 455,620                 | 455,620          | 526,421   | (70,801)  |
| Culture/recreation                                      | 31,224                  | 31,224           | 100,580   | (69,356)  |
| Capital outlay  | 1,889,613               | 1,889,613        | 323,603   | 1,566,010   |
| Debt service  | 781,000                 | 781,000          | 850,629   | (69,629)  |
| Total charges to appropriations                         | <u>6,244,554</u>        | <u>6,244,554</u> | <u>5,431,504</u>                                    | <u>813,050</u>  |
| <b>EXCESS (DEFICIENCY) OF INFLOWS<br/>OVER OUTFLOWS</b> | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$ 1,171,057</u>                                 | <u>\$ 1,171,057</u>   |

**Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

**Budgetary inflows:**

|   |                     |
|---|---------------------|
| Actual inflows (budgetary basis) from the budgetary comparison schedule.  | \$ 6,602,561        |
| Differences - budget to GAAP  |                     |
| Budgetary inflows representing interfund transfers are reported as an other financing source on a GAAP basis.             | (25,221)            |
| Budgetary inflows representing debt issuance proceeds are reported as an other financing source on a GAAP basis.          | (1,000,000)         |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. | <u>\$ 5,577,340</u> |

**TOWN OF OAKLAND, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE – CHARTER SCHOOL SPECIAL REVENUE FUND**  
for the year ended September 30, 2018

|   | <u>Budgeted Amounts</u> |                  | <b>Actual</b>                       | <b>Variance with</b>                    |
|---|-------------------------|------------------|-------------------------------------|---|
|   | <u>Original</u>         | <u>Final</u>     | <b>Amounts</b><br><b>(Budgetary</b> | <b>Final Budget</b><br><b>Favorable</b> |
|   |                         |                  | <b>Basis)</b>                       | <b>(Unfavorable)</b>                    |
| <b>BUDGETARY INFLOWS</b>                            |                         |                  |                                     |   |
| Intergovernmental revenue                           | \$ 4,121,799            | \$ 4,121,799     | \$ 4,364,258                        | \$ 242,459                              |
| Charges for service                                 | 87,000                  | 87,000           | 84,375                              | (2,625)                                 |
| Other sources                                       | 95,350                  | 95,350           | 101,048                             | 5,698                                   |
| Total resources                                     | <u>4,304,149</u>        | <u>4,304,149</u> | <u>4,549,681</u>                    | <u>245,532</u>                          |
| <b>BUDGETARY OUTFLOWS</b>                           |                         |                  |                                     |   |
| Culture/recreation and capital outlay               | 4,304,149               | 4,304,149        | 4,402,954                           | (98,805)                                |
| Total charges to appropriations                     | <u>4,304,149</u>        | <u>4,304,149</u> | <u>4,402,954</u>                    | <u>(98,805)</u>                         |
| <b>EXCESS (DEFICIENCY) OF INFLOWS OVER OUTFLOWS</b> | <u>-</u>                | <u>-</u>         | <u>146,727</u>                      | <u>146,727</u>                          |
| Interfund transfer                                  | -                       | -                | (400,000)                           | (400,000)                               |
| <b>NET CHANGE IN FUND BALANCE</b>                   | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$ (253,273)</u>                 | <u>\$ (253,273)</u>                     |

**Notes to Required Supplementary Information:**

Under GASB Cod. Sec. 2400, 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, 2018. Therefore, budget comparison information for the impact fee special revenue fund is not included in the Town's financial statements.



**TOWN OF OAKLAND, FLORIDA**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

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|   |                   |
|---|-------------------|
| Reporting date  | 9/30/2018         |
| Measurement date  | <u>9/30/2017</u>  |
| <b>Total OPEB Liability</b>   |                   |
| Service cost  | \$ 28,211         |
| Interest  | 6,686             |
| Changes of assumptions  | (15,724)          |
| Benefit payments  | <u>(6,359)</u>    |
| <b>Net change in total OPEB Liability</b>                                   | 12,814            |
| <b>Total OPEB Liability - beginning</b>                                     | <u>193,479</u>    |
| <b>Total OPEB Liability - ending</b>  | <u>\$ 206,293</u> |
| <b>Covered-employee payroll</b>   | 2,670,814         |
| <b>Total OPEB liability as a percentage<br/>of covered-employee payroll</b> | 7.72%             |

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

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

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

*Changes in Assumptions:*

- The discount rate used for the reporting period ending September 30, 2017 was 3.06% and was increased to 3.64% for the reporting period ending September 30, 2018.

## **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, 2018, 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 26, 2019.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 10-05 and 11-5 described in the accompanying schedule of findings and questioned costs 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 10-01, 10-06 and 17-001 described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

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 is required to be reported under *Government Auditing Standards*.

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

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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 management response letter. The 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 26, 2019

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, 2018. Management is responsible for Town of Oakland, Florida's compliance with those specified 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. Those standards required that we plan and perform the examination to obtain reasonable assurance about whether the Town of Oakland, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Town of Oakland, Florida complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of Town of Oakland's compliance with the 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, 2018.

*Brynjulfson CPA, P.A.*

Brynjulfson CPA, P.A.  
Auburndale, Florida  
June 26, 2019

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, 2018, and have issued our report thereon dated June 26, 2019.

**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 Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, 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 26, 2019, 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 not been taken to fully address the following recommendations that were made in the preceding annual financial report.

| Tabulation of Uncorrected Findings |                        |                        |
|------------------------------------|------------------------|------------------------|
| Current Year Finding #             | 2016-2017 FY Finding # | 2015-2016 FY Finding # |
| 10-01                              | 10-01                  | 10-01                  |
| 10-04                              | 10-04                  | 10-04                  |
| 10-05                              | 10-05                  | 10-05                  |
| 10-06                              | 10-06                  | 10-06                  |
| 11-5                               | 11-5                   | 11-5                   |
| 12-3                               | 12-3                   | 12-3                   |
| 17-001                             | 17-001                 | NA                     |

**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 and Management**

Section 10.554(1)(i)5.a and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate 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 to identify the specific condition(s) met. In connection with our audit of the financial statements of the Town of Oakland, Florida, we determined that the Town of Oakland, Florida did not meet any of the specified conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such findings other than the recommendations in the accompanying summary schedule of prior audit recommendations made pursuant to Section 10.554(1)(i)2, Rules of the Auditor General.

**Other Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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 26, 2019

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**SUMMARY SCHEDULE OF PRIOR AUDIT RECOMMENDATIONS MADE PURSUANT TO SECTION 10.554(1)(I)2, RULES OF THE AUDITOR GENERAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
TOWN OF OAKLAND, FLORIDA**

| Audit Finding Number | Title   | Brief Description  | Status       | Comments   |
|----------------------|---|--|--------------|--|
| 10-04                | Payroll<br>(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.<br><br>- 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. | Not Resolved | We have noted improvements in the recording of payroll related transactions within the general ledger but monthly reconciliations of the accrued liabilities and the actual amounts paid for benefits are not being performed. |
| 12-3                 | Capital Asset Inventory<br>(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.   | Not Resolved | An inventory of the Town's capital asset property for the fiscal year ended September 30,2018 was not performed.   |

**This schedule does not contain prior year audit findings or recommendations required to be reported in accordance with *Government Auditing Standards*. Prior year audit findings and recommendations required to be reported in accordance with *Government Auditing Standards* can be found in the accompanying Schedule of Findings and Questioned Costs.**





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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 Town's major state projects for the year ended September 30, 2018. 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.

***Management's Responsibility***

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its State financial assistance 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 and Chapter 10.550, *Rules of the Auditors General*, 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, 2018.

***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. However, material weaknesses may exist that have not been identified.

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 26, 2019

**TOWN OF OAKLAND, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
for the year ended September 30, 2018

| <u>State Agency/Pass-through Entity/State Project</u>          | <u>CSFA#</u> | <u>Contract/Grant Identification</u> | <u>Total Expenditures</u> |
|--|--------------|--------------------------------------|---------------------------|
| <b>State of Florida Department of Environmental Protection</b> |              |                                      |                           |
| Direct program:  |              |                                      |                           |
| Statewide Surface Water Restoration and Wastewater Projects    | 37.039       | LP4803L                              | \$ 23,748                 |
| Statewide Surface Water Restoration and Wastewater Projects    | 37.039       | LP4803J                              | 945,001                   |
| Statewide Surface Water Restoration and Wastewater Projects    | 37.039       | NF008                                | 95,665                    |
| Total Florida Department of Environmental Protection           |              |                                      | <u>1,064,414</u>          |
| Total Expenditures of State Financial Assistance               |              |                                      | <u>\$ 1,064,414</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 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, 2018, 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.

**TOWN OF OAKLAND, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended September 30, 2018

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**Section I – Summary of Independent Auditor’s Results**

**Financial Statements**

Type of Auditor's Report Issued:

**Unmodified Opinion**

Internal control over financial reporting:

Material weakness(es) identified?

  X   Yes             No

Significant deficiency(ies) identified?

  X   Yes             None reported

Noncompliance material to the financial statements reported?

       Yes        X   No

**State Projects**

Type of Auditor's Report Issued on Compliance for Major State Projects

**Unmodified Opinion**

Internal control over major State projects:

Material weakness(es) identified?

       Yes        X   No

Significant deficiency(ies) identified?

       Yes        X   None reported

Noncompliance material to a major State projects reported?

       Yes        X   No

Any audit findings disclosed that are required to be reported in accordance with Rule 10.557, *Rules of the Auditor General*

  X   Yes             No

Major State Project(s):

- 37.039 - State of Florida Department of Environmental Protection -  
Statewide Surface Water Restoration and Wastewater Projects  
Oakland Wastewater Collection System

Dollar threshold used to distinguish between Type A and Type B projects: \$           319,324

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

There were no prior-year audit findings related to state financial assistance.

**TOWN OF OAKLAND, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended September 30, 2018

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

**Finding 10-01: Utility Billing Accounts Receivable and Customer Deposit Reconciliation**

Criteria: Good internal control requires that a periodic reconciliation be performed that would agree the utility accounts receivable and customer deposit subsidiary ledgers to the amounts posted to the general ledger control accounts.

Condition: Originally reported as part of our audit of the basic financial statements for the year ended September 30, 2010, we noted that management was not performing a periodic reconciliation of the utility accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts. We have noted improvement in this area, but a monthly reconciliation has yet to be implemented.

Effect: Due to the lack of periodic reconciliations between the aforementioned subsidiary ledgers and the general ledger, the Town's financial statements could contain misstatements that would not be detected by employees in the ordinary course of performing their assigned functions.

Cause: There are no procedures in place to reconcile the aforementioned subsidiary ledgers to the general ledger control accounts.

Recommendation: We continue to recommend that management implement procedures to require monthly reconciliations between the utility accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.

**Finding 10-05: Internal Control over Financial Reporting**

Criteria: The Town's internal control over financial reporting should provide reasonable assurance that all transactions are properly recorded to the general ledger and reported in the Town's financial reports.

Condition: During our current audit we continued to find many financial statement misstatements, some that were considered material.

Effect: The Town's year-end financial statements contained material misstatements that were identified by the auditors who proposed correcting entries which were accepted and posted by the Town's management.

Cause: The Town's internal controls were not designed properly and/or were not operating effectively nor was the review process at year-end adequate to ensure the financial statements were materially correct.

Recommendation: We recognize the Town has engaged an experienced and qualified consultant to assist in the developing internal controls over financial reporting and to provide oversight of the year-end closing and financial statement preparation process. We recommend the Town continue to work with the consultant to strengthen the Town's internal control over financial reporting.

**TOWN OF OAKLAND, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended September 30, 2018

---

**Finding 10-06: Restricted Cash Monitoring**

Criteria: Good internal control must provide reasonable assurance that the Town is in compliance with restrictions placed upon certain resources by enabling legislation and debt related covenants.

Condition: Management is not always monitoring the restrictions placed on resources that are restricted as to use by enabling legislation or contract, on a monthly basis. Based upon our audit procedures, we identified the following conditions:

- The amount of cash set aside in the general fund for unspent law enforcement impact fees was approximately \$18,500 less than required.
- The amount of cash set aside in the general fund for long-term debt related sinking and reserve funds were approximately \$374,000 less than required.
- In the enterprise fund, the amount of utility customer deposits that are being retained by the Town were not set aside or segregated from other unrestricted funds.

Effect: Without timely monitoring, there is no assurance that restricted funds are being used for allowable uses and that the Town is in compliance with enabling legislation and debt related covenants.

Cause: The procedures in place are not adequate to track the sources and uses of all restricted resources or to monitor compliance with enabling legislation and debt related covenants.

Recommendation: We continue to recommend that management segregate and monitor the sources and uses of all restricted funds, and compliance with enabling legislation and debt related covenants, on a monthly basis.

**Finding 11-5: Approval and Support for Journal Entries**

Criteria: During our audit, we continue to note several journal entries posted to the general ledger that were not supported by adequate documentation and approval.

Condition: Adjusting journal entries should have sufficient supporting documentation and should be reviewed and approved by someone other than the person posting the entry.

Effect: The absence of supporting documentation and supervisory review and approve results in an increased risk that unauthorized adjustments may occur and not be detected in a timely manner.

Cause: There are no policies or procedures in place to require supervisory review and approval of adjusting journal entries.

Recommendation: We recommend that management adopt procedures that ensure that all journal entries are supported by adequate documentation and are subject to supervisory review and approval.



**TOWN OF OAKLAND, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended September 30, 2018

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**Finding 17-001: Internal Control over New Construction and Developer Related Transactions**

Criteria: Good internal control is required to provide reasonable assurance that transactions are complete and accurately reported.

Condition: In the prior year, we noted that there was inadequate documentation available to support certain impact fee credits granted to developers. We are pleased to report this condition was corrected in the current year.

We also reported in the prior year that management had incurred approximately \$136,000 of developer related costs for which management was unable to provide a detailed accounting that would allow us to determine whether all the costs were being passed through to the individual developers.

In the current year we noted the following conditions:

- It is management's assertion that the Town has incurred approximately \$184,500 of developer related costs that are eligible to be passed through to the individual developers but only \$129,500 were reported as being billed (passed through) to the developers. Management was unable to provide a detailed accounting that would allow us to determine whether all costs were being passed through to the individual developers.
- We identified \$138,627 of building code administration, inspection and support service costs that were reported in the general ledger account designated to report those costs eligible to be passed through to the individual developers.
- Activity posted to the developer building permit fee escrow liability accounts and the escrow liability account established by the Town to hold Orange County Public School (OCPS) impact fees are not being monitored to ensure accuracy of the information posted to these accounts. During our audit we noted several misstatements posted to these accounts that were not detected by the Town.

Effect: Without adequate accounting of developer pass-through costs and timely billing of the individual developers, the Town may not recover all the pass-through costs they have incurred. Without monitoring the activity posted to the Town's escrow liability accounts, and reconciling the recorded activity to management's expectations, it is likely that errors will not be prevented or detected.

Cause: Inadequate controls over new construction and developer related transactions.

Recommendation: We recommend that the Town implement policies and procedures and related internal controls to provide reasonable assurance that new construction and developer related transactions are complete and recorded accurately. We also recommend that the Town's escrow liability accounts should be monitored on an ongoing basis and any errors that are detected during this process are corrected immediately.

June 26, 2019

Honorable Mayor, Town Commissioners  
Town of Oakland  
Oakland, Florida

RE: Management Letter dated June 26, 2019

Views of responsible officials and planned corrective actions.

**Finding 10-01:Utility Billing Accounts Receivable and Customer Deposit Reconciliation**

*We concur with the auditor's recommendation and are adding additional accounting personnel and employed the services of an experienced accounting consultant to assist in designing and implementing this monthly reconciliation.*

**Finding 10-04: Payroll**

*We concur with the auditor's recommendation and are adding additional accounting personnel and employed the services of an experienced accounting consultant to assist in designing and implementing this monthly reconciliation.*

**Finding 10-05:Internal Control over Financial Reporting**

*We concur with the auditor's recommendation and are adding additional accounting personnel and employed the services of an experienced accounting consultant to assist in the year-end closing and audit preparation process.*

**Finding 10-06:Restricted Cash Monitoring**

*We concur with the auditor's recommendation and have already implemented procedures and controls to ensure the Town's restricted cash is kept current and is monitored on a monthly basis.*

**Finding 11-5:Approval and Support for Journal Entries**

*We concur with the auditor's recommendation and are developing policies related to journal entry approval and support.*

**Finding 12-3: Capital Asset Inventory**

*We concur with the auditor's recommendation and will be preparing a capital asset inventory at the end of the fiscal year ending September 30, 2019.*



**Finding 17-001:Internal Control over New Construction and Developer Related Transactions**

*We concur with the auditor's recommendation and are adding additional accounting personnel to assist with monitoring of the Town's planning department's tracking of these new construction and developer related transactions. Furthermore, we will implement reconciliation procedures to ensure the escrow cash and liability accounts are maintained current and accurate.*

*We continue to strive to provide the highest level of financial services and reporting to the Town of Oakland.*

*Respectfully submitted,*



*Stephen Koontz*

*Town Manager*



*Renee Mullen*

*Director of Finance*

