



FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

September 30, 2022

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Oakland, Florida (the "Town"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Oakland, Florida, as of September 30, 2022, 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.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 16 to the financial statements, in 2022, the Town adopted new accounting guidance. Governmental Accounting Standards Board (GASB) Statement No. 87 – *Leases*. Our opinions are not modified with respect to this matter.

Correction of Error

As described in Note 17 to the financial statements, in 2022, the Town identified an error contained within prior period financial statements and as a result, restated beginning net position of the governmental activities and fund balance of the general fund. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and section 215.97, *Florida Statutes* and Chapter 10.550, *Rules of the Auditor General*, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of the Town'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 this report is solely 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 the effectiveness of the Town's 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 Town's internal control over financial reporting and compliance.

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

In accordance with Chapter 10.550, *Rules of the Auditor General*, we have issued our report dated June 29, 2023 on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of this report is to describe the scope of our examination and the issuance of an opinion on the Town of Oakland, Florida's compliance with requirements of Section 218.415, *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 29, 2023

TOWN OF OAKLAND, FLORIDA

Management's Discussion and Analysis

September 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, 2022. 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 and deferred inflows of resources at the close of fiscal year 2022 by \$39,415,338 (net position). Of this amount, \$3,590,772 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors compared to \$1,678,449 in the prior year.
- The Town's total net position increased by \$8,849,803 (or 29%) over the previous fiscal year's restated net position.
- On September 30, 2022, the Town's governmental funds reported combined ending fund balances of approximately \$10,421,233 an increase of \$64,348 (1%) in comparison with the prior year's restated balance.
- On September 30, 2022, unassigned fund balance for the general fund was a positive \$1,238,214 (\$1,208,587 in the prior year).
- Governmental funds revenue increased \$1,517,865 or 11% while expenditures increased by \$1,870,715 or 14%.
- The Town's outstanding long-term debt (including leases payable) decreased approximately \$641,000 or 6% during fiscal year 2022.

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, wastewater and sanitation 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 (custodial 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 \$39,415,338 as of September 30, 2022. 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,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 11,511,408	\$ 11,197,393	\$ 3,073,328	\$ 2,112,303	\$ 14,584,736	\$ 13,309,696
Capital assets	<u>22,416,801</u>	<u>17,734,491</u>	<u>15,344,319</u>	<u>12,523,810</u>	<u>37,761,120</u>	<u>30,258,301</u>
Total assets	<u>33,928,209</u>	<u>28,931,884</u>	<u>18,417,647</u>	<u>14,636,113</u>	<u>52,345,856</u>	<u>43,567,997</u>
Deferred Outflows of Resources	<u>22,686</u>	<u>31,431</u>	<u>-</u>	<u>-</u>	<u>22,686</u>	<u>31,431</u>
Long-term liabilities	8,396,967	9,008,273	1,899,478	1,889,729	10,296,445	10,898,002
Other liabilities	<u>960,509</u>	<u>822,892</u>	<u>1,621,269</u>	<u>1,232,347</u>	<u>2,581,778</u>	<u>2,055,239</u>
Total liabilities	<u>9,357,476</u>	<u>9,831,165</u>	<u>3,520,747</u>	<u>3,122,076</u>	<u>12,878,223</u>	<u>12,953,241</u>
Deferred Inflows of Resources	<u>74,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,981</u>	<u>-</u>
Net position:						
Net investment in						
Capital assets	15,848,142	12,167,036	13,270,930	10,457,997	29,119,072	22,625,033
Restricted	6,691,203	6,328,447	14,291	14,258	6,705,494	6,342,705
Unrestricted	<u>1,979,093</u>	<u>636,667</u>	<u>1,611,679</u>	<u>1,041,782</u>	<u>3,590,772</u>	<u>1,678,449</u>
Total net position	<u>\$ 24,518,438</u>	<u>\$ 19,132,150</u>	<u>\$ 14,896,900</u>	<u>\$ 11,514,037</u>	<u>\$ 39,415,338</u>	<u>\$ 30,646,187</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 74% 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 \$6,705,494 (17% of total net position in the current year and 21% in the prior year) which is restricted for debt service, charter school operations and capital projects. The remaining balance of unrestricted net position, \$3,590,772 (9% of total net position in the current year and 5% 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, 2022

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,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 7,274,246	\$ 6,929,738	\$ 2,536,890	\$ 2,029,031	\$ 9,811,136	\$ 8,958,769
Operating grants and contributions	909,646	619,649	-	-	909,646	619,649
Capital grants and contributions	5,227,244	3,312,609	2,837,835	2,384,762	8,065,079	5,697,371
<i>General revenues:</i>						
Property taxes	2,839,486	2,452,728	-	-	2,839,486	2,452,728
Franchise/Public Ser. Tax	914,424	817,959	-	-	914,424	817,959
Fuel taxes	123,903	103,909	-	-	123,903	103,909
State shared revenues	923,910	677,533	-	-	923,910	677,533
Other	124,100	123,261	7,291	13	131,391	123,274
Total revenues	18,336,959	15,037,386	5,382,016	4,413,806	23,718,975	19,451,192
Expenses:						
General government	1,374,979	1,092,466	-	-	1,374,979	1,092,466
Comprehensive planning	1,036,588	998,111	-	-	1,036,588	998,111
Police	2,072,325	1,673,986	-	-	2,072,325	1,673,986
Fire protection	929,068	774,164	-	-	929,068	774,164
Charter school	5,855,449	5,479,079	-	-	5,855,449	5,479,079
Streets	959,926	863,055	-	-	959,926	863,055
Parks and recreation	302,786	281,282	-	-	302,786	281,282
Interest on long-term debt	271,600	241,050	-	-	271,600	241,050
Water	-	-	1,177,764	970,403	1,177,764	970,403
Sewer	-	-	601,654	518,410	601,654	518,410
Sanitation	-	-	287,033	246,137	287,033	246,137
Total expenses	12,802,721	11,403,193	2,066,451	1,734,950	14,869,172	13,138,143
Increase (decrease) in net position before transfers	5,534,238	3,634,193	3,315,565	2,678,856	8,849,803	6,313,049
Transfers in (out)	(67,298)	(203,524)	67,298	203,524	-	-
Change in Net Position	5,466,940	3,430,669	3,382,863	2,882,380	8,849,803	6,313,049
Net position - October 1	19,132,150	15,701,481	11,514,037	8,631,657	30,646,187	24,333,138
Restatement	(80,652)	-	-	-	(80,652)	-
Net position - September 30	<u>\$ 24,518,438</u>	<u>\$ 19,132,150</u>	<u>\$ 14,896,900</u>	<u>\$ 11,514,037</u>	<u>\$ 39,415,338</u>	<u>\$ 30,646,187</u>

Governmental activities

Governmental activities increased the Town's net position by \$5,466,940. In the prior year, governmental activities net position increased by \$3,430,669. In 2022, revenues increased by \$3,299,573 or 22% compared to the prior year and expenses increased by \$1,399,528 or 12% compared to the prior year.

Major revenue changes:

- Capital grants and contributions revenue increased by \$1,914,635 or 58% mainly due to donated property and improvements of \$3,256,485 in the current year and \$1,857,418 in the prior year, an increase of \$1,399,067 or 75%. Impact fee revenue also increased by \$697,000 (89%) in 2022 compared to 2021 due to an increase in construction activity within the Town.
- Property tax revenue increased by \$386,758 or 16% due to increased property values within the Town.
- Charges for services revenue increased by \$344,508 or 5% mainly due to increased building permit revenue received due to increased construction activity within the Town.
- Operating grants and contribution revenue increased by \$289,997 or 47% mainly due to operating grants received by the Oakland Avenue Charter School through the Orange County Public School District.

Major expense changes:

- Police function expenses increased by \$398,339 or 24% due to a \$208,000 or 17% increase in personnel related expenses and approximately \$150,000 in non-capital equipment and facility renovation costs.
- Charter school expenses increased by \$376,370 or 7% due to increased personnel related expenses, increased purchases of educational materials and increased depreciation expense due to investments in technology that are capital in nature and that generate increased depreciation expense.
- General government expenses increased by \$282,513 or 26% mainly due to \$80,000 or 7% increase in personnel related expenses, \$84,000 increase in depreciation expense due to the recent purchase and construction of capital assets, and the remainder of the increase was due to broad changes in other various expense categories.

Business-Type Activities

Business-type activities increased the Town's net position by \$3,382,863. In the prior year, net position increased by \$2,882,380, an improvement of \$500,483 or 17%. The improvement was mainly due to the following:

- Total revenue increased by \$968,210 or 22% mainly due to the following:
 - Increased capital grants and contributions of \$453,073 or 19%.
 - State and other grant revenue increased by \$724,029 (85%) which was partially offset by a \$270,956 (18%) decrease in the amount of donated water and sewer infrastructure recognized in the current year compared to the prior year.
 - Increased charges for services of \$507,859 or 25% due to increased customers of the water and wastewater utility system.
- Total expenses increased by \$331,501 or 19% 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, 2022, the Town's governmental funds reported combined ending fund balances of \$10,421,233, an increase of \$64,348 when compared to the previous year.

The general fund is the chief operating fund of the Town. On September 30, 2022, unassigned fund balance for the general fund was \$1,238,214 compared to \$1,208,587 in the prior year. When the current unassigned fund balance is compared to the prior year balances, there was a current year increase of \$29,627 or 3%.

Total fund balance of the governmental funds increased by \$64,348 in 2022 due to the following:

- Total revenue increased by \$1,517,865 or 11%, mainly due to:
 - \$502,836 or 15% increase in taxes due to increased property valuations, increased construction activity within the Town and general economic improvement overall that drives more tax revenue.
 - \$1,041,691 or 61% increase in licenses and permits mainly due to increased impact fees (\$786,222 or 93%) and building permits (\$255,469 or 30%) due to increased construction activity within the Town.
- Total expenditures increased by \$1,870,715 or 14%, mainly due to:
 - An increase of approximately \$498,000 or 9% in personnel related expenditures due to increased staffing, increased wage rates and increased insurance expenditures.
 - Capital outlay expenditures increased by \$1,322,380 or 114% due to increased capital investment within the Town.
 - Debt service expenditures decreased by \$771,020 or 51% mainly due to the early payoff of the Series 2018 Capital Improvement Note which had a balance of \$845,000 when paid off in the prior year.

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 \$3,382,863 (29%), the unrestricted portion of net position was \$1,611,679 on September 30, 2022, which is a \$569,897 (55%) improvement from 2022. This divergence between the total change in net position and the unrestricted net position change is due to the large increases to the proprietary fund's net investment in capital asset.

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 \$2,607,683 less than budgeted and actual budgetary outflows were \$1,438,363 less than budgeted resulting in an overall change in fund balance that was \$1,169,320 less than budgeted.

The original budget for fiscal year 2022 was amended to increase budgetary resources by \$1,075,226 (12%) and charges to appropriations of \$931,662 (10%). 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.

The variance between actual inflows and budgeted inflows of \$2,607,683 was mainly due to the Town budgeting the loan proceeds received in 2021 as budgetary inflows in 2022. These inflows were reported as loan proceeds in 2021. The loan proceeds were for an HVAC project at the Oakland Avenue Charter School and, while issued in 2021, the proceeds were placed in an escrow account and expenditures related to this project were incurred in 2022. To match budgetary inflows to budgetary outflows, the Town budgeted these loan proceeds in 2022.

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, 2022 amounts to \$37,761,120, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, right-to-use leased assets, land improvements, water and wastewater systems, and vehicles. The total capital asset additions of the Town totaled approximately \$8,772,150 during fiscal year 2022 compared to \$5,524,101 in 2021.

Following is a summary of capital assets:

	Capital Assets Activity					
	(net of depreciation)					
	as of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,860,814	\$ 1,860,814	\$ 471,899	\$ 471,899	\$ 2,332,713	\$ 2,332,713
Buildings and improvements	13,425,111	13,350,238	16,139,362	14,502,021	29,564,473	27,852,259
Vehicles and equipment	3,544,653	4,076,465	564,346	388,299	4,108,999	4,464,764
Right to use leased assets	689,009	495,172	-	-	689,009	495,172
Infrastructure	9,216,436	5,931,633	-	-	9,216,436	5,931,633
Construction in progress	2,709,868	1,074,142	2,559,827	1,238,481	5,269,695	2,312,623
Less: accumulated depreciation	<u>(9,029,090)</u>	<u>(8,975,286)</u>	<u>(4,391,115)</u>	<u>(4,076,890)</u>	<u>(13,420,205)</u>	<u>(13,052,176)</u>
Total	<u><u>\$ 22,416,801</u></u>	<u><u>\$ 17,813,178</u></u>	<u><u>\$ 15,344,319</u></u>	<u><u>\$ 12,523,810</u></u>	<u><u>\$ 37,761,120</u></u>	<u><u>\$ 30,336,988</u></u>

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

Capital Asset and Debt Administration (cont...)

Long-Term Debt

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

	Bonds, Notes and Leases Payable					
	as of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Bonds payable	\$ 4,457,931	\$ 5,028,189	\$ 98,000	\$ 106,000	\$ 4,555,931	\$ 5,134,189
Notes payable	3,057,608	3,210,071	1,784,250	1,772,997	4,841,858	4,983,068
Leases payable	311,256	232,932	-	-	311,256	232,932
Total	<u><u>\$ 7,826,795</u></u>	<u><u>\$ 8,471,192</u></u>	<u><u>\$ 1,882,250</u></u>	<u><u>\$ 1,878,997</u></u>	<u><u>\$ 9,709,045</u></u>	<u><u>\$ 10,350,189</u></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 the Town Manager at 220 North Tubb Street, Oakland, Florida, 34760.

TOWN OF OAKLAND, FLORIDA
Statement of Net Position
September 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 2,324,601	\$ 2,252,583	\$ 4,577,184
Receivables, current:			
Customer accounts, net	13,719	266,473	280,192
Intergovernmental	183,926	45,540	229,466
Other	216,148	-	216,148
Internal balances (Note 8)	866,894	(866,894)	-
Prepaid expenses and deposits	1,048,944	-	1,048,944
Restricted assets:			
Cash and cash equivalents	6,857,176	1,375,626	8,232,802
Capital Assets:			
Non-depreciable	4,570,682	3,031,726	7,602,408
Depreciable, net	17,846,119	12,312,593	30,158,712
TOTAL ASSETS	33,928,209	18,417,647	52,345,856
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge in refunding	22,686	-	22,686
TOTAL DEFERRED OUTFLOWS OF RESOURCES	22,686	-	22,686
LIABILITIES			
Accounts payable and accrued payroll	630,873	67,215	698,088
Construction payable	-	191,139	191,139
Unearned revenue	53,919	1,146,748	1,200,667
Accrued interest payable	98,883	1,774	100,657
Deposits	176,834	214,393	391,227
Long-term obligations:			
Due within one year	747,338	91,813	839,151
Due in more than one year	7,649,629	1,807,665	9,457,294
TOTAL LIABILITIES	9,357,476	3,520,747	12,878,223
DEFERRED INFLOWS OF RESOURCES			
Service concession arrangement related	13,909	-	13,909
Lease related	61,072	-	61,072
TOTAL DEFERRED INFLOWS OF RESOURCES	74,981	-	74,981
NET POSITION			
Net investment in capital assets	15,848,142	13,270,930	29,119,072
Restricted for:			
Debt service	395,834	14,291	410,125
Building code enforcement	680,961	-	680,961
Charter school operations	307,121	-	307,121
Water system improvements	1,141,817	-	1,141,817
Wastewater system improvements	437,501	-	437,501
Parks and recreation improvements	613,431	-	613,431
Law enforcement improvements	203,446	-	203,446
Transportation improvements	2,529,939	-	2,529,939
Administrative facilities improvements	251,103	-	251,103
Fire protection improvements	130,050	-	130,050
Unrestricted	1,979,093	1,611,679	3,590,772
TOTAL NET POSITION	\$ 24,518,438	\$14,896,900	\$ 39,415,338

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
Statement of Activities
for the year ended September 30, 2022

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	\$ 1,374,979	\$ 945,293	\$ 23,639	\$ 703,189	\$ 297,142	\$ -	\$ 297,142
Comprehensive planning	1,036,588	1,454,295	-	-	417,707	-	417,707
Police	2,072,325	94,008	250	159,908	(1,818,159)	-	(1,818,159)
Fire protection	929,068	14,402	-	15,581	(899,085)	-	(899,085)
Charter school	5,855,449	4,759,102	822,940	266,691	(6,716)	-	(6,716)
Streets	959,926	7,146	-	3,930,773	2,977,993	-	2,977,993
Parks and recreation	302,786	-	62,817	151,102	(88,867)	-	(88,867)
Interest on long-term debt	271,600	-	-	-	(271,600)	-	(271,600)
Total governmental activities	12,802,721	7,274,246	909,646	5,227,244	608,415	-	608,415
Business-type activities							
Water utility	1,177,764	1,798,893	-	1,152,549	-	1,773,678	1,773,678
Sewer utility	601,654	432,826	-	1,685,286	-	1,516,458	1,516,458
Sanitation utility	287,033	305,171	-	-	-	18,138	18,138
Total business-type activities	2,066,451	2,536,890	-	2,837,835	-	3,308,274	3,308,274
TOTAL PRIMARY GOVERNMENT	\$ 14,869,172	\$ 9,811,136	\$ 909,646	\$ 8,065,079	608,415	3,308,274	3,916,689
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					2,839,486	-	2,839,486
Franchise taxes					264,848	-	264,848
Public service taxes					649,576	-	649,576
Fuel taxes for transportation purposes					123,903	-	123,903
State shared revenue					923,910	-	923,910
Investment earnings					3,549	42	3,591
Gain on sale of capital assets					1,007	-	1,007
Other revenues					119,544	7,249	126,793
TRANSFERS					(67,298)	67,298	-
Total general revenues and transfers					4,858,525	74,589	4,933,114
Change in net position					5,466,940	3,382,863	8,849,803
NET POSITION, beginning of year					19,132,150	11,514,037	30,646,187
Restatement (Note 17)					(80,652)	-	(80,652)
NET POSITION, beginning - as restated					19,051,498	11,514,037	30,565,535
NET POSITION, end of year					\$ 24,518,438	\$ 14,896,900	\$ 39,415,338

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2022

	General Fund	Impact Fee Special Revenue Fund	Charter School Special Revenue Fund	Total
ASSETS				
Cash and cash equivalents	\$ 2,324,601	\$ 3,707,195	\$ 615,914	\$ 6,647,710
Receivables, net:				
Customer accounts	13,719	-	-	13,719
Intergovernmental	79,773	-	104,153	183,926
Leases	61,792	-	-	61,792
Service concession arrangement	13,861	-	-	13,861
Other	140,495	-	-	140,495
Due from general fund	-	1,315,677	-	1,315,677
Due from enterprise fund	582,479	284,415	-	866,894
Prepaid expenditures	3,245	-	45,699	48,944
Deposits	-	1,000,000	-	1,000,000
Restricted cash and cash equivalents	2,534,067	-	-	2,534,067
TOTAL ASSETS	<u>\$ 5,754,032</u>	<u>\$ 6,307,287</u>	<u>\$ 765,766</u>	<u>\$ 12,827,085</u>
LIABILITIES				
Accounts payable and accrued payroll	307,680	14,400	308,793	630,873
Due to impact fee fund	1,315,677	-	-	1,315,677
Deposits	176,834	-	-	176,834
Unearned revenue	53,919	-	-	53,919
TOTAL LIABILITIES	<u>1,854,110</u>	<u>14,400</u>	<u>308,793</u>	<u>2,177,303</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	49,415	-	104,153	153,568
Service concession arrangement related	13,909	-	-	13,909
Lease related	61,072	-	-	61,072
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>124,396</u>	<u>-</u>	<u>104,153</u>	<u>228,549</u>
FUND BALANCE				
Nonspendable:				
Prepaid expenditures and deposits	3,245	1,000,000	45,699	1,048,944
Restricted:				
Debt service	429,714	-	-	429,714
Cash with fiscal agent - debt service	187,942	-	-	187,942
Building code enforcement	680,961	-	-	680,961
Charter school facility improvements	1,235,450	-	-	1,235,450
Charter school operations	-	-	307,121	307,121
Water system improvements	-	1,141,817	-	1,141,817
Wastewater system improvements	-	437,501	-	437,501
Parks and recreation improvements	-	613,431	-	613,431
Law enforcement improvements	-	203,446	-	203,446
Transportation improvements	-	2,529,939	-	2,529,939
Administrative facilities improvements	-	251,103	-	251,103
Fire protection improvements	-	130,050	-	130,050
Unassigned	1,238,214	(14,400)	-	1,223,814
TOTAL FUND BALANCE	<u>3,775,526</u>	<u>6,292,887</u>	<u>352,820</u>	<u>10,421,233</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 5,754,032</u>	<u>\$ 6,307,287</u>	<u>\$ 765,766</u>	<u>\$ 12,827,085</u>

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, 2022

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 10,421,233
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	22,416,801
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	153,568
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds.	(98,883)
Long-term liabilities, including bonds and notes payable, leases 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	(8,396,967)
Total redemption loss reported as a deferred outflow of resources	22,686
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 24,518,438</u>

TOWN OF OAKLAND, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
for the year ended September 30, 2022

	General Fund	Impact Fee Special Revenue Fund	Charter School Special Revenue Fund	Total
REVENUES:				
Taxes	\$ 3,888,457	\$ -	\$ -	\$ 3,888,457
Licenses and permits	1,120,328	1,631,206	-	2,751,534
Intergovernmental revenue	1,014,847	-	5,268,569	6,283,416
Charges for services	467,707	-	34,321	502,028
Fines and forfeitures	12,115	-	-	12,115
Other	1,090,055	561	441,690	1,532,306
Total revenues	<u>7,593,509</u>	<u>1,631,767</u>	<u>5,744,580</u>	<u>14,969,856</u>
EXPENDITURES:				
Current:				
General government	2,233,380	5	-	2,233,385
Public safety	2,702,026	-	-	2,702,026
Transportation	777,885	-	-	777,885
Culture/recreation	260,443	-	5,564,203	5,824,646
Capital outlay	1,823,362	343,849	310,853	2,478,064
Debt service				
Principal	746,783	-	4,560	751,343
Interest	264,103	-	595	264,698
Total expenditures	<u>8,807,982</u>	<u>343,854</u>	<u>5,880,211</u>	<u>15,032,047</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,214,473)</u>	<u>1,287,913</u>	<u>(135,631)</u>	<u>(62,191)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(67,298)	-	(67,298)
Leases	193,837	-	-	193,837
Total other financing sources (uses)	<u>193,837</u>	<u>(67,298)</u>	<u>-</u>	<u>126,539</u>
NET CHANGE IN FUND BALANCE	<u>(1,020,636)</u>	<u>1,220,615</u>	<u>(135,631)</u>	<u>64,348</u>
FUND BALANCE, beginning of year	4,876,814	5,072,272	488,451	10,437,537
Restatement (Note 17)	(80,652)	-	-	(80,652)
FUND BALANCE, beginning - as restated	<u>4,796,162</u>	<u>5,072,272</u>	<u>488,451</u>	<u>10,356,885</u>
FUND BALANCE, end of year	<u>\$ 3,775,526</u>	<u>\$ 6,292,887</u>	<u>\$ 352,820</u>	<u>\$ 10,421,233</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
for the year ended September 30, 2022

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 64,348

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.	5,557,479
This is the amount of depreciation recorded in the current period.	(859,987)
This is the book value of capital assets disposed in the current period	(1,720)

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.	110,620
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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.	7,101
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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 on bonds and notes payable.	625,314
This amount represents principal repayments on leases payable.	115,513
This amount represents the amount of leases issued.	(193,837)
This amount represents the change in deferred outflows related to a loss on refunding.	(8,745)
This amount represents the amortization of bond premiums.	5,258

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.	20,251
This is the change in the other postemployment benefit liability during the year.	25,345

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 5,466,940
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TOWN OF OAKLAND, FLORIDA
Statement of Net Position – Proprietary Fund
September 30, 2022

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,252,583
Customer accounts receivable, net	266,473
Due from other governments	45,540
Total current assets	<u>2,564,596</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	1,375,626
Capital assets:	
Non-depreciable	3,031,726
Depreciable, net	12,312,593
Total noncurrent assets	<u>16,719,945</u>
TOTAL ASSETS	<u>19,284,541</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued payroll	67,215
Construction payable	191,139
Due to general fund	582,479
Due to impact fee fund	284,415
Bonds and notes payable, current	91,813
Total current liabilities	<u>1,217,061</u>
Noncurrent liabilities:	
Compensated absences	17,228
Liabilities payable from restricted assets:	
Accrued interest payable	1,774
Customer deposits	214,393
Unearned revenue	1,146,748
Bonds and notes payable, noncurrent portion	1,790,437
Total noncurrent liabilities	<u>3,170,580</u>
TOTAL LIABILITIES	<u>4,387,641</u>
NET POSITION	
Net investment in capital assets	13,270,930
Restricted for:	
Debt service	14,291
Unrestricted	1,611,679
TOTAL NET POSITION	<u>\$ 14,896,900</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, 2022

	Enterprise Fund
OPERATING REVENUES:	
Charges for services:	
Water charges	\$ 1,798,893
Sewer charges	432,826
Sanitation charges	305,171
Total operating revenues	<u>2,536,890</u>
OPERATING EXPENSES:	
Personnel services	308,377
Operating expenses	1,226,215
Depreciation	454,250
Total operating expenses	<u>1,988,842</u>
OPERATING INCOME	<u>548,048</u>
NONOPERATING REVENUE (EXPENSE)	
Interest expense and other fiscal charges	(45,552)
Interest income	42
Other nonoperating revenue	7,249
Loss on disposal of capital assets	(32,057)
Total nonoperating revenues (expense)	<u>(70,318)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>477,730</u>
CAPITAL CONTRIBUTIONS	
Grants	1,577,463
Donated infrastructure	1,260,372
Total capital contributions	<u>2,837,835</u>
TRANSFERS IN (OUT)	<u>67,298</u>
CHANGE IN NET POSITION	3,382,863
NET POSITION, beginning of year	<u>11,514,037</u>
NET POSITION, end of year	<u>\$ 14,896,900</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDAStatement Of Cash Flows – Proprietary Fund
for the year ended September 30, 2022

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,483,419
Payments to suppliers	(1,226,663)
Payments for salaries and benefits	(301,881)
Other cash receipts	7,249
Net cash flows from operating activities	<u>962,124</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	67,298
Net interfund borrowing	275,163
Net cash flows from noncapital financing activities	<u>342,461</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(2,042,121)
Loan proceeds	92,149
Principal paid on long-term debt	(88,896)
Interest paid on borrowings	(45,552)
Capital grants received, net of change in related receivable	2,277,854
Net cash flows from capital and related financing activities	<u>193,434</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	42
Net cash flows from investing activities	<u>42</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,498,061
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,130,148</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 3,628,209</u></u>
As shown in the Accompanying Financial Statements	
Cash and cash equivalents	\$ 2,252,583
Restricted cash and cash equivalents	1,375,626
Total cash and cash equivalents	<u><u>\$ 3,628,209</u></u>
Noncash financing and investing activities:	
Donated infrastructure	<u><u>\$ 1,260,372</u></u>

Continued...

TOWN OF OAKLAND, FLORIDA

Statement of Cash Flows – Proprietary Fund (concluded)
for the year ended September 30, 2022

	<u>Enterprise Fund</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$	548,048
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		454,250
Nonoperating revenue reported as operating cash flows		7,249
(Increase) decrease in accounts receivable		(73,853)
Increase (decrease) in customer deposits		20,382
Increase (decrease) in accounts payable		(448)
Increase (decrease) in accrued wages and compensated absences		6,496
Net cash flows from operating activities	<u>\$</u>	<u>962,124</u>

TOWN OF OAKLAND, FLORIDA

Statement of Fiduciary Net Position – Fiduciary Fund

September 30, 2022

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 141,252
Total assets	<u>141,252</u>
LIABILITIES	
Due to other governments	<u>141,252</u>
Total liabilities	<u>141,252</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, 2022

	Custodial Fund
ADDITIONS	
Fee collected on behalf of other governments	<u>\$ 319,152</u>
Total additions	<u>319,152</u>
DEDUCTIONS	
Remittance of fees to other governments	<u>319,152</u>
Total deductions	<u>319,152</u>
CHANGE IN NET POSITION	-
NET POSITION, beginning of year	<u>-</u>
NET POSITION, end of year	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

BASIC FINANCIAL STATEMENTS

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

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

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

Balances between the funds included in the governmental activities (i.e. Governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

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

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

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

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

Governmental Funds:

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

- **General fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Impact fee special revenue fund** is used to account for the receipt and disbursement of impact fees.
- **Charter school special revenue fund** is used to account for the activities of the Oakland Avenue Charter School (the "School"). The School has a fiscal year ending on June 30th which differs from the Town's fiscal year end. However, the year ends are treated consistently each year. See note 9 for more detail about interfund receivable and payable balances on September 30, 2022.

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, 2022, 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 \$52,869 on September 30, 2022. 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, 2022, 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, 2022, these amounts totaled \$67,025 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 three items that qualifies for reporting as deferred inflows of resources. The first two items represent the remaining revenue to be recognized on the Town's lease and service concession arrangements as of September 30, 2022. The last 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.

LEASES - Lessee: The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements when the initial, individual value of the lease liability is \$1,000 or more.

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

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

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

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

Lessor: The Town is a lessor for a noncancellable lease of a building. The Town recognizes a lease receivable and a deferred inflow of resources in the governmental activities and the general fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

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

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses the stated interest rate in the lease agreement if available and if not, will attempt to calculate an interest rate implicit within the lease agreement and if that is not possible will mainly use a high-quality municipal bond rate based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest to the date of lease commencement. The Town reserves the right to use other discount rates if the circumstances require it.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset, receivable, liability and/or deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease liability.

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 and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or 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.

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.
- **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.
- **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.
- **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, 2022 was 6.40.

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, 2022, the charter school special revenue fund’s actual expenditures exceeded budgeted appropriations by \$317,197. The over expenditures were funded by current year revenue in excess of budgeted resources and 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	\$ 5,356
Deposits in financial institutions:	
Insured or fully collateralized bank deposits,	<u>12,804,630</u>
Total cash and cash equivalents	<u>\$ 12,809,986</u>

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

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 5 - CAPITAL ASSETS

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

	Balance October 1, 2021(*)	Transfers	Increases	Decreases	Balance September 30, 2022
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,860,814	\$ -	\$ -	\$ -	\$ 1,860,814
Construction-in-progress	1,074,142	(93,316)	1,729,042	-	2,709,868
Total capital assets, not being depreciated	<u>2,934,956</u>	<u>(93,316)</u>	<u>1,729,042</u>	<u>\$ -</u>	<u>4,570,682</u>
Capital assets, being depreciated:					
Land improvements	436,947	93,316	-	(17,636)	512,627
Buildings & improvements	12,913,291	-	13,715	(14,522)	12,912,484
Equipment	4,076,465	(92,149)	336,082	(775,745)	3,544,653
Right to use leased assets	495,172	-	193,837	-	689,009
Infrastructure:					
Road systems	5,065,663	-	2,252,750	-	7,318,413
Drainage systems	865,970	-	1,032,053	-	1,898,023
Total capital assets, being depreciated	<u>23,853,508</u>	<u>1,167</u>	<u>3,828,437</u>	<u>(807,903)</u>	<u>26,875,209</u>
Less accumulated depreciation for:					
Land improvements	(257,811)	-	(12,791)	17,636	(252,966)
Buildings & improvements	(4,641,273)	-	(345,017)	14,522	(4,971,768)
Equipment	(3,346,737)	-	(183,193)	774,025	(2,755,905)
Right to use leased assets	(240,919)	-	(129,036)	-	(369,955)
Infrastructure:					
Road systems	(466,897)	-	(168,112)	-	(635,009)
Drainage systems	(21,649)	-	(21,838)	-	(43,487)
Total accumulated depreciation	<u>(8,975,286)</u>	<u>-</u>	<u>(859,987)</u>	<u>806,183</u>	<u>(9,029,090)</u>
Total capital assets being depreciated, net	<u>14,878,222</u>	<u>1,167</u>	<u>2,968,450</u>	<u>(1,720)</u>	<u>17,846,119</u>
Governmental activities capital assets, net	<u>\$ 17,813,178</u>	<u>\$ (92,149)</u>	<u>\$ 4,697,492</u>	<u>\$ (1,720)</u>	<u>\$ 22,416,801</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 471,899	\$ -	\$ -	\$ -	\$ 471,899
Construction-in-progress	1,238,481	(426,842)	1,778,755	(30,567)	2,559,827
Total capital assets, not being depreciated	<u>1,710,380</u>	<u>(426,842)</u>	<u>1,778,755</u>	<u>(30,567)</u>	<u>3,031,726</u>
Capital assets, being depreciated:					
Water and sewer system	14,502,021	426,842	1,302,347	(91,848)	16,139,362
Equipment	388,299	92,149	133,566	(49,668)	564,346
Total capital assets, being depreciated	<u>14,890,320</u>	<u>518,991</u>	<u>1,435,913</u>	<u>(141,516)</u>	<u>16,703,708</u>
Less accumulated depreciation for:					
Water and sewer system	(3,721,682)	-	(431,112)	90,357	(4,062,437)
Equipment	(355,208)	-	(23,138)	49,668	(328,678)
Total accumulated depreciation	<u>(4,076,890)</u>	<u>-</u>	<u>(454,250)</u>	<u>140,025</u>	<u>(4,391,115)</u>
Total capital assets being depreciated, net	<u>10,813,430</u>	<u>518,991</u>	<u>981,663</u>	<u>(1,491)</u>	<u>12,312,593</u>
Business-type activities capital assets, net	<u>\$ 12,523,810</u>	<u>\$ 92,149</u>	<u>\$ 2,760,418</u>	<u>\$ (32,058)</u>	<u>\$ 15,344,319</u>

(*) – the previously reported balances above on October 1, 2021 have been restated due to the implementation of GASB Statement No. 87. See Note 16 for more detail.

NOTE 5 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	164,594
Law enforcement		138,667
Fire protection		13,206
Parks and recreation		22,252
Streets		198,851
Charter school		322,417
Total depreciation expense - governmental activities	\$	<u>859,987</u>

Business-type Activities:

Water	\$	296,018
Sewer		158,232
Total depreciation expense - business-type activities	\$	<u>454,250</u>

NOTE 6 - LEASES

Lease receivable – In 2022, the Town implemented GASB Statement No. 87 – *Leases* and as a result identified one reported lease receivable related to a building lease agreement originally executed in 2017. The lease term was originally for an initial 5-year period with the option of a 5-year renewal period thereafter which has been executed as of June 2022. The Town receives monthly payments of \$900 over the term of the lease. The Town recognized \$11,520 in lease revenue during the fiscal year related to this lease. On September 30, 2022, the Town’s receivable for lease payments was \$61,792. Also, the Town reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term on a straight-line basis. On September 30, 2022, the balance of the deferred inflow of resources was \$61,072.

The future lease receipts were discounted using an interest rate of 2.43% which was an estimated yield on high quality municipal bonds as of the beginning of the period of implementation (October 1, 2021).

Lease payable – The following is information related to the Town’s lease’s payable on September 30, 2022:

<u>Leased asset(s)</u>	<u>Balances as of September 30, 2022</u>			<u>Payment Frequency</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Inception Year</u>	<u>Lease</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Lease Payable</u>					<u>Term at Inception (months)</u>
Multifunction copiers (*)	\$ 33,188	\$ (12,068)	\$ 21,553	Monthly	\$ 1,074	5.0%	2019	63
Multifunction copier (*)	7,190	(2,615)	4,670	Monthly	233	5.0%	2020	48
Office space	193,837	(28,996)	170,092	Monthly	3,311	5.0%	2022	60
2021 police vehicle (*)	24,350	(7,492)	17,204	Monthly	675	5.0%	2021	48
(4) 2017 police vehicles	159,681	(159,681)	-	na	na	na	na	na
(4) 2019 police vehicles	194,018	(119,056)	67,183	Monthly	3,088	5.0%	2019	60
(1) Dodge Durango	26,550	(12,390)	10,860	Annual	5,842	4.9%	2019	60
(1) Ford-F150	25,059	(11,694)	10,295	Annual	5,628	6.0%	2020	60
Charter school equipment(*)	25,136	(15,963)	9,399	Monthly	430	5.0%	2019	63
Governmental activities	689,009	(369,955)	311,256					

(*) – Right to use leased assets identified during implementation of GASB Statement No. 87 – *Leases* that are required to be reported as assets and liabilities under this Statement and that were previously reported as operating leases. See Note 16 for more detail.

NOTE 7 - LONG-TERM OBLIGATIONS

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

	Balance October 1, 2021 (*)	Increases	Decreases	Balance September 30, 2022	Amounts Due within One Year
Governmental Activities:					
Long-term liabilities:					
Bonds and notes payable:					
Series 2016 FMLC Revenue Bond	\$ 1,455,000	\$ -	\$ (105,000)	\$ 1,350,000	\$ 105,000
Series 2016 FMLC Revenue Bond, premium	33,189	-	(5,258)	27,931	-
Series 2013 Charter School Refunding					
Revenue Bonds	3,540,000	-	(460,000)	3,080,000	475,000
Equipment financing note (vehicle)	213,721	-	(120,984)	92,737	29,849
Equipment financing note (equipment)	2,996,350	-	(31,479)	2,964,871	32,418
Total bonds and notes payable:	8,238,260	-	(722,721)	7,515,539	642,267
Compensated absences	209,267	-	(20,251)	189,016	-
Leases	232,932	193,837	(115,513)	311,256	105,071
Other postemployment benefits	406,501	-	(25,345)	381,156	-
Total long-term liabilities	<u>\$ 9,086,960</u>	<u>\$ 193,837</u>	<u>\$ (883,830)</u>	8,396,967	<u>\$ 747,338</u>
Less amounts due in one year				(747,338)	
Net long-term liabilities in excess of one year				<u>\$ 7,649,629</u>	
Business-type Activities:					
Long-term liabilities:					
Bonds and notes payable:					
Series 1991 USDA Water Revenue Bonds	\$ 106,000	\$ -	\$ (8,000)	\$ 98,000	\$ 8,400
DW 4803C0 installment note to FDEP	1,772,997	-	(59,157)	1,713,840	60,830
Equipment financing note (vehicles)	-	92,149	(21,739)	70,410	22,583
Total bonds and notes payable:	1,878,997	92,149	(88,896)	1,882,250	91,813
Compensated absences	10,732	6,496	-	17,228	-
Total long-term liabilities	<u>\$ 1,889,729</u>	<u>\$ 98,645</u>	<u>\$ (88,896)</u>	1,899,478	<u>\$ 91,813</u>
Less amounts due in one year				(91,813)	
Net long-term liabilities in excess of one year				<u>\$ 1,807,665</u>	

(*) – the previously reported balances above on October 1, 2021 have been restated due to the implementation of GASB Statement No. 87. See Note 16 for more detail.

NOTE 7 - 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 Town 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.
- Equipment financing note (vehicle) – The equipment financing note is a financed purchase of a grapple truck used for hauling debris. Principal and interest are payable semi-annually in the amount of \$33,114 at an interest rate of 3.52% until the final note matures in 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, 2022, \$1,760,900 was used to pay for project expenses, the remaining \$1,235,450 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 7 - 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.
- Equipment financing note (vehicles) – During 2021 the Town purchased a backhoe loader and reported the asset and the related installment payment obligation in the governmental activities. Effective October 1, 2021, the Town moved the equipment from governmental activities to the business-type activities. The note bears interest at 3.81% per annum with principal and interest due each June 26th until the note matures in June 2025.

Maturities: Annual requirements to repay all long-term bonds and notes payable as of September 30, 2022, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 642,267	\$ 224,737	\$ 91,813	\$ 42,636
2024	689,285	203,679	94,367	40,062
2025	742,709	181,720	97,081	37,407
2026	763,577	158,431	74,545	34,665
2027	822,858	134,017	76,305	32,815
2028-2032	3,681,912	277,127	403,452	134,178
2033-2037	145,000	2,175	390,510	88,665
2038-2042	-	-	433,292	45,883
2043-2047	-	-	220,885	6,056
Unamortized bond premium	27,931	-	-	-
Total	<u>\$ 7,515,539</u>	<u>\$ 1,181,886</u>	<u>\$ 1,882,250</u>	<u>\$ 462,367</u>

NOTE 7 - LONG-TERM OBLIGATIONS (cont...)

Annual requirements to repay the leases payable of the governmental activities as of September 30, 2022, were as follows:

Fiscal Year Ending	Governmental Activities	
	Principal	Interest
2023	\$ 105,071	\$ 12,868
2024	99,519	8,095
2025	48,797	4,112
2026	45,889	1,862
2027	11,980	100
Total	\$ 311,256	\$ 27,037

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.
- 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 8 - 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	\$ 2,268,676	\$ 108,705	\$ 993,308	913.76%
Charter school revenue	\$ 3,394,492	\$ 569,230	\$ 5,744,580	1009.18%

NOTE 9 - INTERFUND TRANSACTIONS

Interfund receivables and payables as of September 30, 2022 consisted of:

	Interfund Receivable	Interfund (payable)	
		Enterprise fund	General fund
General fund	\$ 582,479	\$ (582,479)	\$ -
Impact fee special revenue fund	1,600,092	(284,415)	(1,315,677)
	\$ 2,182,571	\$ (866,894)	\$ (1,315,677)

The interfund receivables and payables represent interfund borrowing, mainly from a previous year, that has not been repaid as of September 30, 2022.

Interfund transfers for the year ended September 30, 2022 consisted of:

	Transfer Out:	
	Impact fee special revenue fund	Total
Transfer In:		
Enterprise fund	\$ 67,298	\$ 67,298
	\$ 67,298	\$ 67,298

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 9 - INTERFUND TRANSACTIONS (cont...)

Interfund services provided and used for the year ending September 30, 2022 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 school security, finance, payroll and administrative services for charter school special revenue fund for which it charged a management fee which totaled \$159,800 for the year ended September 30, 2022. 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 10 - 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, 2022. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. Total contributions (Town and employee contributions) to the plan for the current fiscal year totaled approximately \$542,300. Total Town contributions totaled approximately \$272,000 and employee contributions totaled approximately \$270,300

NOTE 11 – SERVICE CONCESSION ARRANGEMENTS

On September 13, 2022, the Town entered into an agreement with a 3rd party operator transferring the right and related obligation to provide concession services at a Town facility in exchange for payments from the operator over a 36-month term. The initial term is 36-months with the two optional 2-year renewals but both parties must agree to extend the arrangement, so these renewal periods are excluded from the term under GASB Cod. Sec. P90 when calculating the receivable and deferred inflows on this arrangement. The operator's payments total \$425 per month for the initial 36-month term. This transaction meets the criteria of a service concession arrangement (SCA) under GASB Cod. Sec P90. The future receipts were discounted using an interest rate of 4.77% which was an estimated yield on high quality municipal bonds as of September 2022. On September 30, 2022, the Town's receivable for SCA payments was \$13,861. Also, the Town reports a deferred inflow of resources associated with this SCA that will be recognized as revenue over the SCA term on a straight-line basis. On September 30, 2022, the balance of the deferred inflow of resources was \$13,909.

NOTE 12 - 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, 2022 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 13 - 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, 2022, is presented below:

	Water System	Sewer System	Sanitation System	Total
Condensed statement of revenue, expenses and changes in net position:				
Operating revenues	\$ 1,798,893	\$ 432,826	\$ 305,171	\$ 2,536,890
Personnel services	(308,377)	-	-	(308,377)
Operating expenses	(497,250)	(441,932)	(287,033)	(1,226,215)
Depreciation expense	(296,018)	(158,232)	-	(454,250)
Nonoperating revenues (expenses):				
Interest expense	(45,552)	-	-	(45,552)
Interest income	42	-	-	42
Loss on disposal of capital assets	(30,567)	(1,490)	-	(32,057)
Proceeds from insurance	7,249	-	-	7,249
Capital grants and contributions				
Grants	417,418	1,160,045	-	1,577,463
Donated infrastructure	735,131	525,241	-	1,260,372
Interfund transfer in (out)	67,298	-	-	67,298
Change in net position	<u>\$ 1,848,267</u>	<u>\$ 1,516,458</u>	<u>\$ 18,138</u>	<u>\$ 3,382,863</u>
Summary information from statement of net position:				
Capital assets, net	<u>\$ 7,951,696</u>	<u>\$ 7,392,623</u>	<u>\$ -</u>	<u>\$ 15,344,319</u>
Long-term debt, including current portion	<u>\$ 1,811,840</u>	<u>\$ 70,410</u>	<u>\$ -</u>	<u>\$ 1,882,250</u>

NOTE 14 - 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>75</u>
Total	<u><u>75</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, 2021 and was determined by an actuary employing the alternative measurement method as provided in GASB Cod. Sec.P52.

Discount rate: The discount rate was based on a high-quality municipal bond rate of 2.43%. The high-quality 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 14 - OTHER POSTEMPLOYMENT BENEFITS (cont...)

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

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

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

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

OPEB expense: For the year ended September 30, 2022, the Town recognized a negative OPEB expense of (\$11,172).

Changes in the Total OPEB Liability

	Total OPEB Liability
Reporting period ending September 30, 2021	\$ 406,501
Changes for the year:	
Service cost	53,815
Interest	9,717
Changes of assumptions	(56,654)
Difference between expected and actual experience	(19,600)
Benefit payments	(12,623)
Net changes	(25,345)
Reporting period ending September 30, 2022	\$ 381,156

NOTE 14 - 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 1.43%	Current discount rate 2.43%	1% Increase 3.43%
Total OPEB liability	\$ 433,553	\$ 381,156	\$ 337,891

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	\$ 333,834	\$ 381,156	\$ 438,649

NOTE 15 - 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 \$901,462 for the year ended September 30, 2022. The estimated cost for the fiscal year ending September 30, 2023 is \$1,286,320.

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.

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.

NOTE 16 – NEW ACCOUNTING GUIDANCE IMPLEMENTATION

During the fiscal year ended September 30, 2022, the Town implemented the provision of GASB Statement No. 87 - *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

As lessee – During implementation the Town identified several right-to-use assets that are required to be reported as assets and liabilities under this Statement and that were previously reported as operating leases. Due to the implementation guidance of this Statement, the lease asset and liability are equal at the beginning of the period of implementation (October 1, 2021) and as a result, this implementation did not result in the restatement of previously reported net position but did require the restatement of previously reported balances of capital assets and long-term obligations to reflect the right-to-use leases asset balances and the related leases payable at that date. In addition to the above items, several leases (under the guidance of GASB 87) were previously reported as financed purchases and these are reclassified to right-to-use assets and leases payable. The effects are as follows:

	Capital Assets			Long-term Obligations
	Right to use leased assets	Equipment	Accumulated depreciation equipment	Leases payable
October 1, 2021, previously reported	\$ -	\$ 4,481,774	\$ (3,576,480)	\$ -
Implementation of GASB 87:				
Multifunction copiers (*)	33,188	-	-	33,188
Multifunction copier	7,190	-	-	7,190
2021 police vehicle	24,350	-	-	24,350
(4) 2017 police vehicles	159,681	(159,681)	135,730	21,435
(4) 2019 police vehicles	194,018	(194,018)	80,251	101,905
(1) Dodge Durango	26,550	(26,550)	7,080	15,905
(1) Ford-F150	25,059	(25,059)	6,682	15,000
Charter school equipment	25,136	-	-	13,959
Rounding	-	(1)	-	-
October 1, 2021, restated	<u>\$ 495,172</u>	<u>\$ 4,076,465</u>	<u>\$ (3,346,737)</u>	<u>\$ 232,932</u>

As lessor – During implementation the Town identified one lease receivable related to a building lease agreement executed in a prior year that is required to be reported under this Statement. While the provisions of this Statement are required to be applied retroactively, the Statement allows for leases to be recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation (October 1, 2021), based upon the remaining lease term as of that date, as opposed to determination of the lease receivable and deferred inflow of resources based upon the origination date of the lease agreement. The effects of the implementation resulted in the measurement and reporting of a lease receivable and lease-related deferred inflows of resources totaling \$70,976 on October 1, 2021.

NOTE 17 – CORRECTION OF ERROR

During 2022, the Town identified an error whereby they had been withholding building related fees imposed by the State of Florida that are collected and remitted by the Town to the State of Florida. These fees, while having been collected for several years, had not been remitted to the State of Florida rather they were recognized as Town revenue. The amounts were paid during 2022 and of the total paid, \$80,652 were collected in prior years and as such, the beginning fund balance of the general fund and net position of the governmental activities were reduced accordingly.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OAKLAND, FLORIDA

Budgetary Comparison Schedule – General Fund
for the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
BUDGETARY INFLOWS				
Taxes	\$ 3,635,178	\$ 3,865,670	\$ 3,888,457	\$ 22,787
Licenses and permits	452,500	1,161,620	1,120,328	(41,292)
Intergovernmental revenue	726,534	912,645	1,014,847	102,202
Charges for services	419,200	484,855	467,707	(17,148)
Fines and forfeitures	9,500	12,615	12,115	(500)
Other	976,891	1,057,624	1,090,055	32,431
Loan/lease proceeds	2,900,000	2,900,000	193,837	(2,706,163)
Interfund transfer	200,000	-	-	-
Total resources	<u>9,319,803</u>	<u>10,395,029</u>	<u>7,787,346</u>	<u>(2,607,683)</u>
BUDGETARY OUTFLOWS				
General government	1,900,239	2,455,267	2,233,380	221,887
Public safety	2,555,508	2,737,679	2,702,026	35,653
Transportation	652,459	736,167	777,885	(41,718)
Culture/recreation	244,167	263,866	260,443	3,423
Capital outlay	2,994,554	3,016,648	1,823,362	1,193,286
Debt service	967,756	1,036,718	1,010,886	25,832
Total charges to appropriations	<u>9,314,683</u>	<u>10,246,345</u>	<u>8,807,982</u>	<u>1,438,363</u>
EXCESS (DEFICIENCY) OF INFLOWS OVER OUTFLOWS				
	<u>\$ 5,120</u>	<u>\$ 148,684</u>	<u>\$ (1,020,636)</u>	<u>\$ (1,169,320)</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.	\$ 7,787,346
Differences - budget to GAAP	
Budgetary inflows representing lease issuances are reported as an other financing source on a GAAP basis.	(193,837)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 7,593,509</u>

TOWN OF OAKLAND, FLORIDA

Budgetary Comparison Schedule – Impact Fee Special Revenue Fund
for the year ended September 30, 2022

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Favorable (Unfavorable)
BUDGETARY INFLOWS				
Licenses and permits	\$ 5,066,234	\$ 5,066,234	\$ 1,631,206	\$ (3,435,028)
Other	-	-	561	561
Total resources	<u>5,066,234</u>	<u>5,066,234</u>	<u>1,631,767</u>	<u>(3,434,467)</u>
BUDGETARY OUTFLOWS				
General government	25,000	25,000	8,761	16,239
Public safety	130,000	130,000	145,084	(15,084)
Transportation	1,300,000	1,568,000	59,355	1,508,645
Culture/recreation	275,000	275,000	130,654	144,346
Interfund transfer to enterprise fund	<u>762,000</u>	<u>762,000</u>	<u>67,298</u>	<u>694,702</u>
Total charges to appropriations	<u>2,492,000</u>	<u>2,760,000</u>	<u>411,152</u>	<u>2,348,848</u>
EXCESS (DEFICIENCY) OF INFLOWS OVER OUTFLOWS				
	<u>\$ 2,574,234</u>	<u>\$ 2,306,234</u>	<u>\$ 1,220,615</u>	<u>\$ (1,085,619)</u>

TOWN OF OAKLAND, FLORIDABudgetary Comparison Schedule – Charter School Special Revenue Fund
for the year ended September 30, 2022

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary	Final Budget Favorable
			Basis)	(Unfavorable)
BUDGETARY INFLOWS				
Intergovernmental revenue	\$ 4,663,996	\$ 4,663,996	\$ 5,268,569	\$ 604,573
Charges for service	27,000	27,000	34,321	7,321
Other sources	786,901	786,901	441,690	(345,211)
Total resources	<u>5,477,897</u>	<u>5,477,897</u>	<u>5,744,580</u>	<u>266,683</u>
BUDGETARY OUTFLOWS				
Culture/recreation, capital outlay and debt service	<u>5,563,014</u>	<u>5,563,014</u>	<u>5,880,211</u>	<u>(317,197)</u>
Total charges to appropriations	<u>5,563,014</u>	<u>5,563,014</u>	<u>5,880,211</u>	<u>(317,197)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (85,117)</u>	<u>\$ (85,117)</u>	<u>\$ (135,631)</u>	<u>\$ (50,514)</u>

TOWN OF OAKLAND, FLORIDA

Schedule Of Changes in the Total OPEB Liability and Related Ratios

Reporting date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability					
Service cost	\$ 53,815	\$ 43,633	\$ 25,428	\$ 26,707	\$ 28,211
Interest	9,717	12,034	10,104	8,356	6,686
Changes of assumptions	(56,654)	64,258	(3,737)	(14,426)	(15,724)
Difference between expected and actual experience	(19,600)	-	54,028	-	-
Benefit payments	(12,623)	(11,742)	(7,520)	(6,915)	(6,359)
Net change in total OPEB Liability	(25,345)	108,183	78,303	13,722	12,814
Total OPEB Liability - beginning	406,501	298,318	220,015	206,293	193,479
Total OPEB Liability - ending	<u>\$ 381,156</u>	<u>\$ 406,501</u>	<u>\$ 298,318</u>	<u>\$ 220,015</u>	<u>\$ 206,293</u>
Covered-employee payroll	3,959,220	3,544,772	3,458,314	2,806,024	2,670,814
Total OPEB liability as a percentage of covered-employee payroll	9.63%	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, 2022	September 30, 2021	2.43%
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

TOWN OF OAKLAND, FLORIDA

Schedule Of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2022

Federal Grantor/Pass-through Entity/Program Title	Assistance Listing #	Contract/Grant Identification	Total Expenditures
<i>Clustered Programs:</i>			
Child Nutrition Cluster:			
U.S Department of Agriculture:			
Passed-through Florida Department of Agriculture and Consumer Services			
School Breakfast Program	10.553	20741	\$ 32,019
National School Lunch Program (cash assistance)	10.555	20741	<u>180,430</u>
Total Child Nutrition Cluster			<u>212,449</u>
<i>Not Clustered Programs:</i>			
United States Department of Education			
Passed-through School District of Orange County, Florida			
Student Support and Academic Enrichment Program	84.424	480-2412A-2C001 - (See A1 below)	3,929
Supporting Effective Instruction State Grants	84.367A	480-2242B-2CT01 - (See A2 below)	2,000
Education Stabilization Fund:			
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	480-1241E-1CR01 - (See A3 below)	150,083
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	480-1241D-1CR01 - (See A4 below)	28,581
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	480-1241C-1CR01 - (See A5 below)	126,401
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	480-1241B-1CR01 - (See A6 below)	1,829
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	480-1241B-1CR01 - (See A7 below)	17,723
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	480-1241A-1CR01 - (See A8 below)	212,241
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	480-1240C-1C001 - (See A9 below)	<u>2,891</u>
<i>Subtotal - Elementary and Secondary School Emergency Relief</i>			539,749
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	480-1211A-2C01 - (See A10 below)	<u>5,850</u>
<i>Total - Education Stabilization Fund</i>			<u>545,599</u>
Total United States Department of Education			<u>551,528</u>
<i>Additional contract/grant identification for United States Department of Education:</i>			
<i>A1 - Title IV, Part A - Student Support and Academic Enrichment</i>		<i>A6 - CRRSA ESSER II - Non-Enrollment Assistance</i>	
<i>A2 - Title II, Part A: Supporting Effective Instruction</i>		<i>A7 - CRRSA ESSER II - Technology Assistance</i>	
<i>A3 - CRRSA ESSER II - Lump Sum</i>		<i>A8 - CARES Act ESSER II</i>	
<i>A4 - CRRSA ESSER II - Technology Assistance</i>		<i>A9 - Instructional Continuity Plan</i>	
<i>A5 - CRSSA ESSER II - Academic Acceleration</i>		<i>A10 - ARP ESSER III - Formula Grants to LEAs</i>	

Continued ...

TOWN OF OAKLAND, FLORIDA

Schedule Of Expenditures of Federal Awards and State Financial Assistance (continued)

Year ended September 30, 2022

United States Department of Health and Human Services:

Passed-through Florida Department of Early Learning COVID-19 - Child Care and Development Block Grant	93.575	2101FLCSC6	<u>15,186</u>
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United States Department of Treasury

COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program	21.027	Y5238	<u>417,418</u>
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U.S. Department of Justice

Passed through:

Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant Program	16.738	2021-JAGC-ORAN-16-3B-039	<u>10,000</u>
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	2021-CERF-ORAN-5-5A-027	18,605
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	2021-CERF-ORAN-5-5A-027	<u>19,257</u>
<i>Total Coronavirus Emergency Supplemental Funding Program</i>			<u>37,862</u>

Total U.S. Department of Justice

47,862

U.S. Department of Housing and Urban Development

Passed through:

State of Florida Department of Economic Opportunity (FL DEO) Small Cities (CDBG) Community Development Block Grant - Neighborhood Revitalization	14.228	20DB-OO-06-58-02-N17	<u>169,891</u>
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Total Expenditures of Federal Awards

\$ 1,414,334

Continued...

TOWN OF OAKLAND, FLORIDA

Schedule Of Expenditures of Federal Awards and State Financial Assistance (concluded)

Year ended September 30, 2022

State Agency/Pass-through Entity/State Project	CSFA#	Contract/Grant Identification	Total Expenditures
State of Florida Department of Environmental Protection			
Direct program:			
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPR0010	\$ 507,735
Passed through the St. Johns River Water Management District			
Florida Springs Grant Program	37.052	35746	<u>241,210</u>
Total Florida Department of Environmental Protection			<u>748,945</u>
State of Florida, Department of State, Division of Historical Resources			
Direct program:			
Historical Preservation Grant	45.031	Preservation and Management Plan for Oakland's Historic African American Cemetery	<u>25,000</u>
Total Expenditures of State Financial Assistance			<u>\$ 773,945</u>

TOWN OF OAKLAND, FLORIDA

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2022

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards and state financial assistance included herein represents the activities of all federal and state financial grant activity of the Town of Oakland, Florida (the Town), which includes the Oakland Avenue Charter School (reported as a major special revenue fund in the accompanying basic financial statements) for the year ended September 30, 2022.

Federal awards and state financial assistance received directly, as well as passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2022, the Town had no subrecipients and therefore did not pass any federal awards or state financial assistance through to other government agencies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 220, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards Subpart F*, Chapter 691.5, *Schedule of Expenditures of State Financial Assistance*, Rules of the Florida Department of Financial Services; and Chapter 10.550, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the Town.

Basis of Accounting – The expenditures in the accounting schedule of expenditures of federal and state financial assistance are presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 to the Town’s financial statements.

NOTE 3 – INDIRECT COST

The Town currently does not have a negotiated indirect cost rate for federal awards received. The Town has also elected not to charge the de minimis indirect cost rate of 10% allowed by §200.141, Indirect (F&A) costs, of the Uniform Guidance, to all federal awards.

NOTE 4 - CONTINGENCIES

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies because of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Town. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations. Grant monies received and disbursed by the Town are for specific purposes and are subject to review by the grantor agencies. Such reviews potentially may result in disallowed expenditures.

NOTE 5 – NON-CASH CONTRIBUTIONS

The Town did not receive any federal or state non-cash assistance, including personal protection equipment for the fiscal year ended September 30, 2022.

NOTE 6 – OTHER INFORMATION

Federal awards received through the U.S. Department of Agriculture, U.S. Department of Education and the U.S. Department of Health and Human Services were awarded to the Oakland Avenue Charter School which is not legally separate from the Town and therefore is not a component unit. The Oakland Avenue Charter School activity is reported as a special revenue fund of the Town utilizing a different fiscal year from the remainder of the Town. The grant activity award to the Oakland Avenue Charter School as reported in the schedule of expenditures of federal awards and state financial assistance reflect those expenditures incurred during the Oakland Avenue School’s fiscal year ending on June 30, 2022 which differs from the Town year-end of September 30, 2022. See Note 1 to the financial statements for more information.

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, 2022, and the related notes to the financial statements, which collectively comprise Town of Oakland, Florida's basic financial statements, and have issued our report thereon dated June 29, 2023.

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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 10-05 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Compliance and Other Matters

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

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 29, 2023

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550,
RULES OF THE FLORIDA AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Town of Oakland’s (the “Town”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services’ State Projects Compliance Supplement*, that could have a direct and material effect on each of the Town’s major Federal programs and State projects for the year ended September 30, 2022. The Town’s major Federal programs and State projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its Federal awards and State financial assistance applicable to its Federal programs and State projects.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Town’s major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Florida Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program and State project occurred. An audit includes examining, on a test basis, evidence about the Town’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Town of Oakland, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended September 30, 2022.

Report on Internal Control over Compliance

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

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

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

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

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 29, 2023

Section I – Summary of Independent Auditor’s Results

Financial Statements

Type of Auditor's Report Issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency(ies) identified?	<u> X </u> Yes	<u> </u> None reported
Noncompliance material to the financial statements reported?	<u> </u> Yes	<u> X </u> No

Federal Awards

Type of Auditor's Report Issued on Compliance for Major Programs	<u>Unmodified</u>	
Internal control over major programs:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No
Identification of major programs:		
Assistance Listing # 21.019 - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program		
Assistance Listing # 84.425 - COVID-19 - Education Stabilization Fund		
Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ 750,000</u>	

Section I – Summary of Independent Auditor’s Results (cont...)

State Awards

Type of Auditor's Report Issued on Compliance for Major Projects	<u>Unmodified</u>	
Internal control over major projects:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported
Any audit findings disclosed that are required to be reported regarding state projects in accordance with Chapter 10.557, Rules of the Auditor General?	<u> X </u> Yes	<u> </u> No
Identification of major projects:		
CSFA# 37.039 - Statewide Surface Water Restoration and Wastewater Projects		
Dollar threshold used to distinguish between Type A and Type B projects:	<u> \$ </u>	<u>300,000</u>
Auditee qualified as a low-risk auditee?	<u> </u> Yes	<u> X </u> No

Section II – Summary Schedule of Prior Audit Findings

Finding 10-05: Internal Control over Financial Reporting

Current Status: Not fully corrected (see section III for more information).

Finding 2021-001: Bank Reconciliations Need Improvement

Current Status: Corrected

Section III – Findings – Financial Statement Audit

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.

Section III – Findings – Financial Statement Audit

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/Corrective Action Plan: See accompanying letter of management’s response.

Finding 2022-001: Internal Control over Developer Related Transactions

Criteria: Good internal control is required to provide reasonable assurance that transactions are complete and accurately reported. Furthermore, Town Ordinance 2014-01 provides criteria for accounting and reporting of costs associated with the costs of review, inspection and regulation of development activities that will be passed through to the developers/applicants.

Condition: The processes, procedures and internal controls related to the accounting of the costs of review, inspection and regulation of development activities and related pass-through charges that are to be billed to the developers/applicants is inadequate to ensure that the (1) applicants are billed in a timely manner for pass-through costs paid by the Town, (2) delinquent receivables related to billed pass-through charges are collected in a timely manner, (3) applicant review deposits are being monitored and returned to the applicant once the review, processing and regulation process has been completed and (4) compliance with the provisions of Ordinance 2014-01 (*Pass-through of Development Review Fees*).

In the current year we noted the following conditions:

- The Town reported \$67,025 of developer/applicant related receivables of which \$40,340 (60%) have not been collected as of the date of this report.
- The Town reports \$170,704 of developer/applicant related deposits for which many have been dormant for several years and likely should be (1) returned to the applicant, (2) recognized as income to the Town or (3) applied to outstanding receivables.
- The collection, billing and monitoring criteria in Town Ordinance 2014-01 is not being followed.
- Management was unable to provide a detailed accounting that would allow us to determine whether all costs were being passed through to the individual developers/applicants as \$158,000 was recorded as pass-through/chargeback expenditures but only \$67,000 was billed to the developers/applicants in 2022.

Effect: Without adequate accounting of the costs of review, inspection and regulation of development activities that will be passed through to the developers/applicants and timely billing of the individual developers/applicants, the Town may not recover all the pass-through costs they have incurred.

Cause: Inadequate policies, procedures and internal controls over new construction and developer-related transactions.

Section III – Findings – Financial Statement Audit (concluded)

Finding 2022-001: Internal Control over Developer Related Transactions (concluded)

Recommendation: We recommend that the Town implement policies and procedures and related internal controls to provide reasonable assurance that the costs of review, inspection and regulation of development activities that will be passed through to developers/applicants are properly segregated in the Town’s accounting information system and that these amounts are billed to the applicable developers/applicants on a timely basis but no less than quarterly. Furthermore, Town management should review and apply the provisions of Town Ordinance 2014-01 when accounting for transactions covered by the ordinance.

View of Responsible Official/Corrective Action Plan: See accompanying letter of management’s response.

Section IV – Findings and Questioned Costs – Major Federal Award Programs Audit

None reported.

Section V – Findings and Questioned Costs – Major State Programs Audit

None reported.

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, 2022. 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.

We are required to be independent of the Town of Oakland, Florida and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our examination.

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, 2022.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 29, 2023

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, 2022, and have issued our report thereon dated June 29, 2023.

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 the following reports and schedule in connection with our audit.

- Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
- Independent Auditor's Report on Compliance with Requirements for Each Major Federal Program and Major State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditors General.
- Schedule of Findings and Questioned Costs.
- Independent Accountant's Report on Compliance with Section 218.415, *Florida Statutes* conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements of Chapter 10.550, Rules of the Auditor General.

Disclosures in these reports and schedule, which are dated June 29, 2023, 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 #	2020-2021 FY Finding #	2019-2020 FY Finding #
10-05	10-05	10-05

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. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 29, 2023

OTHER INFORMATION



June 29, 2023

Honorable Mayor, Town Commissioners
Town of Oakland, Florida

RE: Management's Response Letter dated June 29, 2023

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 work with a consultant on staff procedures to provide a high level of assurance that errors will get detected in a timely manner.

Finding 2020-01: Developer Transactions

We concur with the auditor's recommendation to closely monitor the developer transactions to ensure a better level of tracking.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Renee Mullen", is written over a horizontal line.

Renee Mullen

Finance Director

