



FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

September 30, 2021

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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, each major fund and the aggregate remaining fund information of Town of Oakland, Florida as of and for the year ended September 30, 2021, 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, each major fund, and the aggregate remaining fund information of the Town of Oakland, Florida, as of September 30, 2021, 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 Matters

Change in Accounting Principles – As described in Note 15 to the financial statements, in 2021 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No.84 – *Fiduciary Activities*. Our opinions are 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 45 to 47 and the schedule of changes in the total other postemployment benefits liability and related ratios on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, 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 30, 2022

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, 2021. 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 2020 by \$30,646,187 (net position). Of this amount, \$1,678,449 (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 \$6,313,049 (or 26%) over the previous fiscal year's net position.
- On September 30, 2021, the Town's governmental funds reported combined ending fund balances of approximately \$10,437,537 an increase of \$3,175,634 (44%) in comparison with the prior year.
- On September 30, 2021, unassigned fund balance for the general fund was a positive \$1,208,587 (\$220,441 in the prior year).
- Governmental funds revenue decreased \$129,888 or 1% while expenditures increased by \$327,042 or 3%.
- The Town's outstanding long-term debt increased approximately \$1,062,655 or 12% during fiscal year 2021.

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).

The governmental activities of the Town include general government administration, public safety, charter school operation, streets, and parks and recreation. The business-type activities of the Town are comprised of the water and wastewater utility and the Town's sanitation department. 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 all of its governmental 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.

Fiduciary funds - The Town uses a fiduciary fund to report assets held in a trustee or agency capacity that are, therefore, not available to support Town programs. The accounting for fiduciary funds is much like that used for proprietary funds.

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.

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 \$30,646,187 as of September 30, 2021. 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,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 11,197,393	\$ 11,557,252	\$ 2,112,303	\$ 1,645,652	\$ 13,309,696	\$ 13,202,904
Capital assets	17,734,491	15,712,923	12,523,810	10,045,395	30,258,301	25,758,318
Total assets	<u>28,931,884</u>	<u>27,270,175</u>	<u>14,636,113</u>	<u>11,691,047</u>	<u>43,567,997</u>	<u>38,961,222</u>
Deferred Outflows of Resources	<u>31,431</u>	<u>41,482</u>	<u>-</u>	<u>-</u>	<u>31,431</u>	<u>41,482</u>
Long-term liabilities	9,008,273	7,350,051	1,889,729	2,787,015	10,898,002	10,137,066
Other liabilities	822,892	4,260,125	1,232,347	272,375	2,055,239	4,532,500
Total liabilities	<u>9,831,165</u>	<u>11,610,176</u>	<u>3,122,076</u>	<u>3,059,390</u>	<u>12,953,241</u>	<u>14,669,566</u>
Net position:						
Net investment in						
Capital assets	12,167,036	8,922,368	10,457,997	7,232,024	22,625,033	16,154,392
Restricted	6,328,447	6,669,785	14,258	14,230	6,342,705	6,684,015
Unrestricted	636,667	109,328	1,041,782	1,385,403	1,678,449	1,494,731
Total net position	<u>\$ 19,132,150</u>	<u>\$ 15,701,481</u>	<u>\$ 11,514,037</u>	<u>\$ 8,631,657</u>	<u>\$ 30,646,187</u>	<u>\$ 24,333,138</u>

Approximately 74% 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 \$6,342,705 (21% of total net position in the current year and 27% in the prior year) which is restricted for debt service, charter school operations and capital projects. The remaining balance of unrestricted net position, \$1,678,449 (5% of total net position in the current year and 6% in the prior year), may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF OAKLAND, FLORIDA
Management's Discussion and Analysis
September 30, 2021

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,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 6,929,738	\$ 7,037,931	\$ 2,029,031	\$ 2,022,093	\$ 8,958,769	\$ 9,060,024
Operating grants and contributions	619,649	339,283	-	-	619,649	339,283
Capital grants and contributions	3,312,609	4,558,528	2,384,762	1,939,946	5,697,371	6,498,474
<i>General revenues:</i>						
Property taxes	2,452,728	2,069,048	-	-	2,452,728	2,069,048
Franchise/Public Ser. Tax	817,959	734,892	-	-	817,959	734,892
Fuel taxes	103,909	96,573	-	-	103,909	96,573
State shared revenues	677,533	562,509	-	-	677,533	562,509
Other	123,261	56,358	13	3	123,274	56,361
Total revenues	15,037,386	15,455,122	4,413,806	3,962,042	19,451,192	19,417,164
Expenses:						
General government	1,092,466	1,160,399	-	-	1,092,466	1,160,399
Comprehensive planning	998,111	1,228,757	-	-	998,111	1,228,757
Code enforcement	-	599	-	-	-	599
Police	1,673,986	1,669,151	-	-	1,673,986	1,669,151
Fire protection	774,164	653,761	-	-	774,164	653,761
Charter school	5,479,079	4,933,137	-	-	5,479,079	4,933,137
Streets	863,055	753,923	-	-	863,055	753,923
Parks and recreation	281,282	125,552	-	-	281,282	125,552
Interest on long-term debt	241,050	239,636	-	-	241,050	239,636
Water	-	-	970,403	1,066,272	970,403	1,066,272
Sewer	-	-	518,410	391,832	518,410	391,832
Sanitation	-	-	246,137	207,201	246,137	207,201
Total expenses	11,403,193	10,764,915	1,734,950	1,665,305	13,138,143	12,430,220
Increase (decrease) in net position before transfers	3,634,193	4,690,207	2,678,856	2,296,737	6,313,049	6,986,944
Transfers in (out)	(203,524)	(149,221)	203,524	149,221	-	-
Change in Net Position	3,430,669	4,540,986	2,882,380	2,445,958	6,313,049	6,986,944
Net position - October 1	15,701,481	11,160,495	8,631,657	6,002,108	24,333,138	17,162,603
Restatement	-	-	-	183,591	-	183,591
Net position - September 30	\$ 19,132,150	\$ 15,701,481	\$ 11,514,037	\$ 8,631,657	\$ 30,646,187	\$ 24,333,138

Governmental activities

Governmental activities increased the Town's net position by \$3,430,669. In the prior year, governmental activities net position increased by \$4,540,986. In 2021, revenues decreased by \$417,736 or 3% and expenses increased by \$638,278 or 6%.

Capital grants and contributions revenue decreased by \$1,245,919 or 27% mainly due to donated property and improvements of \$1,857,418 in the prior year and \$1,659,690 in the current year. Impact fee revenue also decreased by \$1,654,000 (67%) in 2021 compared to 2020 due to a decline in construction activity within the Town. These decreases in capital grants and contributions were partially offset by increases in other capital contributions.

Charges for service revenue decreased by \$108,193 or 2% mainly due to decreased building permits and other building related revenue of \$341,608 that was partially offset by other increases, mainly due to increased charter school charges for service of \$231,610 or 5%.

Business-Type Activities

Business-type activities increased the Town's net position by \$2,882,380. In the prior year, net position increased by \$2,445,958. The improvement was mainly due to the following:

- Total revenue increased by \$451,764 or 11% mainly due to increased capital grants and contributions. State and other grant revenue increased by \$542,542 (175%) which was partially offset by a \$67,727 (6%) decrease in the amount of donated water and sewer infrastructure recognized in the current year compared to the prior year.
- Total expenses increased by \$69,645 or 4% due to broad changes in various expense categories.

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.

On September 30, 2021, the Town's governmental funds reported combined ending fund balances of \$10,437,537, an increase of \$3,175,634 when compared to the previous year.

The general fund is the chief operating fund of the Town. On September 30, 2021, unassigned fund balance for the general fund was \$1,208,587 compared to \$220,441 in the prior year. When the current unassigned fund balance is compared to the prior year balances, there was a current year decrease of \$988,146. This increase was mainly due to the Town paying off a business-type activity loan that was secured by a general fund certificate of deposit in the amount of \$800,000. This transaction effectively moved \$800,000 from restricted fund balance to unassigned fund balance.

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

Total fund balance of the governmental funds increased by \$3,175,634 in 2020 due to the following:

- Total revenue decreased by \$129,888 or -1%.
- Total expenditures increased by \$327,042 or 3%, mainly due to:
 - Debt service expenditures increased by \$752,478 mainly due to the early payoff of the Series 2018 Capital Improvement Note which had a balance of \$845,000 when paid off.
 - Capital outlay expenditures increased by \$1,362,581 due to increased capital investment within the Town.

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, wastewater and sanitation departments, and it is considered a major fund. While total net position increased by \$2,882,380 (33%), the unrestricted portion of net position was \$1,041,782 on September 30, 2021, which is a \$343,621 (25%) decrease from 2020. This divergence between total and unrestricted net position is due to the large increases to the proprietary fund's net investment in capital assets.

General Fund Budgetary Highlights:

The budgetary comparison schedule for the general fund 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 \$3,067,574 more than budgeted and actual budgetary outflows were \$109,650 more than budgeted resulting in an overall increase in fund balance that was \$2,957,924 more than budgeted.

The original budget for fiscal year 2021 was amended to increase budgetary resources by \$1,604,777 (28%) and charges to appropriations of \$1,337,945 (24%). The amendment was to adjust the budget for activity that took place during the year not entirely anticipated at the time the original budget was adopted.

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, 2021 amounts to \$30,258,301, 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 \$5,524,101 during fiscal year 2021 compared to \$6,245,227 in 2020.

Capital Asset and Debt Administration (cont...)

Capital Assets (cont...)

Following is a summary of capital assets:

Capital Assets Activity (net of depreciation) as of September 30,						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,860,814	\$ 1,829,241	\$ 471,899	\$ 457,919	\$ 2,332,713	\$ 2,287,160
Buildings and improvements	13,350,238	11,659,549	14,502,021	12,183,109	27,852,259	23,842,658
Vehicles and equipment	4,481,774	4,067,689	388,299	388,299	4,870,073	4,455,988
Infrastructure	5,931,633	4,241,741	-	-	5,931,633	4,241,741
Construction in progress	1,074,142	2,204,601	1,238,481	743,052	2,312,623	2,947,653
Less: accumulated depreciation	(8,964,110)	(8,289,898)	(4,076,890)	(3,726,984)	(13,041,000)	(12,016,882)
Total	<u>\$ 17,734,491</u>	<u>\$ 15,712,923</u>	<u>\$ 12,523,810</u>	<u>\$ 10,045,395</u>	<u>\$ 30,258,301</u>	<u>\$ 25,758,318</u>

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:

Revenue Notes and Notes Payable as of September 30,						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Bonds payable	\$ 5,028,189	\$ 6,428,857	\$ 106,000	\$ 113,600	\$ 5,134,189	\$ 6,542,457
Notes payable	3,364,316	403,180	1,772,997	2,666,390	5,137,313	2,666,390
Total	<u>\$ 8,392,505</u>	<u>\$ 6,832,037</u>	<u>\$ 1,878,997</u>	<u>\$ 2,779,990</u>	<u>\$ 10,271,502</u>	<u>\$ 9,208,847</u>

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

Requests for Information

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

TOWN OF OAKLAND, FLORIDA

Statement of Net Position

September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,096,778	\$ 1,139,570	\$ 3,236,348
Receivables, current:			
Customer accounts, net	9,183	192,620	201,803
Intergovernmental	152,778	381,266	534,044
Other	147,884	-	147,884
Internal balances (Note 8)	583,913	(591,731)	(7,818)
Prepaid expenses	900	-	900
Restricted assets:			
Cash and cash equivalents	8,205,957	990,578	9,196,535
Capital Assets:			
Non-depreciable	2,934,956	1,710,380	4,645,336
Depreciable, net	14,799,535	10,813,430	25,612,965
TOTAL ASSETS	28,931,884	14,636,113	43,567,997
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge in refunding	31,431	-	31,431
TOTAL DEFERRED OUTFLOWS OF RESOURCES	31,431	-	31,431
LIABILITIES			
Accounts payable and accrued payroll	489,510	67,663	557,173
Construction payable	-	186,816	186,816
Unearned revenue	66,665	782,083	848,748
Accrued interest payable	105,984	1,774	107,758
Deposits	160,733	194,011	354,744
Long-term obligations:			
Due within one year	712,959	67,587	780,546
Due in more than one year	8,295,314	1,822,142	10,117,456
TOTAL LIABILITIES	9,831,165	3,122,076	12,953,241
NET POSITION			
Net investment in capital assets	12,167,036	10,457,997	22,625,033
Restricted for:			
Debt service	316,289	14,258	330,547
Bond retirement	129,518	-	129,518
Building code enforcement	321,917	-	321,917
Charter school operations	488,451	-	488,451
Water system improvements	668,327	-	668,327
Wastewater system improvements	356,659	-	356,659
Parks and recreation improvements	592,917	-	592,917
Law enforcement improvements	222,060	-	222,060
Transportation improvements	2,914,684	-	2,914,684
Administrative facilities improvements	203,170	-	203,170
Fire protection improvements	114,455	-	114,455
Unrestricted	636,667	1,041,782	1,678,449
TOTAL NET POSITION	\$ 19,132,150	\$11,514,037	\$ 30,646,187

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
Statement of Activities
for the year ended September 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 1,092,466	\$ 931,219	\$ 2,000	\$ 330,390	\$ 171,143	\$ -	\$ 171,143
Comprehensive planning	998,111	1,205,663	-	-	207,552	-	207,552
Police	1,673,986	70,325	-	100,735	(1,502,926)	-	(1,502,926)
Fire protection	774,164	15,116	-	18,336	(740,712)	-	(740,712)
Charter school	5,479,079	4,700,449	575,850	93,544	(109,236)	-	(109,236)
Streets	863,055	6,966	-	2,002,702	1,146,613	-	1,146,613
Parks and recreation	281,282	-	41,799	766,902	527,419	-	527,419
Interest on long-term debt	241,050	-	-	-	(241,050)	-	(241,050)
Total governmental activities	11,403,193	6,929,738	619,649	3,312,609	(541,197)	-	(541,197)
Business-type activities							
Water utility	970,403	1,456,156	-	1,531,328	-	2,017,081	2,017,081
Sewer utility	518,410	285,810	-	853,434	-	620,834	620,834
Sanitation utility	246,137	287,065	-	-	-	40,928	40,928
Total business-type activities	1,734,950	2,029,031	-	2,384,762	-	2,678,843	2,678,843
TOTAL PRIMARY GOVERNMENT	\$ 13,138,143	\$ 8,958,769	\$ 619,649	\$ 5,697,371	(541,197)	2,678,843	2,137,646
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					2,452,728	-	2,452,728
Franchise taxes					248,519	-	248,519
Public service taxes					569,440	-	569,440
Fuel taxes for transportation purposes					103,909	-	103,909
State shared revenue					677,533	-	677,533
Investment earnings					(1,675)	13	(1,662)
Other revenues					124,936	-	124,936
TRANSFERS					(203,524)	203,524	-
Total general revenues and transfers					3,971,866	203,537	4,175,403
Change in net position					3,430,669	2,882,380	6,313,049
NET POSITION, beginning of year					15,701,481	8,631,657	24,333,138
NET POSITION, end of year					\$ 19,132,150	\$ 11,514,037	\$ 30,646,187

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2021

	General Fund	Impact Fee Special Revenue Fund	Charter School Special Revenue Fund	Total
ASSETS				
Cash and cash equivalents	\$ 2,096,778	\$ 3,807,772	\$ 730,858	\$ 6,635,408
Receivables, current:				
Customer accounts	9,183	-	-	9,183
Intergovernmental	62,847	-	89,931	152,778
Other	147,884	-	-	147,884
Due from general fund	-	979,095	-	979,095
Due from enterprise fund	306,326	285,405	-	591,731
Prepaid expenditures	900	-	-	900
Restricted cash and cash equivalents	3,667,327	-	-	3,667,327
TOTAL ASSETS	\$ 6,291,245	\$ 5,072,272	\$ 820,789	\$ 12,184,306
LIABILITIES				
Accounts payable and accrued payroll	157,172	-	332,338	489,510
Due to charter school fund	7,818	-	-	7,818
Due to impact fee fund	979,095	-	-	979,095
Deposits	160,733	-	-	160,733
Unearned revenue	66,665	-	-	66,665
TOTAL LIABILITIES	1,371,483	-	332,338	1,703,821
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	42,948	-	-	42,948
FUND BALANCE				
Nonspendable:				
Prepaid expenditures	900	-	-	900
Restricted:				
Debt service	422,273	-	-	422,273
Bond retirement	129,518	-	-	129,518
Building code enforcement	321,917	-	-	321,917
Charter school facility improvements	2,793,619	-	-	2,793,619
Charter school operations	-	-	488,451	488,451
Water system improvements	-	668,327	-	668,327
Wastewater system improvements	-	356,659	-	356,659
Parks and recreation improvements	-	592,917	-	592,917
Law enforcement improvements	-	222,060	-	222,060
Transportation improvements	-	2,914,684	-	2,914,684
Administrative facilities improvements	-	203,170	-	203,170
Fire protection improvements	-	114,455	-	114,455
Unassigned	1,208,587	-	-	1,208,587
TOTAL FUND BALANCE	4,876,814	5,072,272	488,451	10,437,537
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 6,291,245	\$ 5,072,272	\$ 820,789	\$ 12,184,306

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, 2021

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 10,437,537
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	17,734,491
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	42,948
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds.	(105,984)
Long-term liabilities, including bonds and notes payable, compensated absences and the total other postemployment liability are not due and payable in the current period and, therefore are not reported in the governmental funds balance sheet.	
Total long-term liabilities	(9,008,273)
Total redemption loss reported as a deferred outflow of resources	31,431
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 19,132,150</u>

TOWN OF OAKLAND, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
for the year ended September 30, 2021

	General Fund	Impact Fee Special Revenue Fund	Charter School Special Revenue Fund	Total
REVENUES:				
Taxes	\$ 3,385,621	\$ -	\$ -	\$ 3,385,621
Licenses and permits	864,859	844,984	-	1,709,843
Intergovernmental revenue	915,402	-	5,027,256	5,942,658
Charges for services	481,265	-	27,477	508,742
Fines and forfeitures	11,229	-	-	11,229
Other	1,578,142	646	315,110	1,893,898
Total revenues	<u>7,236,518</u>	<u>845,630</u>	<u>5,369,843</u>	<u>13,451,991</u>
EXPENDITURES:				
Current:				
General government	1,984,431	-	-	1,984,431
Public safety	2,249,832	-	-	2,249,832
Transportation	650,036	-	-	650,036
Culture/recreation	227,335	-	5,158,948	5,386,283
Capital outlay	456,292	520,134	179,258	1,155,684
Debt service				
Principal	1,522,363	-	-	1,522,363
Interest	212,703	-	-	212,703
Total expenditures	<u>7,302,992</u>	<u>520,134</u>	<u>5,338,206</u>	<u>13,161,332</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(66,474)</u>	<u>325,496</u>	<u>31,637</u>	<u>290,659</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(203,524)	-	(203,524)
Equipment financing proceeds	3,088,499	-	-	3,088,499
Total other financing sources (uses)	<u>3,088,499</u>	<u>(203,524)</u>	<u>-</u>	<u>2,884,975</u>
NET CHANGE IN FUND BALANCE	3,022,025	121,972	31,637	3,175,634
FUND BALANCE, beginning of year	<u>1,854,789</u>	<u>4,950,300</u>	<u>456,814</u>	<u>7,261,903</u>
FUND BALANCE, end of year	<u>\$ 4,876,814</u>	<u>\$ 5,072,272</u>	<u>\$ 488,451</u>	<u>\$ 10,437,537</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDAReconciliation 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, 2021**Amounts reported for governmental activities in the statement of net activities are different because:****NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 3,175,634

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. 2,695,780
This is the amount of depreciation recorded in the current period. (674,212)

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. (74,297)

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. (23,963)

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. 1,522,363
This amount represents the amount of borrowing proceeds. (3,088,499)
This amount represents the change in deferred outflows related to a loss on refunding. (10,051)
This amount represents the amortization of bond premiums. 5,668

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. 10,429
This is the change in the other postemployment benefit liability during the year. (108,183)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,430,669

TOWN OF OAKLAND, FLORIDA
Statement of Net Position – Proprietary Fund
September 30, 2021

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,139,570
Customer accounts receivable, net	192,620
Due from other governments	381,266
Total current assets	<u>1,713,456</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	990,578
Capital assets:	
Non-depreciable	1,710,380
Depreciable, net	10,813,430
Total noncurrent assets	<u>13,514,388</u>
TOTAL ASSETS	<u>15,227,844</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued payroll	67,663
Construction payable	186,816
Due to general fund	306,326
Due to impact fee fund	285,405
Unearned revenue	782,083
Bonds and notes payable, current	67,587
Total current liabilities	<u>1,695,880</u>
Noncurrent liabilities:	
Compensated absences	10,732
Liabilities payable from restricted assets:	
Accrued interest payable	1,774
Customer deposits	194,011
Bonds and notes payable, noncurrent portion	1,811,410
Total noncurrent liabilities	<u>2,017,927</u>
TOTAL LIABILITIES	<u>3,713,807</u>
NET POSITION	
Net investment in capital assets	10,457,997
Restricted for:	
Debt service	14,258
Unrestricted	1,041,782
TOTAL NET POSITION	<u>\$ 11,514,037</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDAStatement Of Revenues, Expenses and Changes in Net Position – Proprietary Fund
for the year ended September 30, 2021

	Enterprise Fund
OPERATING REVENUES:	
Charges for services:	
Water charges	\$ 1,456,156
Sewer charges	285,810
Sanitation charges	287,065
Total operating revenues	<u>2,029,031</u>
OPERATING EXPENSES:	
Personnel services	255,912
Operating expenses	1,083,757
Depreciation	349,906
Total operating expenses	<u>1,689,575</u>
OPERATING INCOME	<u>339,456</u>
NONOPERATING REVENUE (EXPENSE)	
Interest expense and other fiscal charges	(45,375)
Interest income	13
Total nonoperating revenues (expense)	<u>(45,362)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>294,094</u>
CAPITAL CONTRIBUTIONS	
Capital grants and contributions	2,384,762
Total capital contributions	<u>2,384,762</u>
TRANSFERS IN (OUT)	<u>203,524</u>
CHANGE IN NET POSITION	2,882,380
NET POSITION, beginning of year	<u>8,631,657</u>
NET POSITION, end of year	<u>\$ 11,514,037</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDAStatement Of Cash Flows – Proprietary Fund
for the year ended September 30, 2021

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,793,949
Payments to suppliers	(1,086,094)
Payments for salaries and benefits	(252,205)
Net cash flows from operating activities	<u>1,455,650</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	203,524
Net interfund borrowing	741,467
Net cash flows from noncapital financing activities	<u>944,991</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(1,143,558)
Principal paid on long-term debt	(900,993)
Interest paid on borrowings	(45,472)
Capital grants received, net of change in related receivable	513,154
Net cash flows from capital and related financing activities	<u>(1,576,869)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	13
Net cash flows from investing activities	<u>13</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	823,785
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,306,363</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 2,130,148</u></u>
As shown in the Accompanying Financial Statements	
Cash and cash equivalents	\$ 1,139,570
Restricted cash and cash equivalents	990,578
Total cash and cash equivalents	<u><u>\$ 2,130,148</u></u>
Noncash financing and investing activities:	
Donated infrastructure	<u><u>\$ 1,531,328</u></u>

Continued...

TOWN OF OAKLAND, FLORIDA

Statement of Cash Flows – Proprietary Fund (concluded)
for the year ended September 30, 2021

	<u>Enterprise Fund</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$	339,456
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		349,906
(Increase) decrease in accounts receivable		(44,053)
Increase (decrease) in unearned revenue		782,083
Increase (decrease) in customer deposits		26,888
Increase (decrease) in accounts payable		(2,337)
Increase (decrease) in accrued wages and compensated absences		3,707
Net cash flows from operating activities	<u>\$</u>	<u>1,455,650</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA

Statement of Fiduciary Net Position – Fiduciary Fund

September 30, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 340,356
Total assets	<u>340,356</u>
LIABILITIES	
Due to other governments	<u>340,356</u>
Total liabilities	<u>340,356</u>
NET POSITION	
Restricted for pension benefits	<u>\$ -</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA

Statement of Changes in Fiduciary Net Position – Fiduciary Fund
for the year ended September 30, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Fee collected on behalf of other governments	<u>\$ 509,472</u>
Total additions	<u>509,472</u>
DEDUCTIONS	
Remittance of fees to other governments	<u>509,472</u>
Total deductions	<u>509,472</u>
CHANGE IN NET POSITION	-
NET POSITION, beginning of year	<u>-</u>
NET POSITION, end of year	<u>\$ -</u>

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 on September 30, 2021.

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, sewer collection and disposal services and solid waste collection services.

Fiduciary Fund:

The Town uses a fiduciary fund to report assets held in a trustee or agency capacity that are, therefore, not available to support Town programs. The accounting for fiduciary funds is much like that used for proprietary funds. The Town reports the following fiduciary fund:

- **Custodial Fund** – The custodial fund is to account for impact fees collected on behalf of the Orange County School District ("District"). These funds are collected on behalf of the District as certain new construction development takes place within the Town and the funds are remitted to the District as actual construction on the developments take place.

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. On September 30, 2021, 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 \$60,164 on September 30, 2021. 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, 2021, such reserves for all funds totaled \$330. Receivables are reported in the financial statements net of the reserve for doubtful accounts.

DEVELOPMENT FEES RECEIVABLE – The Town has a policy to pass through certain costs related to the review, inspection, and regulation of development activities to the applicants submitting projects to the Town for review. The Town reports the unpaid development pass-through fees receivable as a component of *other receivables* on the general fund's balance sheet. On September 30, 2021, these amounts totaled \$77,896 and based upon an assessment performed by management an allowance for uncollectible development review fees receivable was not necessary.

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 incurred before the end of a construction period is a financing activity separate from the related capital asset and interest costs incurred before the end of the construction period are recognized as an expense in the period in which the cost is incurred. These interest costs are not capitalized as part of the historical cost of the capital asset.

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 \$6,342,705 of restricted net position, of which \$5,072,272 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, 2021.

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, 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, 2021.
- **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, 2021.
- **Unassigned** — amounts that represents the residual amount for the general fund that is not contained in other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within other governmental fund types is reported as unassigned.

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, 2021 was 6.50.

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.

For the year ended September 30, 2021, the general fund's actual expenditures exceeded budgeted appropriations by \$109,650. The over expenditures were funded by prior year fund balance.

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	\$ 5,656
Deposits in financial institutions:	
Insured or fully collateralized bank deposits,	<u>12,427,227</u>
Total cash and cash equivalents	<u>\$ 12,432,883</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.

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2021, was as follows:

	Balance October 1, 2020	Transfers	Increases	Decreases	Balance September 30, 2021
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,829,241	\$ -	\$ 31,573	\$ -	\$ 1,860,814
Construction-in-progress	2,204,601	(1,690,689)	560,230	-	1,074,142
Total capital assets, not being depreciated	<u>4,033,842</u>	<u>(1,690,689)</u>	<u>591,803</u>	<u>\$ -</u>	<u>2,934,956</u>
Capital assets, being depreciated:					
Land improvements	436,947	-	-	-	436,947
Buildings & improvements	11,222,602	1,690,689	-	-	12,913,291
Equipment	4,067,689	-	414,085	-	4,481,774
Infrastructure:					
Road systems	3,375,771	-	1,689,892	-	5,065,663
Drainage systems	865,970	-	-	-	865,970
Total capital assets, being depreciated	<u>19,968,979</u>	<u>1,690,689</u>	<u>2,103,977</u>	<u>-</u>	<u>23,763,645</u>
Less accumulated depreciation for:					
Land improvements	(251,772)	-	(6,039)	-	(257,811)
Buildings & improvements	(4,338,722)	-	(302,551)	-	(4,641,273)
Equipment	(3,352,569)	-	(223,911)	-	(3,576,480)
Infrastructure:					
Road systems	(346,835)	-	(120,062)	-	(466,897)
Drainage systems	-	-	(21,649)	-	(21,649)
Total accumulated depreciation	<u>(8,289,898)</u>	<u>-</u>	<u>(674,212)</u>	<u>-</u>	<u>(8,964,110)</u>
Total capital assets being depreciated, net	<u>11,679,081</u>	<u>1,690,689</u>	<u>1,429,765</u>	<u>-</u>	<u>14,799,535</u>
Governmental activities capital assets, net	<u>\$ 15,712,923</u>	<u>\$ -</u>	<u>\$ 2,021,568</u>	<u>\$ -</u>	<u>\$ 17,734,491</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 457,919	\$ -	\$ 13,980	\$ -	\$ 471,899
Construction-in-progress	743,052	(645,194)	1,140,623	-	1,238,481
Total capital assets, not being depreciated	<u>1,200,971</u>	<u>(645,194)</u>	<u>1,154,603</u>	<u>-</u>	<u>1,710,380</u>
Capital assets, being depreciated:					
Water and sewer system	12,183,109	645,194	1,673,718	-	14,502,021
Equipment	388,299	-	-	-	388,299
Total capital assets, being depreciated	<u>12,571,408</u>	<u>645,194</u>	<u>1,673,718</u>	<u>-</u>	<u>14,890,320</u>
Less accumulated depreciation for:					
Water and sewer system	(3,380,116)	-	(341,566)	-	(3,721,682)
Equipment	(346,868)	-	(8,340)	-	(355,208)
Total accumulated depreciation	<u>(3,726,984)</u>	<u>-</u>	<u>(349,906)</u>	<u>-</u>	<u>(4,076,890)</u>
Total capital assets being depreciated, net	<u>8,844,424</u>	<u>645,194</u>	<u>1,323,812</u>	<u>-</u>	<u>10,813,430</u>
Business-type activities capital assets, net	<u>\$ 10,045,395</u>	<u>\$ -</u>	<u>\$ 2,478,415</u>	<u>\$ -</u>	<u>\$ 12,523,810</u>

NOTE 5 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

<u>Governmental Activities:</u>	
General government	\$ 80,099
Law enforcement	153,409
Fire protection	13,206
Parks and recreation	15,842
Streets	150,612
Charter school	261,044
Total depreciation expense - governmental activities	<u>\$ 674,212</u>
<u>Business-type Activities:</u>	
Water	\$ 255,826
Sewer	94,080
Total depreciation expense - business-type activities	<u>\$ 349,906</u>

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2021

	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021	Amounts Due within One Year
Governmental Activities:					
Long-term liabilities:					
Bonds and notes payable:					
Series 2016 FMLC Revenue Bond	\$ 1,560,000	\$ -	\$ (105,000)	\$ 1,455,000	\$ 105,000
Series 2016 FMLC Revenue Bond, premium	38,857	-	(5,668)	33,189	-
Series 2013 Charter School Refunding Revenue Bonds	3,985,000	-	(445,000)	3,540,000	460,000
Series 2018 Capital Improvement Note	845,000	-	(845,000)	-	-
Equipment financing note (vehicles)	403,180	92,149	(127,363)	367,966	116,481
Equipment financing note (equipment)	-	2,996,350	-	2,996,350	31,478
Total bonds and notes payable:	6,832,037	3,088,499	(1,528,031)	8,392,505	712,959
Compensated absences	219,696	-	(10,429)	209,267	-
Other postemployment benefits	298,318	108,183	-	406,501	-
Total long-term liabilities	<u>\$ 7,350,051</u>	<u>\$ 3,196,682</u>	<u>\$ (1,538,460)</u>	9,008,273	<u>\$ 712,959</u>
Less amounts due in one year				(712,959)	
Net long-term liabilities in excess of one year				<u>\$ 8,295,314</u>	
Business-type Activities:					
Long-term liabilities:					
Bonds and notes payable:					
Series 1991 USDA Water Revenue Bonds	\$ 113,600	\$ -	\$ (7,600)	\$ 106,000	\$ 8,000
DW 4803C0 installment note to FDEP	1,828,890	-	(55,893)	1,772,997	59,587
Bank promissory note	800,000	-	(800,000)	-	-
Land purchase promissory note	37,500	-	(37,500)	-	-
Total bonds and notes payable:	2,779,990	-	(900,993)	1,878,997	67,587
Compensated absences	7,025	3,707	-	10,732	-
Total long-term liabilities	<u>\$ 2,787,015</u>	<u>\$ 3,707</u>	<u>\$ (900,993)</u>	1,889,729	<u>\$ 67,587</u>
Less amounts due in one year				(67,587)	
Net long-term liabilities in excess of one year				<u>\$ 1,822,142</u>	

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

Notes to Long-Term Obligations Table

Long term liabilities, including compensated absences, are typically liquidated by the individual fund to which the liability is directly associated.

All City long-term debt arose through direct borrowings or direct placements.

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 was payable semiannually at an interest rate of 3.30% and principal payments were due annually until maturity on April 1, 2028. This loan was paid off during the fiscal year ending September 30, 2021.
- Equipment financing note (vehicles) – The equipment financing note is an open-ended financing agreement whereby individual purchases of vehicles are authorized and approved that become a component of the overall master financing agreement. Principal and interest are payable monthly at an interest rate that ranges from 3.88% to 6.20% until the final note matures in June 2025.
- Equipment financing note (equipment) – In May 2021 the Town entered into this equipment financing note for a total amount of \$2,996,350 to be used for heating, ventilation and air conditioning system improvements at the Oakland Avenue Charter School facility. The proceeds were placed into an escrow account to be used as costs are incurred. Through the year ended September 30, 2021, \$202,731 was used to pay for project expenses, the remaining \$2,793,619 is reported as a component of restricted cash in the governmental activities. The note accrues interest at 2.96% per annum and semi-annual payments of principal and interest are due on October and April 1st of each year in varying amounts until final maturity on April 1, 2031.

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

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. The loan bears interest at a rate of 2.12% with a final maturity of March 15, 2043. 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.
- 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. This note was paid off in October 2020. See Note 16 for more information.
- Land purchase promissory note – The land purchase promissory note was issued in amount of \$75,000 for the purchase of land to be used in future enterprise fund operations. The loan accrued interest at 4% per annum and was paid off in 2021.

Maturities: Annual requirements to repay all long-term bonds and notes payable as of September 30, 2021, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 712,959	\$ 255,837	\$ 67,587	\$ 41,548
2023	709,548	231,290	69,239	39,896
2024	751,039	207,079	70,917	38,198
2025	772,423	182,726	72,722	36,453
2026	763,577	158,431	74,555	34,655
2027-2031	4,364,770	404,694	406,461	144,454
2032-2036	285,000	8,625	382,531	96,644
2037-2041	-	-	424,440	54,736
2042-2046	-	-	310,545	11,544
Unamortized bond premium	33,189	-	-	-
Total	<u>\$ 8,392,505</u>	<u>\$ 1,448,682</u>	<u>\$ 1,878,997</u>	<u>\$ 498,128</u>

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

Remedies in the Event of Default – The Town’s debt obligations all allow for the obligors to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of default as follows:

- Series 2016, Florida Municipal Loan Council Refunding and Improvement Revenue Bonds – the bonds are insured by a policy issued by a bond insurance company which unconditionally guarantees the payment of that portion of the bonds which has become due for payment, but which is unpaid by reason of nonpayment by the Town. In the event of default, the bond insurer shall have the right to direct the Trustee (the Bank of New York Mellon Trust Company, N.A.) to declare immediately the outstanding principal and any accrued interest due and payable.
- The Bank promissory note dated August 5, 2016 – the lender may declare the unpaid principal and accrued interest due and payable without notice. The lender may also take the \$800,000 certificate of deposit that secures this note and apply it to the outstanding principal and accrued interest due.
- DW 4803C0 installment note to FDEP - the lender, subject to the rights of superior liens on the pledged revenues, may request a court to appoint a receiver to manage the water systems, intercept the delinquent amount plus 6% from any unobligated funds due to the Town under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors and may accelerate the repayment schedule or increase the interest rate on the unpaid principal of the loan to as much as 1.667 times the loan interest rate.
- Equipment financing notes - the lender typically has the right to declare the unpaid principal components of the remaining payment to be due and payable upon default and in some cases, can forcibly repossess the asset securing the purchase.

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.

Pledged Revenue	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	% of Revenues to Principal and Interest Paid
Water system net revenue	\$ 2,377,125	\$ 109,156	\$ 787,117	721.09%
Charter school revenue	\$ 3,963,721	\$ 569,163	\$ 5,369,843	943.46%

NOTE 8 - INTERFUND TRANSACTIONS

Interfund receivables and payables as of September 30, 2021 consisted of:

	Interfund Receivable	Interfund (payable)		
		Enterprise fund	General fund	Timing Difference
General fund	\$ 306,326	\$ (306,326)	\$ -	\$ -
Impact fee special revenue fund	1,264,500	(285,405)	(979,095)	-
Charter school special revenue fund	-	-	(7,818)	(7,818)
	<u>\$ 1,570,826</u>	<u>\$ (591,731)</u>	<u>\$ (986,913)</u>	<u>\$ (7,818)</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, 2021 consisted of:

	Transfer Out:	
	Impact fee special revenue fund	Total
Transfer In:		
Enterprise fund	\$ 203,524	\$ 203,524
	<u>\$ 203,524</u>	<u>\$ 203,524</u>

The interfund transfers above represent capital costs for enterprise fund operations paid for with impact fees accounted for in the impact fee special revenue fund, a governmental fund type. The impact fee special revenue fund will pay for the expenditure which is capitalized in the enterprise fund and to reflect this transaction, the payment is reported as an interfund transfer.

NOTE 8 - INTERFUND TRANSACTIONS (cont...)

Interfund services provided and used for the year ending September 30, 2021 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 school security, finance, payroll and administrative services for charter school special revenue fund for which it charged a management fee which totaled \$151,990 for the year ended September 30, 2021. 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 full-time employees who are over 18 years of age and who have completed three months of service. The plan trust is administered by the Florida League of Cities, Inc. through the Florida Municipal Pension Trust Fund and the assets of the plan are not considered part of the Town's reporting entity. Employee contributions are 100% vested immediately and employer contributions vest at a rate of 20% per year of service up to 100% vesting upon completion of the fifth year of service. The Town contributes a nonelective 4% of compensation for all eligible employees other than police officers who receive a 10% contribution rate. Furthermore, the Town will match employee contributions up to 2%. Most employees of the Town were eligible and did participate in the plan during the year ended September 30, 2021. 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 \$303,241. Total Town contributions totaled approximately \$216,100 and employee contributions totaled approximately \$208,165.

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, 2021 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 \$10,800 and the current agreement will end on November 31, 2023.

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, 2021, is presented below:

	Water System	Sewer System	Sanitation System	Total
Condensed statement				
of revenue, expenses and				
changes in net position:				
Operating revenues	\$ 1,456,156	\$ 285,810	\$ 287,065	\$ 2,029,031
Personnel services	(255,912)	-	-	(255,912)
Operating expenses	(413,140)	(424,480)	(246,137)	(1,083,757)
Depreciation expense	(255,826)	(94,080)	-	(349,906)
Nonoperating revenues (expenses):				
Interest expense	(45,525)	150	-	(45,375)
Interest income	13	-	-	13
Capital grants and contributions	1,531,328	853,434	-	2,384,762
Interfund transfer in (out)	203,524	-	-	203,524
Change in net position	<u>\$ 2,220,618</u>	<u>\$ 620,834</u>	<u>\$ 40,928</u>	<u>\$ 2,882,380</u>
Summary information				
from statement of net position:				
Capital assets, net	<u>\$ 7,494,490</u>	<u>\$ 5,029,320</u>	<u>\$ -</u>	<u>\$ 12,523,810</u>
Long-term debt, including current portion	<u>\$ 1,878,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,878,997</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>82</u>
Total	<u><u>82</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, 2020 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 3.58%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rates at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used. All future benefits were discounted using the above discount rate.

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

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

Actuarial valuation date	September 30, 2019
Measurement date	September 30, 2020
Inflation	2.50%
Salary increases	2.50%
Discount rate	2.14%
Retirement rate	100% at age 58
Marital status	100% assumed married
Health care participation	20% assumed, with 50% electing spouse coverage
Initial health care inflation rate	4.00%
Year 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 3.58% for the reporting period ending September 30, 2020 to 2.14% for the reporting period ended September 30, 2021.

OPEB expense: For the year ended September 30, 2021, the Town recognized OPEB expense of \$123,325.

Changes in the Total OPEB Liability

	Total OPEB Liability
Reporting period ending September 30, 2020	\$ 298,318
Changes for the year:	
Service cost	43,633
Interest	12,034
Changes of assumptions	64,258
Benefit payments	(11,742)
Net changes	108,183
Reporting period ending September 30, 2021	\$ 406,501

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 or 1-percentage-point higher than the current discount rate:

	1% Decrease 1.14%	Current discount rate 2.14%	1% Increase 3.14%
Total OPEB liability	\$ 462,880	\$ 406,501	\$ 360,090

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 6.50%) or 1-percentage-point higher (5.00% to 8.50%) than the current healthcare cost trend rate range (4.00% to 7.50%):

	1% Decrease 3.00% to 6.50%	Healthcare cost trend rate 4.00% to 7.50%	1% Increase 5.00% to 8.50%
Total OPEB liability	\$ 351,398	\$ 406,501	\$ 474,419

NOTE 14 - COMMITMENTS AND CONTINGENCIES

On October 5, 1993, the Town entered into an agreement with Orange County (“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 \$760,958 for the year ended September 30, 2021. The estimated cost for the fiscal year ending September 30, 2022 is \$901,462.

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, 2020, 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.

Effective October 13, 2020, the Town entered into an interlocal agreement with the County to cooperate in the designing, permitting and construction of transportation improvements within the Town.

- The Town is solely responsible for all the costs of designing, permitting and acquiring the necessary right-of-way for the construction of the project.
- Construction costs will be shared equally between the Town and the County subject to a maximum contribution by the County of \$700,000.
- The Town is solely responsible for all construction-engineering-inspection (CEI) costs which are estimated to be \$300,000. The agreement does contain a provision in which the County will share these costs with the Town contingent upon receiving a certain amount of grant funding from the Florida Department of Transportation (“FDOT”).
- The design engineer’s good faith cost estimate to construct the project is \$2,371,100.
- The Town is required to pay \$1,000,000 to the County once the County issues a notice-to-proceed to the construction contractor. These funds will be used to cover the Town’s portion of the construction and CEI costs.
- The notice-to-proceed was provided to the Town in May 2022 at which time the required \$1,000,000 payment was made to the County.
- The agreement is automatically terminated if Orange County, Florida is unable to receive Florida Department of Transportation grant assistance in the amount of \$1,201,000.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLES

During the fiscal year ended September 30, 2021, the Town implemented the provisions of GASB Statement No. 84 – Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that the activities be reported in a fiduciary fund in the basic financial statements. A statement of fiduciary net position and a statement of changes in fiduciary net position are required to be presented for these activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds (formerly agency funds). Implementation of this Statement did not require a restatement of net position or fund balance but resulted in the creation of a custodial fund to account for fees collected on behalf of other governments. See Note 1 for more information about the Town’s fund structure.



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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OAKLAND, FLORIDA
 Budgetary Comparison Schedule – General Fund
 for the year ended September 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
BUDGETARY INFLOWS				
Taxes	\$ 3,222,841	\$ 3,356,889	\$ 3,385,621	\$ 28,732
Licenses and permits	526,000	865,423	864,859	(564)
Intergovernmental revenue	579,601	840,876	915,402	74,526
Charges for services	329,850	427,897	481,265	53,368
Fines and forfeitures	10,500	12,729	11,229	(1,500)
Other	983,874	1,753,629	1,578,142	(175,487)
Loan proceeds	-	-	3,088,499	3,088,499
Total resources	<u>5,652,666</u>	<u>7,257,443</u>	<u>10,325,017</u>	<u>3,067,574</u>
BUDGETARY OUTFLOWS				
General government	1,554,419	1,927,439	1,984,431	(56,992)
Public safety	2,233,998	2,298,082	2,249,832	48,250
Transportation	608,293	636,474	650,036	(13,562)
Culture/recreation	243,796	229,543	227,335	2,208
Capital outlay	134,568	1,050,847	253,561	797,286
Debt service	877,592	848,226	1,735,066	(86,840)
Total charges to appropriations	<u>5,652,666</u>	<u>6,990,611</u>	<u>7,100,261</u>	<u>(109,650)</u>
EXCESS (DEFICIENCY) OF INFLOWS OVER OUTFLOWS				
	<u>\$ -</u>	<u>\$ 266,832</u>	<u>\$ 3,224,756</u>	<u>\$ 2,957,924</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.	\$ 10,325,017
Differences - budget to GAAP	
Budgetary inflows representing debt issuance proceeds are reported as an other financing source on a GAAP basis.	(3,088,499)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 7,236,518</u>

Budgetary outflows:

Actual outflows (budgetary basis) from the budgetary comparison schedule.	\$ 7,100,261
Differences - budget to GAAP	
Capital outlay expenditures funded by capital lease proceeds are not reported as a budgetary outflow	202,731
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 7,302,992</u>

TOWN OF OAKLAND, FLORIDA

Budgetary Comparison Schedule – Impact Fee Special Revenue Fund
for the year ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
BUDGETARY INFLOWS				
Licenses and permits	\$ 5,334,728	\$ 5,334,728	\$ 844,984	\$ (4,489,744)
Other	-	-	646	646
Total resources	<u>5,334,728</u>	<u>5,334,728</u>	<u>845,630</u>	<u>(4,489,098)</u>
BUDGETARY OUTFLOWS				
General government	25,000	25,000	-	25,000
Public safety	125,000	125,000	-	125,000
Transportation	1,275,000	1,275,000	-	1,275,000
Culture/recreation	525,000	525,000	-	525,000
Capital outlay	-	-	520,134	(520,134)
Interfund transfer to enterprise fund	607,000	607,000	203,524	403,476
Total charges to appropriations	<u>2,557,000</u>	<u>2,557,000</u>	<u>723,658</u>	<u>1,833,342</u>
EXCESS (DEFICIENCY) OF INFLOWS OVER OUTFLOWS				
	<u>\$ 2,777,728</u>	<u>\$ 2,777,728</u>	<u>\$ 121,972</u>	<u>\$ (2,655,756)</u>

TOWN OF OAKLAND, FLORIDABudgetary Comparison Schedule – Charter School Special Revenue Fund
for the year ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
BUDGETARY INFLOWS				
Intergovernmental revenue	\$ 4,666,392	\$ 4,666,392	\$ 5,027,256	\$ 360,864
Charges for service	82,000	82,000	27,477	(54,523)
Other sources	579,757	579,757	315,110	(264,647)
Total resources	<u>5,328,149</u>	<u>5,328,149</u>	<u>5,369,843</u>	<u>41,694</u>
BUDGETARY OUTFLOWS				
Culture/recreation and capital outlay	5,413,207	5,413,207	5,338,206	75,001
Total charges to appropriations	<u>5,413,207</u>	<u>5,413,207</u>	<u>5,338,206</u>	<u>75,001</u>
NET CHANGE IN FUND BALANCE	<u>\$ (85,058)</u>	<u>\$ (85,058)</u>	<u>\$ 31,637</u>	<u>\$ 116,695</u>

TOWN OF OAKLAND, FLORIDA

Schedule Of Changes in the Total OPEB Liability and Related Ratios

Reporting date	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability				
Service cost	\$ 43,633	\$ 25,428	\$ 26,707	\$ 28,211
Interest	12,034	10,104	8,356	6,686
Changes of assumptions	64,258	(3,737)	(14,426)	(15,724)
Difference between expected and actual experience	-	54,028	-	-
Benefit payments	(11,742)	(7,520)	(6,915)	(6,359)
Net change in total OPEB Liability	108,183	78,303	13,722	12,814
Total OPEB Liability - beginning	298,318	220,015	206,293	193,479
Total OPEB Liability - ending	\$ 406,501	\$ 298,318	\$ 220,015	\$ 206,293
Covered-employee payroll	3,544,772	3,458,314	2,806,024	2,670,814
Total OPEB liability as a percentage of covered-employee payroll	11.47%	8.63%	7.84%	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:

Changes in the discount rate are as follows:

<u>Reporting date</u>	<u>Measurement date</u>	<u>Discount Rate</u>
September 30, 2021	September 30, 2020	2.14%
September 30, 2020	September 30, 2019	3.58%
September 30, 2019	September 30, 2018	4.18%
September 30, 2018	September 30, 2017	3.64%



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OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Oakland, Florida as of and for the year ended September 30, 2021, 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 30, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 10-05 and 2021-001.

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

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 30, 2022

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, 2021. 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, Florida'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, 2021.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 30, 2022

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, 2021, and have issued our report thereon dated June 30, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, 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* 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 30, 2022, 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 corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the preceding audit report findings except those listed below:

Tabulation of Uncorrected Findings		
Current Year Finding #	2019-2020 FY Finding #	2018-2019 FY Finding #
10-05	10-05	10-05
2020-001	2020-001	Na
2020-002	2020-002	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 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. See finding 2020-001 and 2020-002 in the accompanying schedule of findings and recommendations for prior year findings that have not been corrected. In connection with our audit, there were no new findings in the current year.

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 30, 2022

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.

View of Responsible Official: See accompanying letter of management's response.

Finding 2020-001: Capital Asset Inventory

Criteria: Florida Administrative Code 69I-73.006 requires the Town to take an annual inventory of the Town's property and to reconcile the results of the inventory to the Town's detailed property records.

Condition: During our audit we noted that the Town did not perform a physical inventory of the Town's capital asset property for the fiscal year ended September 30, 2021.

Effect: Increased possibility that errors and irregularities could occur and not be detected in a timely manner and noncompliance with Florida Administrative Code 69I-73.006.

Cause: The Town did not perform the required annual inventory of their capital asset property records.

Recommendation: We recommend that management implement procedures to ensure that a physical inventory of all capital asset property is completed annually, and the results reconciled to the Town's property records.

View of Responsible Official: See accompanying letter of management's response.

Finding 2020-002: Budgetary Control

Criteria: Section 166.241 of the Florida Statutes requires that the Town adopt an annual budget. The adopted budget must regulate the expenditures of the Town and the Town may not expend or contract for expenditures except pursuant to the adopted budget.

Condition: Based upon our audit procedures, we noted that the general fund expenditures for the fiscal year ended September 30, 2021, exceeded the amended budgeted appropriations by \$109,650.

TOWN OF OAKLAND, FLORIDA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended September 30, 2021

Effect: The general fund's actual expenditures exceeded budgeted appropriations.

Cause: While a budget amendment was prepared, the financial information used for the budget amendment contained errors that resulted in a situation where actual expenditures exceeded the amended budgeted amounts.

Recommendation: We recommend that the Town maintain the accounting information system so that the information contained therein is accurate and up to date so that when a budget amendment is deemed necessary, the information used to calculate the amendment can be relied upon. The Town can amend their budget within 60 days after their fiscal year.

View of Responsible Official: See accompanying letter of management's response.

Finding 2021-001: Bank Reconciliations Need Improvement

Criteria: Good internal control requires that a *proper* reconciliation between the Town's bank statements, and the related general ledger balances be performed monthly, and this bank reconciliation process should be performed by someone other than the preparer of bank deposits and the individuals preparing checks.

Condition: During our current audit we noted that bank reconciliations were being performed within the Town's accounting information system, but these reconciliations contained unusual and unsupported reconciling items and as a result, the reconciliations were not valid as they did not adequately explain differences between the bank account balance and the amounts reported within the Town's accounting information system.

Effect: Without a *proper* reconciliation between the Town's bank statements and the related general ledger balances, there is no assurance that all cash transactions have been recorded nor any assurance that errors are identified and corrected in a timely manner.

Cause: During the fiscal year, the Town converted from one accounting information system to another which created erroneous entries within the bank reconciliation process and reports. These errors were identified by management but no corrections were made nor a manual reconciliation performed as an alternative procedure to validate the general ledger balances.

Recommendation: We recommend that the activity posted to the Town's bank accounts be monitored and reconciled monthly to provide assurance that the activity posted to the bank accounts and the related general ledger balances are correct. Furthermore, we recommend that management work with the Town's accounting information system software provider to correct the errors that were identified.

View of Responsible Official: See accompanying letter of management's response.

June 30, 2022

Honorable Mayor, Town Commissioners
Town of Oakland, Florida

RE: Management Letter dated June 30, 2022

View of responsible officials and planned corrective actions.

Finding 10-05: Internal Control over Financial Reporting

We concur with the auditor's recommendation and will closely monitor our financial reporting and work with a qualified consultant to assist in strengthening our internal controls and financial reporting.

Finding 2020-001: Capital Asset Inventory

We concur with the auditor's recommendation and will work with the individual departments to conduct an inventory of capital assets.

Finding 2020-002: Budgetary Control

We concur with the auditor's recommendation to amend our budget to ensure actual expenditures to not exceed the budgeted appropriations.

Finding 2021-001: Bank Reconciliations Need Improvement

We concur with the auditor's recommendation and will work with our new accounting software provider to correct the errors that transpired during the conversion.

Respectfully submitted,



Renee Mullen

Finance Director

