



FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

September 30, 2023

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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, each major fund, and the aggregate remaining fund information of the Town of Oakland, Florida (the "Town"), as of and for the year ended September 30, 2023, 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, each major fund, and the aggregate remaining fund information of the Town of Oakland, Florida, as of September 30, 2023, 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.

Correction of Error

As described in Note 17 to the financial statements, in 2023, the Town identified an error contained within prior period financial statements and as a result, restated beginning net position of the governmental activities. 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 24, 2024, 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 24, 2024 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 24, 2024

TOWN OF OAKLAND, FLORIDA

Management's Discussion and Analysis

September 30, 2023

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, 2023. 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 \$41,711,244 (net position). Of this amount, \$4,363,382 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors compared to \$3,590,772 in the prior year.
- The Town's total net position increased by \$2,249,287 (6%) over the previous fiscal year's restated net position.
- On September 30, 2023, the Town's governmental funds reported combined ending fund balances of approximately \$9,394,385 a decrease of \$1,026,848 (10%) in comparison with the prior year's balance.
- On September 30, 2023, unassigned fund balance for the general fund was a positive \$2,163,405 (\$1,238,214 in the prior year).
- Governmental funds revenue increased \$477,067 or 3% while expenditures increased by \$1,986,019 or 13%.
- The Town's outstanding long-term debt (including leases payable) decreased approximately \$772,000 or 8% during fiscal year 2023.

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, comprehensive planning, 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 budgetary comparison schedules may be found immediately following the notes to the 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 impact fee and charter school special revenue fund budgets and also contains information about the Town's other postemployment benefit obligation. 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 and deferred inflows by \$41,711,244 as of September 30, 2023. The following is a summary of the Statement of Net Position which can be found by referencing the table of contents of this report.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 10,391,312	\$ 11,511,408	\$ 1,904,165	\$ 3,073,328	\$ 12,295,477	\$ 14,584,736
Capital assets	23,937,301	22,416,801	16,580,034	15,344,319	40,517,335	37,761,120
Total assets	<u>34,328,613</u>	<u>33,928,209</u>	<u>18,484,199</u>	<u>18,417,647</u>	<u>52,812,812</u>	<u>52,345,856</u>
Deferred Outflows of Resources	15,290	22,686	-	-	15,290	22,686
Long-term liabilities	7,652,775	8,396,967	1,809,901	1,899,478	9,462,676	10,296,445
Other liabilities	809,443	960,509	784,443	1,621,269	1,593,886	2,581,778
Total liabilities	<u>8,462,218</u>	<u>9,357,476</u>	<u>2,594,344</u>	<u>3,520,747</u>	<u>11,056,562</u>	<u>12,878,223</u>
Deferred Inflows of Resources	60,296	74,981	-	-	60,296	74,981
Net position:						
Net investment in						
Capital assets	16,724,723	15,848,142	14,682,774	13,270,930	31,407,497	29,119,072
Restricted	5,926,074	6,691,203	14,291	14,291	5,940,365	6,705,494
Unrestricted	3,170,592	1,979,093	1,192,790	1,611,679	4,363,382	3,590,772
Total net position	<u>\$ 25,821,389</u>	<u>\$ 24,518,438</u>	<u>\$ 15,889,855</u>	<u>\$ 14,896,900</u>	<u>\$ 41,711,244</u>	<u>\$ 39,415,338</u>

Approximately 75% 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 \$5,940,365 (14% of total net position in the current year and 17% in the prior year) which is restricted for debt service, charter school operations and capital projects. The remaining balance of unrestricted net position, \$4,363,382 (11% of total net position in the current year and 9% 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, 2023

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 6,888,185	\$ 7,274,246	\$ 2,638,368	\$ 2,536,890	\$ 9,526,553	\$ 9,811,136
Operating grants and contributions	1,324,940	909,646	-	-	1,324,940	909,646
Capital grants and contributions	979,037	5,227,244	1,089,667	2,837,835	2,068,704	8,065,079
<i>General revenues:</i>						
Property taxes	3,948,698	2,839,486	-	-	3,948,698	2,839,486
Franchise/Public Ser. Tax	1,140,254	914,424	-	-	1,140,254	914,424
Fuel taxes	121,992	123,903	-	-	121,992	123,903
State shared revenues	1,037,665	923,910	-	-	1,037,665	923,910
Other	34,593	124,100	243	7,291	34,836	131,391
Total revenues	<u>15,475,364</u>	<u>18,336,959</u>	<u>3,728,278</u>	<u>5,382,016</u>	<u>19,203,642</u>	<u>23,718,975</u>
Expenses:						
General government	1,785,550	1,374,979	-	-	1,785,550	1,374,979
Comprehensive planning	747,186	1,036,588	-	-	747,186	1,036,588
Police	2,270,649	2,072,325	-	-	2,270,649	2,072,325
Fire protection	1,302,930	929,068	-	-	1,302,930	929,068
Charter school	6,402,548	5,855,449	-	-	6,402,548	5,855,449
Streets	1,414,219	959,926	-	-	1,414,219	959,926
Parks and recreation	370,280	302,786	-	-	370,280	302,786
Interest on long-term debt	237,360	271,600	-	-	237,360	271,600
Water	-	-	1,323,241	1,177,764	1,323,241	1,177,764
Sewer	-	-	785,672	601,654	785,672	601,654
Sanitation	-	-	314,720	287,033	314,720	287,033
Total expenses	<u>14,530,722</u>	<u>12,802,721</u>	<u>2,423,633</u>	<u>2,066,451</u>	<u>16,954,355</u>	<u>14,869,172</u>
Increase (decrease) in net position before transfers	944,642	5,534,238	1,304,645	3,315,565	2,249,287	8,849,803
Transfers in (out)	311,690	(67,298)	(311,690)	67,298	-	-
Change in Net Position	<u>1,256,332</u>	<u>5,466,940</u>	<u>992,955</u>	<u>3,382,863</u>	<u>2,249,287</u>	<u>8,849,803</u>
Net position - October 1	24,518,438	19,132,150	14,896,900	11,514,037	39,415,338	30,646,187
Restatement	46,619	(80,652)	-	-	46,619	(80,652)
Net position - September 30	<u>\$ 25,821,389</u>	<u>\$ 24,518,438</u>	<u>\$ 15,889,855</u>	<u>\$ 14,896,900</u>	<u>\$ 41,711,244</u>	<u>\$ 39,415,338</u>

TOWN OF OAKLAND, FLORIDA

Management's Discussion and Analysis

September 30, 2023

Governmental activities

Governmental activities increased the Town's net position by \$1,256,332. In the prior year, governmental activities net position increased by \$5,466,940. In 2023, revenues decreased by \$2,861,595 or 16% compared to the prior year and expenses increased by \$1,728,001 or 13% compared to the prior year.

Major revenue changes:

- Capital grants and contributions revenue decreased by \$4,248,207 or 81% mainly due to donated property and improvements of \$3,256,485 in the prior year and none in the current year. Impact fee revenue also decreased by \$987,905 (61%) in 2023 compared to 2022 due to a decrease in construction activity within the Town.
- Property tax revenue increased by \$1,109,212 or 39% due to increased property values within the Town.
- Charges for services revenue decreased by \$386,061 or 5% mainly due to decreased building permit revenue received due to increased construction activity within the Town.
- Operating grants and contribution revenue increased by \$415,294 or 46% mainly due to operating grants received by the Oakland Avenue Charter School through the Orange County Public School District.

Major expense changes:

- Streets function expenses increased by approximately \$454,000 or 47% due to an approximate increase of \$200,000 in non-capital project costs and maintenance expenses. Depreciation expense also increased by \$174,000 or 88% due to recent donated roadways and drainage systems that were capitalized at the acquisition value and are being depreciated over their estimated useful lives.
- Charter school expenses increased by \$547,099 or 9% 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 \$410,571 or 30% mainly due to \$152,000 or 14% increase in personnel related expenses, \$66,000 increase in depreciation expense or 40% 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.
- Fire protection expenses increased by \$373,862 or 40% due to the interlocal agreement for fire and rescue services with Orange County, Florida which requires a fire and rescue fee that is derived from property values and as property values have increased, so has this expense.

Business-Type Activities

Business-type activities increased the Town's net position by \$992,955. In the prior year, net position increased by \$3,382,863, a decline of \$2,389,908 or 71%. The decline was mainly due to the following:

- Total revenue decreased by \$1,653,738 or 31% mainly due to the following:
 - Decreased capital grants and contributions of \$1,748,168 or 62% mainly because the Town recognized \$1,260,000 of donated water and sewer infrastructure in the prior year and none in 2023.
 - Increased charges for services of \$101,478 or 4% due to increased customers of the water and wastewater utility system.
- Total expenses increased by \$357,182 or 17% due to broad changes in various expense categories including an approximate increase of \$175,000 (23%) in personnel related expenses.

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, 2023, the Town's governmental funds reported combined ending fund balances of \$9,394,385, a decrease of \$1,026,848 when compared to the previous year.

The general fund is the chief operating fund of the Town. On September 30, 2023, unassigned fund balance for the general fund was \$2,163,405 compared to \$1,238,214 in the prior year. When the current unassigned fund balance is compared to the prior year balances, there was a current year increase of \$939,591 or 77%.

Total fund balance of the governmental funds decreased by \$1,026,848 in 2023 due to the following:

- Total revenue increased by \$477,067 or 3%, mainly due to:
 - \$1,341,711 or 35% increase in taxes due to increased property valuations, increased construction activity within the Town and general economic improvement overall that drives more tax revenue.
 - \$1,031,764 or 16% increase in intergovernmental revenue mainly related to increased charter school special revenue fund grant revenue of approximately \$800,000 or 15%.
 - \$1,842,074 or 67% decrease in licenses and permits mainly due to decreased impact fees (\$987,905 or 61%) and building permits (\$854,168 or 76%) due to decreased construction activity within the Town.
- Total expenditures increased by \$1,986,019 or 13%, mainly due to:
 - An increase of approximately \$457,000 or 7% in personnel related expenditures due to increased staffing, increased wage rates and increased insurance expenditures.
 - Fire protection expenditures increased by \$373,862 or 40% as previously discussed.
 - Capital outlay expenditures increased by \$707,581 or 29% due to increased capital investment within the Town, mainly the construction and installation of a new HVAC system at the Town's charter school building.

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 \$992,955 (7%), the unrestricted portion of net position was \$1,192,790 on September 30, 2023, which is a \$418,889 (26%) decrease 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 assets.

General Fund Budgetary Highlights:

The budgetary comparison schedule for the general fund can be found by referencing the table of contents of this report in the required supplementary information section. In the general fund, actual budgetary inflows were \$1,147,295 less than budgeted and actual budgetary outflows were \$223,539 less than budgeted resulting in an overall change in fund balance that was \$923,756 more than budgeted.

The original budget for fiscal year 2023 was amended to increase budgetary resources by \$984,488 (11%) and charges to appropriations of \$700,385 (8%). 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 \$1,147,295 was mainly due to the Town budgeting the loan proceeds received in 2021 as budgetary inflows in 2023 (the year in which they were utilized). 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 and 2023. To match budgetary inflows to budgetary outflows, the Town budgeted these loan proceeds in 2022 and 2023 accordingly.

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, 2023 amounts to \$40,517,335, 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 \$4,703,220 during fiscal year 2023 compared to \$8,772,150 in 2022.

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 2,010,814	\$ 1,860,814	\$ 471,899	\$ 471,899	\$ 2,482,713	\$ 2,332,713
Buildings and improvements	16,504,930	13,425,111	18,231,442	16,139,362	34,736,372	29,564,473
Vehicles and equipment	4,122,085	3,544,653	551,800	564,346	4,673,885	4,108,999
Right to use leased assets	727,777	689,009	-	-	727,777	689,009
Infrastructure	9,475,483	9,216,436	-	-	9,475,483	9,216,436
Construction in progress	959,535	2,709,868	2,223,466	2,559,827	3,183,001	5,269,695
Less: accumulated depreciation	<u>(9,863,323)</u>	<u>(9,029,090)</u>	<u>(4,898,573)</u>	<u>(4,391,115)</u>	<u>(14,761,896)</u>	<u>(13,420,205)</u>
Total	<u>\$ 23,937,301</u>	<u>\$ 22,416,801</u>	<u>\$ 16,580,034</u>	<u>\$ 15,344,319</u>	<u>\$ 40,517,335</u>	<u>\$ 37,761,120</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 and Leases Payable

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

	Bonds, Notes and Leases Payable					
	as of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Bonds payable	\$ 3,873,081	\$ 4,457,931	\$ 89,600	\$ 98,000	\$ 3,962,681	\$ 4,555,931
Notes payable	2,995,341	3,057,608	1,701,271	1,784,250	4,696,612	4,841,858
Leases payable	277,279	311,256	-	-	277,279	311,256
Total	<u>\$ 7,145,701</u>	<u>\$ 7,826,795</u>	<u>\$ 1,790,871</u>	<u>\$ 1,882,250</u>	<u>\$ 8,936,572</u>	<u>\$ 9,709,045</u>

Additional information on the Town's debt can be found in Note 7 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,669,774	\$ 2,085,488	\$ 4,755,262
Receivables, current:			
Customer accounts, net	23,185	276,933	300,118
Intergovernmental	408,055	101,415	509,470
Other	234,472	-	234,472
Internal balances (Note 9)	1,179,741	(1,179,741)	-
Prepaid expenses	1,080,219	-	1,080,219
Restricted assets:			
Cash and cash equivalents	4,795,866	620,070	5,415,936
Capital Assets:			
Non-depreciable	2,970,349	2,695,365	5,665,714
Depreciable, net	20,966,952	13,884,669	34,851,621
TOTAL ASSETS	<u>34,328,613</u>	<u>18,484,199</u>	<u>52,812,812</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge in refunding	15,290	-	15,290
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>15,290</u>	<u>-</u>	<u>15,290</u>
LIABILITIES			
Accounts payable and accrued payroll	458,885	70,780	529,665
Construction payable	82,167	106,389	188,556
Due to other governments	1,019	-	1,019
Unearned revenue	47,666	408,496	456,162
Accrued interest payable	91,078	1,687	92,765
Deposits	128,628	197,091	325,719
Long-term obligations:			
Due within one year	804,963	94,358	899,321
Due in more than one year	6,847,812	1,715,543	8,563,355
TOTAL LIABILITIES	<u>8,462,218</u>	<u>2,594,344</u>	<u>11,056,562</u>
DEFERRED INFLOWS OF RESOURCES			
Service concession arrangement related	9,127	-	9,127
Lease related	51,169	-	51,169
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>60,296</u>	<u>-</u>	<u>60,296</u>
NET POSITION			
Net investment in capital assets	16,724,723	14,682,774	31,407,497
Restricted for:			
Debt service	398,942	14,291	413,233
Building code enforcement	337,477	-	337,477
Charter school operations	375,888	-	375,888
Water system improvements	1,405,561	-	1,405,561
Wastewater system improvements	461,369	-	461,369
Parks and recreation improvements	568,173	-	568,173
Law enforcement improvements	119,417	-	119,417
Transportation improvements	2,049,040	-	2,049,040
Administrative facilities improvements	112,314	-	112,314
Fire protection improvements	97,893	-	97,893
Unrestricted	3,170,592	1,192,790	4,363,382
TOTAL NET POSITION	<u>\$ 25,821,389</u>	<u>\$15,889,855</u>	<u>\$ 41,711,244</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
Statement of Activities
for the year ended September 30, 2023

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	\$ 1,785,550	\$ 925,802	\$ 194,181	\$ 365,119	\$ (300,448)	\$ -	\$ (300,448)
Comprehensive planning	747,186	583,943	-	-	(163,243)	-	(163,243)
Police	2,270,649	112,132	9,562	36,659	(2,112,296)	-	(2,112,296)
Fire protection	1,302,930	16,133	-	5,230	(1,281,567)	-	(1,281,567)
Charter school	6,402,548	5,242,785	1,055,567	288,200	184,004	-	184,004
Streets	1,414,219	7,390	-	219,905	(1,186,924)	-	(1,186,924)
Parks and recreation	370,280	-	65,630	63,924	(240,726)	-	(240,726)
Interest on long-term debt	237,360	-	-	-	(237,360)	-	(237,360)
Total governmental activities	14,530,722	6,888,185	1,324,940	979,037	(5,338,560)	-	(5,338,560)
Business-type activities							
Water utility	1,323,241	1,725,589	-	738,252	-	1,140,600	1,140,600
Sewer utility	785,672	577,324	-	351,415	-	143,067	143,067
Sanitation utility	314,720	335,455	-	-	-	20,735	20,735
Total business-type activities	2,423,633	2,638,368	-	1,089,667	-	1,304,402	1,304,402
TOTAL PRIMARY GOVERNMENT	\$ 16,954,355	\$ 9,526,553	\$ 1,324,940	\$ 2,068,704	(5,338,560)	1,304,402	(4,034,158)
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					3,948,698	-	3,948,698
Franchise taxes					322,350	-	322,350
Public service taxes					817,904	-	817,904
Fuel taxes for transportation purposes					121,992	-	121,992
State shared revenue					1,037,665	-	1,037,665
Investment earnings					1,748	243	1,991
Gain on sale of capital assets					26,432	-	26,432
Other revenues					6,413	-	6,413
TRANSFERS					311,690	(311,690)	-
Total general revenues and transfers					6,594,892	(311,447)	6,283,445
Change in net position					1,256,332	992,955	2,249,287
NET POSITION, beginning of year					24,518,438	14,896,900	39,415,338
Restatement (Note 17)					46,619	-	46,619
NET POSITION, beginning - as restated					24,565,057	14,896,900	39,461,957
NET POSITION, end of year					\$ 25,821,389	\$ 15,889,855	\$ 41,711,244

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2023

	General Fund	Impact Fee Special Revenue Fund	Charter School Special Revenue Fund	Total
ASSETS				
Cash and cash equivalents	\$ 2,669,774	\$ 3,227,644	\$ 607,116	\$ 6,504,534
Receivables, net:				
Customer accounts	23,185	-	-	23,185
Intergovernmental	103,593	-	304,462	408,055
Leases	52,389	-	-	52,389
Service concession arrangement	9,324	-	-	9,324
Other	172,759	-	-	172,759
Due from general fund	-	1,322,994	-	1,322,994
Due from enterprise fund	895,326	284,415	-	1,179,741
Prepaid expenditures	13,469	-	66,750	80,219
Deposits	-	1,000,000	-	1,000,000
Restricted cash and cash equivalents	961,106	-	-	961,106
TOTAL ASSETS	<u>\$ 4,900,925</u>	<u>\$ 5,835,053</u>	<u>\$ 978,328</u>	<u>\$ 11,714,306</u>
LIABILITIES				
Accounts payable and accrued payroll	118,443	-	340,442	458,885
Construction payable	60,881	21,286	-	82,167
Due to other governments	1,019	-	-	1,019
Due to impact fee fund	1,322,994	-	-	1,322,994
Deposits	128,628	-	-	128,628
Unearned revenue	29,111	-	18,555	47,666
TOTAL LIABILITIES	<u>1,661,076</u>	<u>21,286</u>	<u>358,997</u>	<u>2,041,359</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	41,573	-	176,693	218,266
Service concession arrangement related	9,127	-	-	9,127
Lease related	51,169	-	-	51,169
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>101,869</u>	<u>-</u>	<u>176,693</u>	<u>278,562</u>
FUND BALANCE				
Nonspendable:				
Prepaid expenditures and deposits	13,469	1,000,000	66,750	1,080,219
Restricted:				
Debt service	432,822	-	-	432,822
Cash with fiscal agent - debt service	190,807	-	-	190,807
Building code enforcement	337,477	-	-	337,477
Charter school operations	-	-	375,888	375,888
Water system improvements	-	1,405,561	-	1,405,561
Wastewater system improvements	-	461,369	-	461,369
Parks and recreation improvements	-	568,173	-	568,173
Law enforcement improvements	-	119,417	-	119,417
Transportation improvements	-	2,049,040	-	2,049,040
Administrative facilities improvements	-	112,314	-	112,314
Fire protection improvements	-	97,893	-	97,893
Unassigned	2,163,405	-	-	2,163,405
TOTAL FUND BALANCE	<u>3,137,980</u>	<u>5,813,767</u>	<u>442,638</u>	<u>9,394,385</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 4,900,925</u>	<u>\$ 5,835,053</u>	<u>\$ 978,328</u>	<u>\$ 11,714,306</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, 2023

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 9,394,385
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	23,937,301
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	218,266
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds.	(91,078)
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	(7,652,775)
Total redemption loss reported as a deferred outflow of resources	15,290
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 25,821,389</u>

TOWN OF OAKLAND, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
for the year ended September 30, 2023

	General Fund	Impact Fee Special Revenue Fund	Charter School Special Revenue Fund	Total
REVENUES:				
Taxes	\$ 5,230,168	\$ -	\$ -	\$ 5,230,168
Licenses and permits	266,160	643,300	-	909,460
Intergovernmental revenue	1,247,848	-	6,067,332	7,315,180
Charges for services	499,375	-	116,150	615,525
Fines and forfeitures	8,513	-	-	8,513
Other	989,622	1,309	377,146	1,368,077
Total revenues	<u>8,241,686</u>	<u>644,609</u>	<u>6,560,628</u>	<u>15,446,923</u>
EXPENDITURES:				
Current:				
General government	2,281,885	-	-	2,281,885
Public safety	3,289,606	-	-	3,289,606
Transportation	910,588	-	-	910,588
Culture/recreation	301,885	-	6,033,614	6,335,499
Capital outlay	1,718,185	1,035,419	432,041	3,185,645
Debt service				
Principal	767,926	-	4,794	772,720
Interest	241,762	-	361	242,123
Total expenditures	<u>9,511,837</u>	<u>1,035,419</u>	<u>6,470,810</u>	<u>17,018,066</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,270,151)</u>	<u>(390,810)</u>	<u>89,818</u>	<u>(1,571,143)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	-	-	400,000
Transfers out	-	(88,310)	-	(88,310)
Leases	232,605	-	-	232,605
Total other financing sources (uses)	<u>632,605</u>	<u>(88,310)</u>	<u>-</u>	<u>544,295</u>
NET CHANGE IN FUND BALANCE	(637,546)	(479,120)	89,818	(1,026,848)
FUND BALANCE, beginning	<u>3,775,526</u>	<u>6,292,887</u>	<u>352,820</u>	<u>10,421,233</u>
FUND BALANCE, end of year	<u>\$ 3,137,980</u>	<u>\$ 5,813,767</u>	<u>\$ 442,638</u>	<u>\$ 9,394,385</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, 2023

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,026,848)

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

This is the amount of capital assets recorded in the current period.	2,885,120
This is the amount of depreciation recorded in the current period.	(1,238,355)
This is the book value of capital assets disposed in the current period	(126,265)

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.	18,079
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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.	7,805
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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.	642,267
This amount represents principal repayments on, and early terminations of leases payable.	266,582
This amount represents the amount of leases issued.	(232,605)
This amount represents the change in deferred outflows related to a loss on refunding.	(7,396)
This amount represents the amortization of bond premiums.	4,850

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.	21,092
This is the change in the other postemployment benefit liability during the year.	42,006

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,256,332
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TOWN OF OAKLAND, FLORIDA
Statement of Net Position – Proprietary Fund
September 30, 2023

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,085,488
Customer accounts receivable, net	276,933
Due from other governments	101,415
Total current assets	<u>2,463,836</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	620,070
Capital assets:	
Non-depreciable	2,695,365
Depreciable, net	13,884,669
Total noncurrent assets	<u>17,200,104</u>
TOTAL ASSETS	<u>19,663,940</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued payroll	70,780
Construction payable	106,389
Due to general fund	895,326
Due to impact fee fund	284,415
Bonds and notes payable, current	94,358
Total current liabilities	<u>1,451,268</u>
Noncurrent liabilities:	
Compensated absences	19,030
Liabilities payable from restricted assets:	
Accrued interest payable	1,687
Customer deposits	197,091
Unearned revenue	408,496
Bonds and notes payable, noncurrent portion	1,696,513
Total noncurrent liabilities	<u>2,322,817</u>
TOTAL LIABILITIES	<u>3,774,085</u>
NET POSITION	
Net investment in capital assets	14,682,774
Restricted for:	
Debt service	14,291
Unrestricted	1,192,790
TOTAL NET POSITION	<u>\$ 15,889,855</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, 2023

	Enterprise Fund
OPERATING REVENUES:	
Charges for services:	
Water charges	\$ 1,725,589
Sewer charges	577,324
Sanitation charges	335,455
Total operating revenues	<u>2,638,368</u>
OPERATING EXPENSES:	
Personnel services	381,177
Operating expenses	1,417,089
Depreciation	582,385
Total operating expenses	<u>2,380,651</u>
OPERATING INCOME	<u>257,717</u>
NONOPERATING REVENUE (EXPENSE)	
Interest expense and other fiscal charges	(42,982)
Interest income	243
Total nonoperating revenues (expense)	<u>(42,739)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>214,978</u>
CAPITAL CONTRIBUTIONS	
Grants	1,089,667
Total capital contributions	<u>1,089,667</u>
TRANSFERS IN (OUT)	<u>(311,690)</u>
CHANGE IN NET POSITION	992,955
NET POSITION, beginning of year	<u>14,896,900</u>
NET POSITION, end of year	<u>\$ 15,889,855</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA

Statement of Cash Flows – Proprietary Fund
for the year ended September 30, 2023

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,610,606
Payments to suppliers	(1,413,524)
Payments for salaries and benefits	(379,375)
Net cash flows from operating activities	<u>817,707</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	(311,690)
Net interfund borrowing	312,847
Net cash flows from noncapital financing activities	<u>1,157</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(1,902,850)
Principal paid on long-term debt	(91,379)
Interest paid on borrowings	(43,069)
Capital grants received, net of change in related receivable	295,540
Net cash flows from capital and related financing activities	<u>(1,741,758)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	243
Net cash flows from investing activities	<u>243</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(922,651)
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,628,209</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,705,558</u>
As shown in the Accompanying Financial Statements	
Cash and cash equivalents	\$ 2,085,488
Restricted cash and cash equivalents	620,070
Total cash and cash equivalents	<u>\$ 2,705,558</u>
Noncash financing and investing activities:	
None	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 257,717
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	582,385
(Increase) decrease in accounts receivable	(10,460)
Increase (decrease) in customer deposits	(17,302)
Increase (decrease) in accounts payable	3,565
Increase (decrease) in accrued wages and compensated absences	1,802
Net cash flows from operating activities	<u>\$ 817,707</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA

Statement of Fiduciary Net Position – Fiduciary Fund

September 30, 2023

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 27,328
Total assets	<u>27,328</u>
LIABILITIES	
Due to other governments	<u>27,328</u>
Total liabilities	<u>27,328</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, 2023

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

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, wastewater and sanitation 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's fiduciary funds are 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.

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. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 providing sanitation, 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, 2023, 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 \$58,941 on September 30, 2023. 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, 2023, 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, 2023, these amounts totaled \$73,423 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 and sewer 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 assets 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 assets that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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, 2023. 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 individual governmental and individual 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 considered material and this decision is assessed on a case by case basis as new leases are executed.

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 obligations 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, 2023 was 6.30.

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, 2023, the charter school special revenue fund's actual expenditures exceeded budgeted appropriations by \$351,808. 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>10,165,842</u>
Total cash and cash equivalents	<u>\$ 10,171,198</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, 2023

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023, was as follows:

	Balance October 1, 2022	Transfers	Increases	Decreases	Balance September 30, 2023
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,860,814	\$ -	\$ 150,000	\$ -	\$ 2,010,814
Construction-in-progress	2,709,868	(3,489,245)	1,738,912	-	959,535
Total capital assets, not being depreciated	<u>4,570,682</u>	<u>(3,489,245)</u>	<u>1,888,912</u>	<u>\$ -</u>	<u>2,970,349</u>
Capital assets, being depreciated:					
Land improvements	512,627	-	-	-	512,627
Buildings & improvements	12,912,484	3,029,231	50,588	-	15,992,303
Equipment	3,544,653	418,926	495,056	(336,550)	4,122,085
Right to use leased assets	689,009	-	232,605	(193,837)	727,777
Infrastructure:					
Road systems	7,318,413	41,088	217,959	-	7,577,460
Drainage systems	1,898,023	-	-	-	1,898,023
Total capital assets, being depreciated	<u>26,875,209</u>	<u>3,489,245</u>	<u>996,208</u>	<u>(530,387)</u>	<u>30,830,275</u>
Less accumulated depreciation for:					
Land improvements	(252,966)	-	(16,189)	-	(269,155)
Buildings & improvements	(4,971,768)	-	(406,190)	-	(5,377,958)
Equipment	(2,755,905)	-	(309,771)	336,465	(2,729,211)
Right to use leased assets	(369,955)	-	(145,484)	67,657	(447,782)
Infrastructure:					
Road systems	(635,009)	-	(270,269)	-	(905,278)
Drainage systems	(43,487)	-	(90,452)	-	(133,939)
Total accumulated depreciation	<u>(9,029,090)</u>	<u>-</u>	<u>(1,238,355)</u>	<u>404,122</u>	<u>(9,863,323)</u>
Total capital assets being depreciated, net	<u>17,846,119</u>	<u>3,489,245</u>	<u>(242,147)</u>	<u>(126,265)</u>	<u>20,966,952</u>
Governmental activities capital assets, net	<u>\$ 22,416,801</u>	<u>\$ -</u>	<u>\$ 1,646,765</u>	<u>\$ (126,265)</u>	<u>\$ 23,937,301</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 471,899	\$ -	\$ -	\$ -	\$ 471,899
Construction-in-progress	2,559,827	(2,013,439)	1,677,078	-	2,223,466
Total capital assets, not being depreciated	<u>3,031,726</u>	<u>(2,013,439)</u>	<u>1,677,078</u>	<u>-</u>	<u>2,695,365</u>
Capital assets, being depreciated:					
Water and sewer system	16,139,362	2,013,439	78,641	-	18,231,442
Equipment	564,346	-	62,381	(74,927)	551,800
Total capital assets, being depreciated	<u>16,703,708</u>	<u>2,013,439</u>	<u>141,022</u>	<u>(74,927)</u>	<u>18,783,242</u>
Less accumulated depreciation for:					
Water and sewer system	(4,062,437)	-	(548,718)	-	(4,611,155)
Equipment	(328,678)	-	(33,667)	74,927	(287,418)
Total accumulated depreciation	<u>(4,391,115)</u>	<u>-</u>	<u>(582,385)</u>	<u>74,927</u>	<u>(4,898,573)</u>
Total capital assets being depreciated, net	<u>12,312,593</u>	<u>2,013,439</u>	<u>(441,363)</u>	<u>-</u>	<u>13,884,669</u>
Business-type activities capital assets, net	<u>\$ 15,344,319</u>	<u>\$ -</u>	<u>\$ 1,235,715</u>	<u>\$ -</u>	<u>\$ 16,580,034</u>

NOTE 5 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:	
General government	\$ 230,819
Law enforcement	139,570
Fire protection	16,610
Parks and recreation	69,426
Streets	373,086
Charter school	408,844
Total depreciation expense - governmental activities	<u>\$ 1,238,355</u>

Business-type Activities:	
Water	\$ 340,313
Sewer	242,072
Total depreciation expense - business-type activities	<u>\$ 582,385</u>

NOTE 6 - LEASES

Lease receivable – The Town reports one 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, 2023, the Town’s receivable for lease payments was \$52,389. 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, 2023, the balance of the deferred inflow of resources was \$51,169.

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 of GASB Statement No. 87 - *Leases* (October 1, 2021).

Lease payable – The following is information related to the Town’s lease’s payable on September 30, 2023:

Leased asset(s)	Balances as of September 30, 2023			Payment Frequency	Payment Amount	Interest Rate	Inception Year	Lease Term at Inception (months)
	Cost	Accumulated Amortization	Lease Payable					
Multifunction copiers	\$ 33,188	\$ (24,137)	\$ 9,468	Monthly	\$ 1,074	5.0%	2019	63
Multifunction copier	7,190	(5,229)	2,051	Monthly	233	5.0%	2020	48
2021 police vehicle	24,350	(14,985)	9,797	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	(157,858)	32,776	Monthly	3,088	5.0%	2019	60
(1) Dodge Durango	26,550	(17,700)	5,563	Annual	5,842	4.9%	2019	60
(1) Ford-F150	25,059	(16,706)	5,301	Annual	5,628	6.0%	2020	60
(2) 2019 police vehicles	33,796	(4,260)	31,157	Monthly	1,514	7.0%	2023	24
(2) 2022 police vehicles	123,509	(23,958)	102,315	Monthly	2,230	3.2%	2023	60
(1) 2023 Chevrolet Blazer	33,300	(1,113)	32,847	Monthly	675	8.0%	2023	60
(1) 2023 Chevrolet Silverado	42,000	(1,404)	41,399	Monthly	813	6.1%	2023	60
Charter school equipment	25,136	(20,751)	4,605	Monthly	430	5.0%	2019	63
Governmental activities	<u>\$ 727,777</u>	<u>\$ (447,782)</u>	<u>\$ 277,279</u>					

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2023:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023	Amounts Due within One Year
<u>Governmental Activities:</u>					
Long-term liabilities:					
Bonds and notes payable:					
Series 2016 FMLC Revenue Bond	\$ 1,350,000	\$ -	\$ (105,000)	\$ 1,245,000	\$ 110,000
Series 2016 FMLC Revenue Bond, premium	27,931	-	(4,850)	23,081	-
Series 2013 Charter School Refunding					
Revenue Bonds	3,080,000	-	(475,000)	2,605,000	485,000
Equipment financing note (vehicle)	92,737	-	(29,849)	62,888	30,900
Equipment financing note (equipment)	2,964,871	-	(32,418)	2,932,453	63,385
Total bonds and notes payable:	7,515,539	-	(647,117)	6,868,422	689,285
Compensated absences	189,016	-	(21,092)	167,924	-
Leases	311,256	232,605	(266,582)	277,279	115,678
Other postemployment benefits	381,156	-	(42,006)	339,150	-
Total long-term liabilities	<u>\$ 8,396,967</u>	<u>\$ 232,605</u>	<u>\$ (976,797)</u>	7,652,775	<u>\$ 804,963</u>
Less amounts due in one year				(804,963)	
Net long-term liabilities in excess of one year				<u>\$ 6,847,812</u>	
<u>Business-type Activities:</u>					
Long-term liabilities:					
Bonds and notes payable:					
Series 1991 USDA Water Revenue Bonds	\$ 98,000	\$ -	\$ (8,400)	\$ 89,600	\$ 8,800
DW 4803C0 installment note to FDEP	1,713,840	-	(60,397)	1,653,443	62,099
Equipment financing note (vehicle)	70,410	-	(22,582)	47,828	23,459
Total bonds and notes payable:	1,882,250	-	(91,379)	1,790,871	94,358
Compensated absences	17,228	1,802	-	19,030	-
Total long-term liabilities	<u>\$ 1,899,478</u>	<u>\$ 1,802</u>	<u>\$ (91,379)</u>	1,809,901	<u>\$ 94,358</u>
Less amounts due in one year				(94,358)	
Net long-term liabilities in excess of one year				<u>\$ 1,715,543</u>	

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.

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

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 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) – This note was issued to purchase a backhoe loader. 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, 2023, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 689,285	\$ 203,679	\$ 94,358	\$ 40,071
2025	742,709	181,720	97,072	37,417
2026	763,577	158,431	74,536	34,674
2027	822,858	134,017	76,296	32,824
2028	1,085,983	108,240	78,284	30,926
2029-2033	2,740,929	171,062	399,994	124,261
2034-2038	-	-	398,656	80,519
2039-2043	-	-	442,330	36,845
2044-2048	-	-	129,345	2,438
Unamortized bond premium	23,081	-	-	-
Total	\$ 6,868,422	\$ 957,149	\$ 1,790,871	\$ 419,975

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

Annual requirements to repay the leases payable of the governmental activities as of September 30, 2023, were as follows:

Fiscal Year Ending	Governmental Activities	
	Principal	Interest
2024	\$ 115,678	\$ 11,527
2025	60,692	6,494
2026	40,483	4,140
2027	42,384	2,238
2028	18,042	560
Total	<u>\$ 277,279</u>	<u>\$ 24,959</u>

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 7.

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	\$ 2,160,219	\$ 108,701	\$ 785,886	722.98%
Charter school revenue	\$ 2,825,688	\$ 568,803	\$ 6,560,628	1153.41%

NOTE 9 - INTERFUND TRANSACTIONS

Interfund receivables and payables as of September 30, 2023 consisted of:

	Interfund Receivable	Interfund (payable)	
		Enterprise fund	General fund
General fund	\$ 895,326	\$ (895,326)	\$ -
Impact fee special revenue fund	1,607,409	(284,415)	(1,322,994)
	\$ 2,502,735	\$ (1,179,741)	\$ (1,322,994)

The interfund receivables and payables represent interfund borrowing, mainly from a previous year, that has not been repaid as of September 30, 2023.

Interfund transfers for the year ended September 30, 2023 consisted of:

	Transfer Out:		
	Enterprise fund	Impact fee special revenue fund	Total
Transfer In:			
General fund	\$ 400,000	\$ -	\$ 400,000
Enterprise fund	-	88,310	88,310
	\$ 400,000	\$ 88,310	\$ 488,310

The interfund transfer from the enterprise fund to the general fund is a budgeted transfer.

The interfund transfer from the impact fee special revenue fund to the enterprise fund represents capital costs for enterprise fund activities 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, 2023 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 \$120,290 for the year ended September 30, 2023. 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, 2023. 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 \$566,518. Total Town contributions totaled approximately \$283,135 and employee contributions totaled approximately \$283,383.

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. 90 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, 2023, the Town's receivable for SCA payments was \$9,324. 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, 2023, the balance of the deferred inflow of resources was \$9,127.

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, 2023 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, 2023, is presented below:

	Water System	Sewer System	Sanitation System	Total
Condensed statement				
of revenue, expenses and				
changes in net position:				
Operating revenues	\$ 1,725,589	\$ 577,324	\$ 335,455	\$ 2,638,368
Personnel services	(381,177)	-	-	(381,177)
Operating expenses	(558,769)	(543,600)	(314,720)	(1,417,089)
Depreciation expense	(340,313)	(242,072)	-	(582,385)
Nonoperating revenues (expenses):				
Interest expense	(42,982)	-	-	(42,982)
Interest income	243	-	-	243
Capital grants and contributions				
Grants	738,252	351,415	-	1,089,667
Interfund transfer in (out)	(111,690)	(200,000)	-	(311,690)
Change in net position	<u>\$ 1,029,153</u>	<u>\$ (56,933)</u>	<u>\$ 20,735</u>	<u>\$ 992,955</u>
Summary information				
from statement of net position:				
Capital assets, net	<u>\$ 8,628,192</u>	<u>\$ 7,951,842</u>	<u>\$ -</u>	<u>\$ 16,580,034</u>
Long-term debt, including current portion	<u>\$ 1,743,043</u>	<u>\$ 47,828</u>	<u>\$ -</u>	<u>\$ 1,790,871</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, 2022 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 4.77%. 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, 2022
Inflation	2.50%
Salary increases	2.50%
Discount rate	4.77%
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 2.43% for the reporting period ending September 30, 2022 to 4.77% for the reporting period ending September 30, 2023.

OPEB expense: For the year ended September 30, 2023, the Town recognized a negative OPEB expense of (\$28,377).

Changes in the Total OPEB Liability

	Total OPEB Liability
Reporting period ending September 30, 2022	\$ 381,156
Changes for the year:	
Service cost	55,212
Interest	10,488
Changes of assumptions	(98,077)
Benefit payments	(9,629)
Net changes	(42,006)
Reporting period ending September 30, 2023	\$ 339,150

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 3.77%	Current discount rate 4.77%	1% Increase 5.77%
Total OPEB liability	\$ 376,432	\$ 339,150	\$ 307,307

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	\$ 301,231	\$ 339,150	\$ 384,396

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 \$1,286,320 for the year ended September 30, 2023. The estimated cost for the fiscal year ending September 30, 2024 is \$1,486,029.

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, 2023, 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, 2023, the Town implemented the provisions of GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by establishing uniform accounting and financial reporting requirements for subscription-based information technology arrangements (SBITAs), improving the comparability of financial statements among governments that have entered into SBITAs and to enhance the understandability, reliability, relevance and consistency of information about SBITAs. Under this Statement, a government generally should recognize a subscription liability and an intangible right-to-use subscription asset. Due to the immaterial nature of the Town’s SBITAs, adoption of the new guidance had no effect on the financial statements.

NOTE 17 – CORRECTION OF ERROR

During 2023, the Town identified an error whereby the Oakland Avenue Charter school failed to identify all grant-related revenue for the fiscal year ending June 30, 2022 which is reported in the Town financial statements for the year ended September 30, 2022. These grant revenues were not received within the period of availability (within 60 days of June 30, 2022) and therefore the previously reported fund balance of the charter school special revenue fund was not affected but the previously reported net position of the governmental activities was increased by \$46,619 to correct this error.



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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OAKLAND, FLORIDA
 Budgetary Comparison Schedule – General Fund
 for the year ended September 30, 2023

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Favorable (Unfavorable)
BUDGETARY INFLOWS				
Taxes	\$ 4,959,522	\$ 5,211,219	\$ 5,230,168	\$ 18,949
Licenses and permits	454,800	357,140	266,160	(90,980)
Intergovernmental revenue	880,542	1,271,963	1,247,848	(24,115)
Charges for services	425,100	525,800	499,375	(26,425)
Fines and forfeitures	9,500	9,500	8,513	(987)
Other	1,007,634	977,748	989,622	11,874
Loan/lease proceeds	1,100,000	1,267,716	232,605	(1,035,111)
Interfund transfer	200,000	400,500	400,000	(500)
Total resources	<u>9,037,098</u>	<u>10,021,586</u>	<u>8,874,291</u>	<u>(1,147,295)</u>
BUDGETARY OUTFLOWS				
General government	2,165,075	2,638,894	2,281,885	357,009
Public safety	3,362,594	3,359,076	3,289,606	69,470
Transportation	869,078	1,007,450	910,588	96,862
Culture/recreation	383,990	316,640	301,885	14,755
Capital outlay	1,283,500	1,470,716	1,718,185	(247,469)
Debt service	970,754	942,600	1,009,688	(67,088)
Total charges to appropriations	<u>9,034,991</u>	<u>9,735,376</u>	<u>9,511,837</u>	<u>223,539</u>
EXCESS (DEFICIENCY) OF INFLOWS OVER OUTFLOWS	<u>\$ 2,107</u>	<u>\$ 286,210</u>	<u>\$ (637,546)</u>	<u>\$ (923,756)</u>

TOWN OF OAKLAND, FLORIDA

Budgetary Comparison Schedule – Impact Fee Special Revenue Fund
for the year ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
BUDGETARY INFLOWS				
Licenses and permits	\$ 5,415,951	\$ 5,415,951	\$ 643,300	\$ (4,772,651)
Other	-	-	1,309	1,309
Total resources	<u>5,415,951</u>	<u>5,415,951</u>	<u>644,609</u>	<u>(4,771,342)</u>
BUDGETARY OUTFLOWS				
General government	25,000	25,000	154,928	(129,928)
Public safety	75,000	75,000	107,793	(32,793)
Transportation	735,000	1,003,000	663,365	339,635
Culture/recreation	400,000	400,000	109,333	290,667
Capital outlay	1,235,000	1,235,000	-	1,235,000
Interfund transfer to enterprise fund	637,000	637,000	88,310	548,690
Total charges to appropriations	<u>3,107,000</u>	<u>3,375,000</u>	<u>1,123,729</u>	<u>2,251,271</u>
EXCESS (DEFICIENCY) OF INFLOWS OVER OUTFLOWS				
	<u>\$ 2,308,951</u>	<u>\$ 2,040,951</u>	<u>\$ (479,120)</u>	<u>\$ (2,520,071)</u>

TOWN OF OAKLAND, FLORIDA

Budgetary Comparison Schedule – Charter School Special Revenue Fund
for the year ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
BUDGETARY INFLOWS				
Intergovernmental revenue	\$ 4,975,447	\$ 4,975,447	\$ 6,067,332	\$ 1,091,885
Charges for service	27,000	27,000	116,150	89,150
Other sources	<u>1,302,690</u>	<u>1,302,690</u>	<u>377,146</u>	<u>(925,544)</u>
Total resources	<u>6,305,137</u>	<u>6,305,137</u>	<u>6,560,628</u>	<u>255,491</u>
BUDGETARY OUTFLOWS				
Culture/recreation, capital outlay and debt service	<u>6,119,002</u>	<u>6,119,002</u>	<u>6,470,810</u>	<u>(351,808)</u>
Total charges to appropriations	<u>6,119,002</u>	<u>6,119,002</u>	<u>6,470,810</u>	<u>(351,808)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 186,135</u>	<u>\$ 186,135</u>	<u>\$ 89,818</u>	<u>\$ (96,317)</u>

TOWN OF OAKLAND, FLORIDA

Schedule of Changes in the Total OPEB Liability and Related Ratios

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

Reporting date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability						
Service cost	\$ 55,212	\$ 53,815	\$ 43,633	\$ 25,428	\$ 26,707	\$ 28,211
Interest	10,488	9,717	12,034	10,104	8,356	6,686
Changes of assumptions	(98,077)	(56,654)	64,258	(3,737)	(14,426)	(15,724)
Difference between expected and actual experience	-	(19,600)	-	54,028	-	-
Benefit payments	(9,629)	(12,623)	(11,742)	(7,520)	(6,915)	(6,359)
Net change in total OPEB Liability	(42,006)	(25,345)	108,183	78,303	13,722	12,814
Total OPEB Liability - beginning	381,156	406,501	298,318	220,015	206,293	193,479
Total OPEB Liability - ending	\$ 339,150	\$ 381,156	\$ 406,501	\$ 298,318	\$ 220,015	\$ 206,293
Covered-employee payroll	4,058,201	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	8.36%	9.63%	11.47%	8.63%	7.84%	7.72%

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, 2023	September 30, 2022	4.77%
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

Year ended September 30, 2023

Federal Grantor/Pass-through Entity/Program Title	Assistance Listing #	Identifying number assigned by the pass-through entity	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	\$ 5,951
National School Lunch Program (cash assistance)	10.555	20741	<u>70,625</u>
Total Child Nutrition Cluster			<u>76,576</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	Oakland Avenue Charter School - 0072	12,375
Supporting Effective Instruction State Grants	84.367A	Oakland Avenue Charter School - 0072	1,926
Education Stabilization Fund:			
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	Oakland Avenue Charter School - 0072	48,193
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	Oakland Avenue Charter School - 0072	<u>880,998</u>
<i>Total - Education Stabilization Fund</i>			<u>929,191</u>
Total United States Department of Education			<u>943,492</u>
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>90,374</u>
United States Department of Treasury			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program	21.027	Y5238	<u>738,252</u>

Continued ...

TOWN OF OAKLAND, FLORIDA

Schedule Of Expenditures of Federal Awards (continued)

Year ended September 30, 2023

Federal Grantor/Pass-through Entity/Program Title	Assistance Listing #	Identifying number assigned by the pass-through entity	Total Expenditures
U.S. Department of Justice			
Passed through:			
Florida Department of Law Enforcement			
Edward Byrne Memorial Justice			
Assistance Grant Program:			
BJA Grant - Bullet Proof Vests	16.738	2022BUBX-22032528	1,946
C-8C144: 2022 Patrol Operations	16.738	15PBJA-21-GG-00241-MUMU	10,000
D-8C058: Micro Conversion Kit Program	16.738	15PBJA-21-GG-00241-MUMU	<u>1,000</u>
Total U.S. Department of Justice			<u>12,946</u>
U.S. Department of Homeland Security			
Passed through:			
State of Florida Division of Emergency Management			
Disaster Grants - Public Assistance Program - Presidentially declared disasters:			
Hurricane Ian (DR-4673-FL)	97.036	Z2949	<u>164,666</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,026,306</u></u>

TOWN OF OAKLAND, FLORIDA

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2023

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards represents the activities of all federal 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, 2023.

Federal awards received directly, as well as passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2023, the Town had no subrecipients and therefore did not pass any federal awards 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*. 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 schedule of expenditures of federal awards 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 non-cash assistance, including personal protection equipment for the fiscal year ended September 30, 2023.

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 of the Oakland Avenue Charter School as reported in the schedule of expenditures of federal awards reflect those expenditures incurred during the Oakland Avenue School’s fiscal year ending on June 30, 2023 which differs from the Town year-end of September 30, 2023. 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, 2023, 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 24, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 10-05, that we consider to be a material weakness.

Compliance and Other Matters

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

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

Town of Oakland, Florida's Responses to Findings

Town of Oakland, Florida's responses to the findings identified in our audit are described in the accompanying 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 24, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited Town of Oakland's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the Town's major Federal programs for the year ended September 30, 2023. The Town's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town 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 for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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. Accordingly, this report is not suitable for any other purpose.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 24, 2024

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> </u> Yes	<u> X </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 # 84.425 - COVID-19 - Education Stabilization Fund		
Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ 750,000</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 2022-001: Internal Control over Developer Related Transactions

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 refer to the processes, policies, and procedures implemented by the Town to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. Good internal controls provide reasonable assurance that management or employees, in the normal course of performing their assigned functions, will *prevent or detect* misstatements on a timely basis.

Condition: During our current audit, we continued to find many financial statement misstatements, some that were considered material. The total of all journal entries proposed by us because of identified misstatements was approximately \$800,000. Many of our proposed adjustments corrected assets, liabilities and deferred inflows of resources but also had a net effect of increasing the change in fund balance of the general fund by approximately \$66,000, decreasing the change in fund balance of the impact fee special revenue fund by approximately \$20,000 and increasing the change in net position of the enterprise fund by approximately \$89,000.

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 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.

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, but internal controls require *timely detection or prevention* of financial errors and as a result we continue to recommend that management strengthen the Town’s internal controls over financial reporting *during the fiscal year* and not to rely on a year-end closing period to detect and correct errors that took place during the year.

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.

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, 2023. 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, 2023.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 24, 2024

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, 2023, and have issued our report thereon dated June 24, 2024.

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 for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
- 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 24, 2024, 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 #	2021-2022 FY Finding #	2020-2021 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 24, 2024

OTHER INFORMATION



June 24, 2024

Honorable Mayor, Town Commissioners
Town of Oakland, Florida

RE: Management Letter dated June 24, 2024

View of responsible officials and planned corrective actions.

Finding 10-05: Internal Control over Financial Reporting

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul Andrew Stewart", written over a horizontal line.

Paul Andrew Stewart
Town Manager

A handwritten signature in black ink, appearing to read "Gabrielle Leon", written over a horizontal line.

Gabrielle Leon
Director of Finance

