



FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

September 30, 2016

TABLE OF CONTENTS

FINANCIAL SECTION

Management's Discussion and Analysis	M1-M7
Independent Auditor's Report	1-2
Basic Financial Statements:	
Government-wide Statements:	
Statement of Net Position	3
Statement of Activities	4
Governmental Funds:	
Balance Sheet - Governmental Funds	5
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Proprietary Funds:	
Statement of Net Position - Proprietary Funds	9
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11
Notes to Financial Statements	12-30

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - General Fund	31
Budgetary Comparison Schedule - Charter School Special Revenue Fund ..	32

OTHER REPORTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33-34
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	35
Management Letter	36-37
Schedule of Current Year Findings and Responses	38
Summary Schedule of Prior Audit Recommendations	39-40



(This page intentionally left blank)

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA

The Town of Oakland (the "Town") Management's Discussion and Analysis (the "MD&A") presents an overview of the Town's financial activities for the year ended September 30, 2016. Please read it in conjunction with the Town's financial statements following the MD&A.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of fiscal year 2016 by \$6,424,362 (net position). Of this amount, \$380,939 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$170,049 (or 3%) over the previous fiscal year.
- At September 30, 2016, the Town's governmental funds reported combined ending fund balances of approximately \$2,242,643 a decrease of \$15,408 in comparison with the prior year.
- At September 30, 2016, unassigned and assigned fund balance for the general fund was a negative \$16,629 (\$87,040 in the prior year) caused by unrestricted liabilities that exceed unrestricted assets.
- Governmental funds revenue increased \$318,746 or 4%.
- The Town's outstanding long-term debt decreased approximately \$220,150 or 2% during fiscal year 2016.

Overview of the Financial Statement

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 sick leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Continued)

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

The governmental activities of the Town include general government administration, public safety, charter school operation, refuse collection, streets, and parks and recreation. The business-type activities of the Town are comprised of the water and wastewater utility. The government-wide financial statements can be found on pages 3-4 of this report.

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

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

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

The Town maintained three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, impact fee fund 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 on pages 5-8 of this report.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Continued)

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities by \$6,424,362 as of September 30, 2016. The following is a summary of the Statement of Net Position found on page 3 of this report:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 2,543,253	\$ 2,678,839	\$ 613,472	\$ 847,975	\$ 3,156,725	\$ 3,526,814
Capital assets	9,149,477	8,973,808	4,933,707	4,545,800	14,083,184	13,519,608
Total assets	11,692,730	11,652,647	5,547,179	5,393,775	17,239,909	17,046,422
Deferred Outflows of Resources	93,895	109,837	-	-	93,895	109,837
Current and other liabilities	354,152	522,524	322,213	(49,725)	676,365	472,799
Long-term liabilities	7,851,607	8,007,336	2,381,470	2,421,811	10,233,077	10,429,147
Total liabilities	8,205,759	8,529,860	2,703,683	2,372,086	10,909,442	10,901,946
Net position:						
Net investment in capital assets	1,510,566	1,173,645	2,346,887	2,126,526	3,857,453	3,300,171
Restricted	2,169,546	2,228,001	16,424	16,364	2,185,970	2,244,365
Unrestricted	(99,246)	(169,022)	480,185	878,799	380,939	709,777
Total net position	\$ 3,580,866	\$ 3,232,624	\$ 2,843,496	\$ 3,021,689	\$ 6,424,362	\$ 6,254,313

Approximately 60% 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 53% in the prior year. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town has restricted net position of \$2,185,970 which is restricted for debt service, charter school operations and capital projects. The remaining balance of unrestricted net position, \$380,939, may be used to meet the Town's ongoing obligations to citizens and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Continued)

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$5,440,388	\$ 5,091,932	\$ 658,259	\$ 599,906	\$ 6,098,647	\$ 5,691,838
Operating grants and contributions	280,545	402,513	-	-	280,545	402,513
Capital grants and contributions	41,299	33,306	250,000	-	291,299	33,306
<i>General revenues:</i>						
Property taxes	1,397,064	1,329,036	-	-	1,397,064	1,329,036
Franchise/Public Ser. Tax	425,830	431,412	-	-	425,830	431,412
Fuel taxes	92,638	88,439	-	-	92,638	88,439
State shared revenues	507,741	487,230	-	-	507,741	487,230
Other	8,495	12,526	272	16,194	8,767	28,720
Total revenues	8,194,000	7,876,394	908,531	616,100	9,102,531	8,492,494
Expenses:						
General government	817,151	765,274	-	-	817,151	765,274
Comprehensive planning	305,000	243,621	-	-	305,000	243,621
Code enforcement	23,877	34,769	-	-	23,877	34,769
Police	1,126,391	1,056,683	-	-	1,126,391	1,056,683
Fire protection	471,791	449,628	-	-	471,791	449,628
Charter school	4,250,719	4,345,200	-	-	4,250,719	4,345,200
Refuse collection	167,177	176,195	-	-	167,177	176,195
Streets	423,247	410,503	-	-	423,247	410,503
Parks and recreation	81,996	83,400	-	-	81,996	83,400
Interest on long-term debt	372,957	321,110	-	-	372,957	321,110
Water	-	-	744,551	790,003	744,551	790,003
Wastewater	-	-	147,625	148,803	147,625	148,803
Total expenses	8,040,306	7,886,383	892,176	938,806	8,932,482	8,825,189
Transfers	194,548	-	(194,548)	-	-	-
Change in Net Position	348,242	(9,989)	(178,193)	(322,706)	170,049	(332,695)
Net position - beginning	3,232,624	3,242,613	3,021,689	3,344,395	6,254,313	6,587,008
Net position - ending	\$3,580,866	\$ 3,232,624	\$ 2,843,496	\$ 3,021,689	\$ 6,424,362	\$ 6,254,313

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Continued)

Governmental activities

Governmental activities increased the Town's net position by \$348,242, after a transfer from the business-type activities of \$194,548. In the prior year, governmental activities net position decreased by \$9,989. In 2016, revenues increased by \$317,606 or 4% and expenses increased by \$153,923 or 2%.

Business-Type Activities

Business-type activities decreased the Town's net position by \$178,193, after a transfer to the governmental activities of \$194,548. In the prior year, net position decreased by \$322,706. The 2016 decrease was \$144,513 less than the 2015 decrease due mainly to a \$58,353 increase in charges for services, a \$46,630 decrease in expenses, the receipt of a \$250,000 grant from the State of Florida and a transfer to the governmental activities of \$194,548.

The Town is currently constructing the wastewater collection and distribution system and has incurred expenses totaling \$147,625 for the year ended September 30, 2016 and \$148,803 for the prior year. The wastewater function of the business-type activities received \$250,000 in grant revenue in the current year and received no revenue in the prior year.

Financial Analysis of the Town's Funds

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

Governmental funds

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

At September 30, 2016, the Town's governmental funds reported combined ending fund balances of \$2,242,643 a decrease of \$15,408 when compared to the previous year.

The general fund is the chief operating fund of the Town. At September 30, 2016, unassigned and assigned fund balance for the general fund was negative \$16,629 compared to a negative \$87,040 in the prior year. When the current unassigned and assigned fund balance is compared to the prior year balances, there was a current year increase of \$70,411. This increase was mainly caused by a surplus of revenues over expenditures in the general fund. The general fund assigned and unassigned fund balance deficit was caused by the pledging of \$800,000 as collateral for a loan to construct wastewater collection and distribution infrastructure in 2015.

Proprietary Fund

The Town's enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town has one proprietary fund for the water and wastewater departments and it is considered a major fund. Unrestricted net position of the proprietary fund at September 30, 2016 was \$269,685, which is a \$609,114 decrease from 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Continued)

Governmental Fund Budgetary Highlights

The budgetary comparison schedule for the governmental funds can be found on pages 31-32 of this report in the required supplementary information section. In the general fund, actual revenue was \$100,485 more than budgeted revenue and actual expenditures were \$98,150 more than budgeted expenditures resulting in an overall increase in fund balance that was \$2,335 more than budgeted. The charter school special revenue fund had a favorable overall variance from the budget of \$303,828.

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, 2016 amounts to \$14,083,184, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, land improvements, water and wastewater systems, and vehicles. The total capital asset additions of the Town totaled approximately \$1,223,477 during fiscal year 2016. The capital asset increases during 2016 resulted from costs associated with construction of the wastewater collection and distribution system (\$611,073), capital lease acquisition of Town vehicles (\$242,129), land purchased for transportation improvements (\$195,844), other transportation improvements (\$46,080), mower purchase (\$8,000), communications equipment (\$14,365) and charter school equipment and improvements (\$106,616).

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	
	2016	2015	2016	2015	2016	2015
Land	\$ 483,801	\$ 287,957	\$ 39,438	\$ 39,438	\$ 523,239	\$ 327,395
Buildings and improvements	11,154,909	11,099,064	6,441,154	6,441,154	17,596,063	17,540,218
Vehicles and equipment	3,288,351	2,973,716	342,461	342,461	3,630,812	3,316,177
Infrastructure	276,610	276,610	-	-	276,610	276,610
Construction in progress	201,167	155,087	769,259	158,186	970,426	313,273
Less: Accumulated depreciation	(6,255,361)	(5,818,626)	(2,658,605)	(2,435,439)	(8,913,966)	(8,254,065)
Total	<u>\$ 9,149,477</u>	<u>\$ 8,973,808</u>	<u>\$ 4,933,707</u>	<u>\$ 4,545,800</u>	<u>\$ 14,083,184</u>	<u>\$ 13,519,608</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Concluded)

Long-Term Debt

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

Revenue Notes and Notes Payable
as of September 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bonds notes	\$ 7,525,424	\$ 6,040,000	\$ 140,700	\$ 146,700	\$ 7,666,124	\$ 6,186,700
Notes payable	-	1,870,000	2,235,620	2,272,574	2,235,620	4,142,574
Capital lease payable	207,382	-	-	-	207,382	-
Less amount due in one year	(439,804)	(495,000)	(61,352)	(532,865)	(501,156)	(1,027,865)
Total	\$ 7,293,002	\$ 7,415,000	\$ 2,314,968	\$ 1,886,409	\$ 9,607,970	\$ 9,301,409

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

Requests for Information

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Continued)

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

The governmental activities of the Town include general government administration, public safety, charter school operation, refuse collection, streets, and parks and recreation. The business-type activities of the Town are comprised of the water and wastewater utility. The government-wide financial statements can be found on pages 3-4 of this report.

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

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

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

The Town maintained three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, impact fee fund 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 on pages 5-8 of this report.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Continued)

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities by \$6,424,362 as of September 30, 2016. The following is a summary of the Statement of Net Position found on page 3 of this report:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 2,543,253	\$ 2,678,839	\$ 613,472	\$ 847,975	\$ 3,156,725	\$ 3,526,814
Capital assets	9,149,477	8,973,808	4,933,707	4,545,800	14,083,184	13,519,608
Total assets	11,692,730	11,652,647	5,547,179	5,393,775	17,239,909	17,046,422
Deferred Outflows of Resources	93,895	109,837	-	-	93,895	109,837
Current and other liabilities	354,152	522,524	322,213	(49,725)	676,365	472,799
Long-term liabilities	7,851,607	8,007,336	2,381,470	2,421,811	10,233,077	10,429,147
Total liabilities	8,205,759	8,529,860	2,703,683	2,372,086	10,909,442	10,901,946
Net position:						
Net investment in capital assets	1,510,566	1,173,645	2,557,387	2,126,526	4,067,953	3,300,171
Restricted	2,169,546	2,228,001	16,424	16,364	2,185,970	2,244,365
Unrestricted	(99,246)	(169,022)	269,685	878,799	170,439	709,777
Total net position	\$ 3,580,866	\$ 3,232,624	\$ 2,843,496	\$ 3,021,689	\$ 6,424,362	\$ 6,254,313

Approximately 63% 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 53% in the prior year. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town has restricted net position of \$2,185,970 which is restricted for debt service, charter school operations and capital projects. The remaining balance of unrestricted net position, \$170,439, may be used to meet the Town's ongoing obligations to citizens and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Continued)

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$5,440,388	\$ 5,091,932	\$ 658,259	\$ 599,906	\$ 6,098,647	\$ 5,691,838
Operating grants and contributions	280,545	402,513	-	-	280,545	402,513
Capital grants and contributions	41,299	33,306	250,000	-	291,299	33,306
<i>General revenues:</i>						
Property taxes	1,397,064	1,329,036	-	-	1,397,064	1,329,036
Franchise/Public Ser. Tax	425,830	431,412	-	-	425,830	431,412
Fuel taxes	92,638	88,439	-	-	92,638	88,439
State shared revenues	507,741	487,230	-	-	507,741	487,230
Other	8,495	12,526	272	16,194	8,767	28,720
Total revenues	8,194,000	7,876,394	908,531	616,100	9,102,531	8,492,494
Expenses:						
General government	817,151	765,274	-	-	817,151	765,274
Comprehensive planning	305,000	243,621	-	-	305,000	243,621
Code enforcement	23,877	34,769	-	-	23,877	34,769
Police	1,126,391	1,056,683	-	-	1,126,391	1,056,683
Fire protection	471,791	449,628	-	-	471,791	449,628
Charter school	4,250,719	4,345,200	-	-	4,250,719	4,345,200
Refuse collection	167,177	176,195	-	-	167,177	176,195
Streets	423,247	410,503	-	-	423,247	410,503
Parks and recreation	81,996	83,400	-	-	81,996	83,400
Interest on long-term debt	372,957	321,110	-	-	372,957	321,110
Water	-	-	744,551	790,003	744,551	790,003
Wastewater	-	-	147,625	148,803	147,625	148,803
Total expenses	8,040,306	7,886,383	892,176	938,806	8,932,482	8,825,189
Transfers	194,548	-	(194,548)	-	-	-
Change in Net Position	348,242	(9,989)	(178,193)	(322,706)	170,049	(332,695)
Net position - beginning	3,232,624	3,242,613	3,021,689	3,344,395	6,254,313	6,587,008
Net position - ending	\$3,580,866	\$ 3,232,624	\$ 2,843,496	\$ 3,021,689	\$ 6,424,362	\$ 6,254,313

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Continued)

Governmental activities

Governmental activities increased the Town's net position by \$348,242, after a transfer from the business-type activities of \$194,548. In the prior year, governmental activities net position decreased by \$9,989. In 2016, revenues increased by \$317,606 or 4% and expenses increased by \$153,923 or 2%.

Business-Type Activities

Business-type activities decreased the Town's net position by \$178,193, after a transfer to the governmental activities of \$194,548. In the prior year, net position decreased by \$322,706. The 2016 decrease was \$144,513 less than the 2015 decrease due mainly to a \$58,353 increase in charges for services, a \$46,630 decrease in expenses, the receipt of a \$250,000 grant from the State of Florida and a transfer to the governmental activities of \$194,548.

The Town is currently constructing the wastewater collection and distribution system and has incurred expenses totaling \$147,625 for the year ended September 30, 2016 and \$148,803 for the prior year. The wastewater function of the business-type activities received \$250,000 in grant revenue in the current year and received no revenue in the prior year.

Financial Analysis of the Town's Funds

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

Governmental funds

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

At September 30, 2016, the Town's governmental funds reported combined ending fund balances of \$2,242,643 a decrease of \$15,408 when compared to the previous year.

The general fund is the chief operating fund of the Town. At September 30, 2016, unassigned and assigned fund balance for the general fund was negative \$16,629 compared to a negative \$87,040 in the prior year. When the current unassigned and assigned fund balance is compared to the prior year balances, there was a current year increase of \$70,411. This increase was mainly caused by a surplus of revenues over expenditures in the general fund. The general fund assigned and unassigned fund balance deficit was caused by the pledging of \$800,000 as collateral for a loan to construct wastewater collection and distribution infrastructure in 2015.

Proprietary Fund

The Town's enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town has one proprietary fund for the water and wastewater departments and it is considered a major fund. Unrestricted net position of the proprietary fund at September 30, 2016 was \$269,685, which is a \$609,114 decrease from 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Continued)

Governmental Fund Budgetary Highlights

The budgetary comparison schedule for the governmental funds can be found on pages 31-32 of this report in the required supplementary information section. In the general fund, actual revenue was \$100,485 more than budgeted revenue and actual expenditures were \$98,150 more than budgeted expenditures resulting in an overall increase in fund balance that was \$2,335 more than budgeted. The charter school special revenue fund had a favorable overall variance from the budget of \$303,828.

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, 2016 amounts to \$14,083,184, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, land improvements, water and wastewater systems, and vehicles. The total capital asset additions of the Town totaled approximately \$1,223,477 during fiscal year 2016. The capital asset increases during 2016 resulted from costs associated with construction of the wastewater collection and distribution system (\$611,073), capital lease acquisition of Town vehicles (\$242,129), land purchased for transportation improvements (\$195,844), other transportation improvements (\$46,080), mower purchase (\$8,000), communications equipment (\$14,365) and charter school equipment and improvements (\$106,616).

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	
	2016	2015	2016	2015	2016	2015
Land	\$ 483,801	\$ 287,957	\$ 39,438	\$ 39,438	\$ 523,239	\$ 327,395
Buildings and improvements	11,154,909	11,099,064	6,441,154	6,441,154	17,596,063	17,540,218
Vehicles and equipment	3,288,351	2,973,716	342,461	342,461	3,630,812	3,316,177
Infrastructure	276,610	276,610	-	-	276,610	276,610
Construction in progress	201,167	155,087	769,259	158,186	970,426	313,273
Less: Accumulated depreciation	(6,255,361)	(5,818,626)	(2,658,605)	(2,435,439)	(8,913,966)	(8,254,065)
Total	<u>\$ 9,149,477</u>	<u>\$ 8,973,808</u>	<u>\$ 4,933,707</u>	<u>\$ 4,545,800</u>	<u>\$ 14,083,184</u>	<u>\$ 13,519,608</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA
(Concluded)

Long-Term Debt

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

Revenue Notes and Notes Payable
as of September 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bonds notes	\$ 7,525,424	\$ 6,040,000	\$ 140,700	\$ 146,700	\$ 7,666,124	\$ 6,186,700
Notes payable	-	1,870,000	2,235,620	2,272,574	2,235,620	4,142,574
Capital lease payable	207,382	-	-	-	207,382	-
Less amount due in one year	(439,804)	(495,000)	(61,352)	(532,865)	(501,156)	(1,027,865)
Total	\$ 7,293,002	\$ 7,415,000	\$ 2,314,968	\$ 1,886,409	\$ 9,607,970	\$ 9,301,409

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

Requests for Information

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



(This page intentionally left blank)

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Town of Oakland, Florida as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Oakland, Florida, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages M1 through M7 and 31 through 32 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.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2017, on our consideration of the Town of Oakland, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oakland, Florida's internal control over financial reporting and compliance.

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

In accordance with *Chapter 10.550, Rules of the Auditor General*, we have also issued our report dated March 29, 2017 on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of that report is to describe the scope of our examination and the issuance of an opinion on the Town of Oakland, Florida's compliance with requirement of Section 218.415, *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
March 27, 2017

TOWN OF OAKLAND, FLORIDA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 611,795	\$ 611,795
Receivables, current:			
Customer accounts, net	14,399	51,380	65,779
Intergovernmental	13,221	-	13,221
Franchise and public service taxes	30,886	-	30,886
Other	84,105	-	84,105
Prepaid expenses	25,397	-	25,397
Internal balances (Note 8)	160,037	(160,037)	-
Restricted assets:			
Cash and cash equivalents	2,137,593	110,334	2,247,927
Intergovernmental receivable	77,615	-	77,615
Capital assets:			
Non-depreciable	684,968	808,697	1,493,665
Depreciable, net	8,464,509	4,125,010	12,589,519
TOTAL ASSETS	11,692,730	5,547,179	17,239,909
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	93,895	-	93,895
TOTAL DEFERRED OUTFLOWS OF RESOURCES	93,895	-	93,895
LIABILITIES			
Accounts payable and accrued payroll	265,400	17,804	283,204
Construction costs payable	-	210,500	210,500
Due to other governments	6,525	-	6,525
Accrued interest payable	61,765	1,894	63,659
Unearned revenue	14,467	-	14,467
Customer deposits	5,995	92,015	98,010
Long-term liabilities:			
Due within one year	439,804	61,352	501,156
Due in more than one year	7,411,803	2,320,118	9,731,921
TOTAL LIABILITIES	8,205,759	2,703,683	10,909,442
NET POSITION			
Net investment in capital assets	1,510,566	2,346,887	3,857,453
Restricted for:			
Debt service	432,822	16,424	449,246
Loan collateral	800,000	-	800,000
Charter school operations	738,082	-	738,082
Water system improvements	56,475	-	56,475
Wastewater system improvements	4,202	-	4,202
Parks and recreation improvements	3,047	-	3,047
Transportation improvements	115,176	-	115,176
Law enforcement improvements	7,081	-	7,081
Administrative facilities improvements	8,169	-	8,169
Fire protection improvements	4,492	-	4,492
Unrestricted	(99,246)	480,185	380,939
TOTAL NET POSITION	\$ 3,580,866	\$ 2,843,496	\$ 6,424,362

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
for the year ended September 30, 2016

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	\$ 817,151	\$ 1,094,288	\$ -	\$ 13,213	\$ 290,350	\$ -	\$ 290,350
Comprehensive planning	305,000	71,236	-	-	(233,764)	-	(233,764)
Code enforcement	23,877	2,662	-	-	(21,215)	-	(21,215)
Police	1,126,391	37,886	-	6,666	(1,081,839)	-	(1,081,839)
Fire protection	471,791	13,665	-	600	(457,526)	-	(457,526)
Charter school	4,250,719	4,044,354	280,545	-	74,180	-	74,180
Refuse collection	167,177	175,253	-	-	8,076	-	8,076
Streets	423,247	1,044	-	17,778	(404,425)	-	(404,425)
Parks and recreation	81,996	-	-	3,042	(78,954)	-	(78,954)
Interest on long term debt	372,957	-	-	-	(372,957)	-	(372,957)
Total governmental activities	8,040,306	5,440,388	280,545	41,299	(2,278,074)	-	(2,278,074)
Business-type Activities:							
Water utility	744,551	658,259	-	-	-	(86,292)	(86,292)
Wastewater utility	147,625	-	-	250,000	-	102,375	102,375
Total business-type activities	892,176	658,259	-	250,000	-	16,083	16,083
TOTAL PRIMARY GOVERNMENT	\$ 8,932,482	\$ 6,098,647	\$ 280,545	\$ 291,299	(2,278,074)	16,083	(2,261,991)
GENERAL REVENUES:							
Taxes:							
Property taxes, levied for general purposes					1,397,064	-	1,397,064
Franchise taxes					115,934	-	115,934
Public service taxes					309,896	-	309,896
Fuel taxes levied for transportation					92,638	-	92,638
State shared revenue					507,741	-	507,741
Investment earnings					4,253	272	4,525
Miscellaneous					4,242	-	4,242
TRANSFERS					194,548	(194,548)	-
Total general revenues and transfers					2,626,316	(194,276)	2,432,040
CHANGE IN NET POSITION					348,242	(178,193)	170,049
NET POSITION - beginning of year					3,232,624	3,021,689	6,254,313
NET POSITION - end of year					\$ 3,580,866	\$ 2,843,496	\$ 6,424,362

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2016

	<u>General Fund</u>	<u>Impact Fee Special Revenue</u>	<u>Charter School Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 209,892	\$ 798,180	\$ 1,008,072
Receivables, net:				
Customer accounts	14,399	-	-	14,399
Intergovernmental	13,221	-	77,615	90,836
Franchise and public service taxes	30,886	-	-	30,886
Other	80,119	-	3,986	84,105
Due from impact fee fund	11,250	-	-	11,250
Due from enterprise fund	160,037	-	-	160,037
Restricted cash and cash equivalents	1,129,521	-	-	1,129,521
Prepaid expenditures	3,537	-	21,860	25,397
TOTAL ASSETS	<u>\$ 1,442,970</u>	<u>\$ 209,892</u>	<u>\$ 901,641</u>	<u>\$ 2,554,503</u>
LIABILITIES AND FUND BALANCE				
Accounts payable and accrued payroll	\$ 126,264	\$ -	\$ 139,136	\$ 265,400
Due to other governments	6,525	-	-	6,525
Due to general fund	-	11,250	-	11,250
Customer deposits	5,995	-	-	5,995
Unearned revenue	14,467	-	-	14,467
TOTAL LIABILITIES	<u>153,251</u>	<u>11,250</u>	<u>139,136</u>	<u>303,637</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	8,223	-	-	8,223
FUND BALANCE:				
Nonspendable	3,537	-	21,860	25,397
Restricted for:				
Debt service	494,588	-	-	494,588
Loan collateral	800,000	-	-	800,000
Charter school operations	-	-	740,645	740,645
Water system improvements	-	56,475	-	56,475
Wastewater system improvements	-	4,202	-	4,202
Parks and recreation improvements	-	3,047	-	3,047
Law enforcement improvements	-	7,081	-	7,081
Transportation improvements	-	115,176	-	115,176
Administrative facilities improvements	-	8,169	-	8,169
Fire protection improvements	-	4,492	-	4,492
Unassigned:	(16,629)	-	-	(16,629)
TOTAL FUND BALANCE	<u>1,281,496</u>	<u>198,642</u>	<u>762,505</u>	<u>2,242,643</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,442,970</u>	<u>\$ 209,892</u>	<u>\$ 901,641</u>	<u>\$ 2,554,503</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2016

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,242,643
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	9,149,477
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities	8,223
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds.	(61,765)
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	
Total long term liabilities	(7,851,607)
Total redemption loss reported as a deferred outflow of resources	<u>93,895</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,580,866</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
for the year ended September 30, 2016

	<u>General Fund</u>	<u>Impact Fee Special Revenue</u>	<u>Charter School Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 1,913,301	\$ -	\$ -	\$ 1,913,301
Licenses and permits	83,592	-	-	83,592
Intergovernmental revenue	523,955	-	4,173,011	4,696,966
Charges for services	395,035	-	83,560	478,595
Fines and forfeitures	16,559	-	-	16,559
Other	895,213	37,905	68,328	1,001,446
Total revenues	<u>3,827,655</u>	<u>37,905</u>	<u>4,324,899</u>	<u>8,190,459</u>
EXPENDITURES:				
General government	995,709	25	-	995,734
Public safety	1,530,823	-	-	1,530,823
Physical environment	167,177	-	-	167,177
Transportation	361,276	-	-	361,276
Culture/recreation	63,467	-	3,997,603	4,061,070
Debt service	884,130	-	-	884,130
Capital outlay	600,722	-	105,986	706,708
Total expenditures	<u>4,603,304</u>	<u>25</u>	<u>4,103,589</u>	<u>8,706,918</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(775,649)</u>	<u>37,880</u>	<u>221,310</u>	<u>(516,459)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	540,585	-	-	540,585
Transfer out	-	(346,037)	-	(346,037)
Refunding bonds issued	1,845,000	-	-	1,845,000
Premium on refunding bonds issued	65,424	-	-	65,424
Payment to refunded bond escrow agent	(1,846,050)	-	-	(1,846,050)
Capital lease	242,129	-	-	242,129
Total other financing sources (uses)	<u>847,088</u>	<u>(346,037)</u>	<u>-</u>	<u>501,051</u>
NET CHANGE IN FUND BALANCE	<u>71,439</u>	<u>(308,157)</u>	<u>221,310</u>	<u>(15,408)</u>
FUND BALANCE, beginning of year	<u>1,210,057</u>	<u>506,799</u>	<u>541,195</u>	<u>2,258,051</u>
FUND BALANCE, end of year	<u>\$ 1,281,496</u>	<u>\$ 198,642</u>	<u>\$ 762,505</u>	<u>\$ 2,242,643</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
for the year ended September 30, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ (15,408)**

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

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

This is the amount of capital assets recorded in the current period	612,404
This is the amount of depreciation recorded in the current period	(436,735)

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	3,541
---	-------

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.

This amount represents principal repayments:

Long-term debt repayments	529,747
Payment to escrow agent for refunding	1,800,000
This is the amount of debt issued	(1,845,000)
This is the amount of capital lease financing	(242,129)
This is the amount of premium on debt issued	(65,424)
This amount the amortization of redemption premium	(15,943)
This amount represents the change in compensated absences	(21,465)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the governmental funds. The following amount represents the change in accrued interest payable from the prior year.

44,654

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 348,242**

TOWN OF OAKLAND, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
September 30, 2016

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 611,795
Customer accounts receivable, net	51,380
Total current assets	<u>663,175</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	110,334
Capital assets, net:	
Non-depreciable	808,697
Depreciable, net	4,125,010
Total noncurrent assets	<u>5,044,041</u>
TOTAL ASSETS	<u>5,707,216</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued payroll	17,804
Construction costs payable	210,500
Bonds and notes payable, current portion	61,352
Total current liabilities	<u>289,656</u>
Noncurrent liabilities:	
Customer deposits	92,015
Accrued interest payable	1,894
Due to general fund	160,037
Compensated absences	5,150
Bonds and notes payable, noncurrent portion	2,314,968
Total noncurrent liabilities	<u>2,574,064</u>
TOTAL LIABILITIES	<u>2,863,720</u>
NET POSITION	
Net investment in capital assets	2,346,887
Restricted for:	
Debt service	16,424
Unrestricted	480,185
TOTAL NET POSITION	<u>\$ 2,843,496</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
for the year ended September 30, 2016

	Enterprise Fund
OPERATING REVENUES:	
Charges for services	\$ 658,259
Total operating revenues	<u>658,259</u>
OPERATING EXPENSES:	
Personnel services	302,956
Operating expenses	290,620
Depreciation	<u>223,166</u>
Total operating expenses	<u>816,742</u>
OPERATING INCOME	<u>(158,483)</u>
NONOPERATING REVENUE (EXPENSE):	
Interest revenue	272
Interest expense and fiscal charges	<u>(75,434)</u>
Total nonoperating revenues (expenses)	<u>(75,162)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(233,645)</u>
CAPITAL CONTRIBUTIONS	
Grants	<u>250,000</u>
Total capital contributions	<u>250,000</u>
TRANSFERS	
Transfers in	105,452
Transfers out	<u>(300,000)</u>
Total transfers	<u>(194,548)</u>
CHANGE IN NET POSITION	(178,193)
TOTAL NET POSITION - beginning of year	<u>3,021,689</u>
TOTAL NET POSITION - end of year	<u>\$ 2,843,496</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
for the year ended September 30, 2016

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 658,793
Payments to suppliers	(275,678)
Payments for salaries and benefits	(300,551)
Net cash flows from operating activities	<u>82,564</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Increase (decrease) in due to (from) other funds, net of interfund transfers	<u>113,836</u>
Net cash flows from noncapital financing activities	<u>113,836</u>
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(400,573)
Capital grant	250,000
Principal paid on notes, bonds and lease obligations	(46,254)
Proceeds from borrowing	3,300
Interest paid on borrowings	(75,493)
Net cash flows used in capital and related financing activities	<u>(269,020)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on invested funds	<u>272</u>
Net cash flows from investing activities	<u>272</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(72,348)
CASH AND CASH EQUIVALENTS, beginning of year	<u>794,477</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 722,129</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (158,483)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	223,166
(Increase) decrease in customer accounts receivable	284
(Increase) decrease in prepaid expenses	4,447
Increase (decrease) in customer deposits	2,863
Increase (decrease) in accounts payable and accrued expenses	10,287
Net cash flows provided by operating activities	<u>\$ 82,564</u>
Noncash financing and investing activities:	<u>\$ -</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

B. BASIC FINANCIAL STATEMENTS

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

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

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

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

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

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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

a) **Governmental Funds:**

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

- **General fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Impact fee special revenue fund** is used to account for the receipt and disbursement of impact fees.
- **Charter school special revenue fund** is used to account for the activities of the Oakland Avenue Charter School (the "School"). The School has a fiscal year ending on June 30th which differs from the Town's fiscal year end. However, the year ends are treated consistently each year. See note 8 for more detail about interfund receivable and payable balances at September 30, 2016.

b) **Proprietary Funds:**

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

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

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

C. MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

The government-wide financial statements and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

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

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

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

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS - Includes all short-term highly liquid investments with a maturity of three months or less when purchased, and all bank demand deposits, certificates of deposit, money-market and savings accounts. At September 30, 2016, all of the Town's cash and investments met this definition.

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

CUSTOMER ACCOUNTS RECEIVABLE - The Town accrues its unbilled utility service fees. This represents the estimated value of service from the last billing date to year end and totalled \$13,381 at September 30, 2016. 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, 2016, such reserves for all funds totalled \$11,156. Receivables are reported in the financial statements net of the reserve for doubtful accounts.

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

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

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

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

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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

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

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

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

INTEREST COSTS - Interest costs are capitalized when incurred on debt where proceeds were used to finance the construction of enterprise fund capital assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest costs were capitalized during the year ended September 30, 2016.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense/expenditure).

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues that are deferred and recognized as an inflows of resources in the period that the amounts become available.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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

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

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

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

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

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

INTERFUND TRANSFERS (concluded)

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

EQUITY CLASSIFICATIONS -

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

- a) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - Consists of restricted assets reduced by liabilities related to those assets. The government-wide statement of net position reports \$2,185,970 of restricted net position, of which \$198,642 is restricted by enabling legislation.
- c) Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position is available for use, it is the Town's policy to use restricted net position first, then unrestricted net position as they are needed.

Fund Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the Town's circumstances. The following classifications describe the relative strength of the spending constraints:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Town has nonspendable fund balance consisting of prepaid expenditures as of September 30, 2016.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

EQUITY CLASSIFICATIONS (concluded)

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

Committed — amounts constrained to specific purposes by formal action (ordinance) of the Town using its highest level of decision making authority (the Town Commission). To be reported as committed, amounts cannot be used for any other purpose unless the Town Commission takes the same highest level action (ordinance) to remove or change the constraint. The Town did not have any committed resources as of September 30, 2016.

Assigned — amounts constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Commission or through the Town Commission delegating this responsibility to the Town manager through the budgetary process. The Town did not have any assigned resources as of September 30, 2016.

Unassigned — all other spendable amounts.

The details of the fund balances are included in the governmental funds balance sheet. The Town uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Orange County Property Appraiser and Orange County Tax Collector. The tax levy of the Town is established by the Town Commission prior to October 1 of each year and the Orange County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the Orange County School Board tax requirements. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The Town's millage rate in effect for the fiscal year ended September 30, 2016 was 6.75.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 2 - PROPERTY TAX CALENDAR (concluded)

The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is adopted by Ordinance on a Town-wide basis for all Town funds on or before October 1 of each year as required by State Statute. Town Ordinance establishes the legal level of budgetary control at the fund level. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations subject to notification of the Town Commission.

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

- Interfund transfers are budgeted as an inflow but reported as an other financing source for financial reporting purposes.
- Capital lease acquisition costs are not budgeted but reported as a capital outlay expenditures for financial reporting purposes.

For the year ended September 30, 2016, general fund expenditures exceeded budgeted appropriations by \$98,150. For the charter school special revenue fund fiscal year ended June 30, 2016, actual expenditures exceeded budgeted appropriations by \$35,677.

NOTE 4 - DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS - The Town's deposits are insured by the FDIC up to \$250,000 per financial institution. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the Chief Financial Officer, State of Florida ("CFO") in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the CFO will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08. Florida Statutes.

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

Cash and cash equivalents:	
Cash on hand	\$ 400
Deposits in financial institutions:	
Insured or fully collateralized bank deposits.	<u>2,859,322</u>
Total cash and cash equivalents	<u>\$ 2,859,722</u>

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

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2016, was as follows:

	Balance October 1, 2015	Reclassifications	Additions	Deletions	Balance September 30, 2016
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 287,957	\$ -	\$ 195,844	\$ -	\$ 483,801
Construction in process	155,087	-	46,080	-	201,167
Total	<u>\$ 443,044</u>	<u>\$ -</u>	<u>\$ 241,924</u>	<u>\$ -</u>	<u>\$ 684,968</u>
Capital assets being depreciated:					
Land improvements	\$ 436,947	\$ -	\$ -	\$ -	\$ 436,947
Buildings and improvements	10,662,117	-	55,845	-	10,717,962
Equipment	2,973,716	-	314,635	-	3,288,351
Infrastructure					
Road systems	276,610	-	-	-	276,610
Total	<u>14,349,390</u>	<u>-</u>	<u>370,480</u>	<u>-</u>	<u>14,719,870</u>
Total all capital assets	<u>14,792,434</u>	<u>-</u>	<u>612,404</u>	<u>-</u>	<u>15,404,838</u>
Less accumulated depreciation for:					
Land improvements	(217,564)	-	(8,332)	-	(225,896)
Buildings and improvements	(2,906,535)	-	(292,638)	-	(3,199,173)
Equipment	(2,598,610)	-	(117,759)	-	(2,716,369)
Infrastructure					
Road systems	(95,917)	-	(18,006)	-	(113,923)
Total accumulated depreciation	<u>(5,818,626)</u>	<u>-</u>	<u>(436,735)</u>	<u>-</u>	<u>(6,255,361)</u>
Depreciable capital assets, net	<u>\$ 8,530,764</u>	<u>\$ -</u>	<u>\$ (66,255)</u>	<u>\$ -</u>	<u>\$ 8,464,509</u>
<u>Business-type activities:</u>					
Capital assets not being depreciated:					
Land	\$ 39,438	\$ -	\$ -	\$ -	\$ 39,438
Construction in process	158,186	-	611,073	-	769,259
Total	<u>\$ 197,624</u>	<u>\$ -</u>	<u>\$ 611,073</u>	<u>\$ -</u>	<u>\$ 808,697</u>
Capital assets being depreciated:					
Water system	\$ 6,441,154	\$ -	\$ -	\$ -	\$ 6,441,154
Equipment	342,461	-	-	-	342,461
Total	<u>6,783,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,783,615</u>
Total all capital assets	<u>6,981,239</u>	<u>-</u>	<u>611,073</u>	<u>-</u>	<u>7,592,312</u>
Less accumulated depreciation for:					
Water system	(2,152,265)	-	(206,541)	-	(2,358,806)
Equipment	(283,174)	-	(16,625)	-	(299,799)
Total accumulated depreciation	<u>(2,435,439)</u>	<u>-</u>	<u>(223,166)</u>	<u>-</u>	<u>(2,658,605)</u>
Depreciable capital assets, net	<u>\$ 4,348,176</u>	<u>\$ -</u>	<u>\$ (223,166)</u>	<u>\$ -</u>	<u>\$ 4,125,010</u>

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$ 84,681
Law enforcement	63,398
Fire protection	13,206
Parks and recreation	18,136
Streets	13,157
Charter school	<u>244,157</u>
Total depreciation expense - governmental activities	<u>\$ 436,735</u>

Business-type Activities:

Water	\$ 223,166
Total depreciation expense - business-type activities	<u>\$ 223,166</u>

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2016:

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Amounts Due within One Year
Governmental Activities					
Long-term debt:					
Notes payable:					
Series 2002A FMLC Revenue Note	\$ 1,870,000	\$ -	\$ (1,870,000)	\$ -	\$ -
Bonds payable					
Series 2016 FMLC Revenue Bond	-	1,845,000	-	1,845,000	-
Series 2016 FMLC Revenue Bond, premium	-	65,424	-	65,424	-
Series 2013 Charter School Refunding Revenue Bonds	6,040,000	-	(425,000)	5,615,000	385,000
Capital lease payable	-	242,129	(34,747)	207,382	54,804
Total long-term debt	<u>7,910,000</u>	<u>2,152,553</u>	<u>(2,329,747)</u>	<u>7,732,806</u>	<u>439,804</u>
Other liabilities:					
Compensated absences	97,336	21,465	-	118,801	-
Total long-term liabilities	<u>\$ 8,007,336</u>	<u>\$ 2,174,018</u>	<u>\$ (2,329,747)</u>	<u>7,851,607</u>	<u>\$ 439,804</u>
Less amount due in one year				(439,804)	
Net long-term debt due after one year				<u>\$ 7,411,803</u>	
Business-type Activities					
Long-term debt:					
Revenue certificates:					
Series 1991 USDA Water Revenue Bonds	\$ 146,700	\$ -	\$ (6,000)	\$ 140,700	\$ 6,300
Notes payable:					
DW 4803C0 installment note to FDEP	1,787,574	-	(40,254)	1,747,320	55,052
Bank promissory note	485,000	3,300	-	488,300	-
Total long-term debt	<u>2,419,274</u>	<u>3,300</u>	<u>(46,254)</u>	<u>2,376,320</u>	<u>61,352</u>
Other liabilities:					
Compensated absences	2,537	2,613	-	5,150	-
Total long-term liabilities	<u>\$ 2,421,811</u>	<u>\$ 5,913</u>	<u>\$ (46,254)</u>	<u>(61,352)</u>	<u>\$ 61,352</u>
Less amount due in one year				(61,352)	
Net long-term debt due after one year				<u>\$ 2,320,118</u>	

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Notes to Long-Term Obligations Table

Governmental Activities:

- Series 2013 Charter School Refunding Revenue Bonds - The bonds were issued through private placement on August 21, 2013 to refund the Series 2002 Charter School Revenue Bonds and the Series 2003 Charter School Revenue Completion Bonds with a par value of \$6,695,000. The bonds that were refunded were used to finance land acquisition and the construction and equipping of an elementary charter school. The Series 2013 bonds are payable in annual principal amounts which vary from \$245,000 to \$555,000 with a final maturity of December 1, 2027. Interest of 3.3% of the outstanding balance is due semiannually. The Series 2013 bonds are limited obligations of the Town, payable principally from charter school revenues and, to the extent necessary, non-advolorem revenues of the Town. The bonds require the maintenance of debt service sinking and an enrollment stabilization fund.
- Series 2002A Florida Municipal Loan Council Revenue Note - The Town entered into a loan agreement with the Florida Municipal Loan Council whereby the Town borrowed funds in the amount of \$2,545,000 for the purpose of acquiring real estate and construction of municipal facilities, including a new town hall, public meeting hall, and public safety buildings. Funds were also used to renovate the existing historic town hall. The loan was payable in annual principal payments which vary from \$40,000 to \$160,000 beginning on May 1, 2004 with interest is due in semiannual payments at rates which varied from 3.25% to 5.125%. The loan was refunded in 2016.
- 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. \$1,846,050 was transferred to an escrow account for repayment of the refunded note on November 1, 2016. The new 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 advance refunding is reported as a defeasance of the old debt resulting in the removal of the defeased debt from the Town's books and the new debt being added. The cash flow to service the new debt to maturity was \$279,474 less than the cash flow to service the old debt resulting in an economic gain on the refunding of \$250,244 discounted at 2.8%. The loan is payable from non-ad valorem revenues only, and is not an obligation of the Florida Municipal Loan Council, the State of Florida, or any political subdivision.

Business-Type Activities:

- Series 1991 Water Revenue Bonds - The Series 1991 bond proceeds were used for water system expansion and are secured by the gross revenues of the water system. The Series 1991 bonds bear interest at 5.0% and are payable annually on September 1 of each year with a final maturity of September 1, 2031. The ordinance authorizing the bonds includes various restrictions including the requirement to maintain a debt service sinking and reserve fund.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

Business-Type Activities:

- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW 4803C0 (the "DW 4803C0 installment note to FDEP") is secured by the net revenues of the water system. The loan is payable semiannually with principal and interest payments due on March 15 and September 15. The total loan amount of \$1,973,322 was awarded on September 26, 2013 of which \$1,787,574 has been drawn as of September 30, 2016. The loan bears interest at a weighted average rate of 2.12% with a final maturity of March 15, 2041 based upon the fixed semiannual payment of \$45,984 and the amount of the loan drawn as of year-end. When all loan proceeds are drawn, the maturity date will be September 15, 2045. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used to upgrade and expand the Town's water system facilities.
- The Bank promissory note dated August 5, 2016 bears interest at 2.50% and is collateralized by a \$800,000 certificate of deposit pledged for loan repayment. The \$800,000 certificate of deposit was purchased from the lending bank and is reported as restricted cash in the general fund as the general fund pledged the collateral on behalf of the enterprise fund. Proceeds were used to pay for the wastewater phase 1A design costs. Interest only payments on the note are due monthly with a payment of all outstanding principal and accrued interest on August 5, 2018.

Maturities:

Annual requirements to repay all long-term bonds and notes payable as of September 30, 2016, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 439,804	\$ 219,137	\$ 61,352	\$ 55,141
2018	548,297	230,038	551,131	42,458
2019	555,399	210,928	64,335	40,923
2020	566,315	191,090	65,964	39,349
2021	562,567	171,206	67,520	37,728
2022 - 2026	2,550,000	431,100	363,699	162,736
2027 - 2031	1,655,000	209,989	416,781	114,799
2032 - 2036	645,000	87,025	394,750	65,090
2037 - 2041	145,000	2,175	390,788	21,011
Unamortized bond premium	65,424	-	-	-
Total	\$ 7,732,806	\$ 1,752,688	\$ 2,376,320	\$ 579,235

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 7 - FUTURE REVENUES THAT ARE PLEDGED

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

<u>Pledged Revenue</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Revenue</u>	<u>% of Revenues to Principal and Interest Paid</u>
Water system net revenue	\$ 2,456,065	\$ 110,557	\$ 212,580	192%
Charter school revenue	\$ 6,798,957	\$ 617,308	\$ 4,324,899	701%

NOTE 8 - INTERFUND TRANSACTIONS

Interfund receivables and payables as of September 30, 2016 consisted of:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Impact Fee Special Revenue Fund	\$ 11,250
General Fund	Enterprise Fund	\$ 160,037

Interfund transfers for the year ended September 30, 2016 consisted of:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General Fund	Impact Fee Special Revenue Fund	\$ 240,585
Enterprise Fund	Impact Fee Special Revenue Fund	\$ 105,452
General Fund	Enterprise Fund	\$ 300,000

Interfund services provided and used for the year ending September 30, 2016 consisted of:

The charter school special revenue fund leases the school facilities from the general fund pursuant to a multi-year lease agreement expiring on June 30, 2028. Rental payments of \$720,000 per year are due in equal monthly installments. The general fund provides for finance, payroll and administrative services for charter school special revenue fund for which it charged a management fee which totaled \$170,625 for the year ended September 30, 2016. These amounts are recorded as a revenue for the general fund and an expenditure of the charter school special revenue fund in accordance with GASB Cod. Sec. 1800.102. These amounts are not eliminated in the government-wide statement of activities in accordance with GASB Cod. Sec 1800.105.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN

The Town Commission has established by Resolution an Internal Revenue Code Section 457 and a 401(a) defined contribution pension plan covering all employees who are over 21 years of age and who have completed one year service or, if earlier, three consecutive full calendar months of service. An employee is deemed to have completed a full calendar month of employment for any calendar month during which the employee is continuously employed without interruption for that entire calendar month and is credited with at least 80 hours of service. The plan trust is administered by the Primerica Financial Services, Inc. and the assets of the plan are not considered part of the Town's reporting entity. Benefits vest at a rate of 20% per year of service up to 100% vesting upon completion of the fifth year of service. Participation is mandatory and the employee may elect to contribute the lesser of 100% of "includible compensation or the applicable dollar limit. The Town contributes 4% of the non-charter school employee participants' compensation. The Town makes a 5% matching contribution to the plan on behalf of the Oakland Avenue Charter School employees. Most employees of the Town were eligible and did participate in the plan during the year ended September 30, 2016. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. Total contributions to the plan for the current fiscal year totaled approximately \$198,500. Total Town contributions made on behalf on non-charter school employees was approximately \$49,000 and \$43,000 for charter school employees. Employee contributions for non-charter school employees was approximately \$49,000 and \$57,500 for charter school employees.

NOTE 10 - RISK MANAGEMENT AND LITIGATION

During the ordinary course of its operations, the Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Town maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the Town. There have been no significant reductions in coverage nor have settlement amounts exceeded the Town's coverage during the year ended September 30, 2016 or the previous two years. In the opinion of the Town's management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the Town. The Town's workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool.

NOTE 11 - LEASED FACILITIES

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

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Town has outstanding debt secured by its water revenues. The water and wastewater operations are accounted for in a single enterprise fund. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the water and wastewater system operations as of and for the year ended September 30, 2016, is presented below:

	<u>Water System</u>	<u>Wastewater System</u>	<u>Total</u>
Condensed statement of revenues, expenses and changes in net position:			
Operating revenues	\$ 658,259	\$ -	\$ 658,259
Personnel services	(232,583)	(70,373)	(302,956)
Operating expenses	(213,368)	(77,252)	(290,620)
Depreciation	(223,166)	-	(223,166)
Non-operating revenues (expenses):			
Interest expense	(75,434)	-	(75,434)
Interest revenue	272	-	272
Capital contributions	-	250,000	250,000
Transfers, net	(300,000)	105,452	(194,548)
Change in net position	<u>\$ (386,020)</u>	<u>\$ 207,827</u>	<u>\$ (178,193)</u>

Summary information from statement of net position:

Capital assets, net	<u>\$ 4,164,448</u>	<u>\$ 769,259</u>	<u>\$ 4,933,707</u>
Long-term debt, including current portion	<u>\$ 2,376,320</u>	<u>\$ -</u>	<u>\$ 2,376,320</u>

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 13 - OTHER POST EMPLOYMENT BENEFITS

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES

- On October 5, 1993, the Town entered into an agreement with Orange County, whereas the County is to provide fire and related services within the Town's geographical jurisdiction. This agreement is for twenty years commencing November 2002, with a yearly cost equal to the County's Fire Protection and Emergency Medical Services millage rate set by the County which totaled \$458,584 for the year ended September 30, 2016.
- 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, 2016, 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.



(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OAKLAND, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (unaudited)
for the year ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
RESOURCES (inflows):				
Taxes	\$ 1,930,191	\$ 1,869,194	\$ 1,913,301	\$ 44,107
Licenses and permits	51,500	92,821	83,592	(9,229)
Intergovernmental revenue	525,407	523,955	523,955	-
Charges for services	328,126	409,822	395,035	(14,787)
Fines and forfeitures	34,820	16,559	16,559	-
Other	897,314	897,662	895,213	(2,449)
Interfund transfer	-	457,742	540,585	82,843
Total resources (inflows)	<u>3,767,358</u>	<u>4,267,755</u>	<u>4,368,240</u>	<u>100,485</u>
CHARGES TO APPROPRIATIONS (outflows):				
General government	776,795	1,058,348	995,709	62,639
Public safety	1,481,108	1,553,444	1,530,823	22,621
Physical environment	160,740	167,177	167,177	-
Transportation	404,242	374,676	361,276	13,400
Culture/recreation	82,519	67,373	63,467	3,906
Debt service	700,052	825,830	884,130	(58,300)
Capital outlay	161,902	216,177	358,593	(142,416)
Total charges to appropriations (outflows)	<u>3,767,358</u>	<u>4,263,025</u>	<u>4,361,175</u>	<u>(98,150)</u>
EXCESS (DEFICIENCY) OF RESOURCES				
OVER CHARGES TO APPROPRIATIONS	-	4,730	7,065	2,335
Budgeted reserve carried forward	-	(4,730)	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,065</u>	<u>\$ 2,335</u>

Explanation of differences between budgetary inflows and outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,368,240
Differences - budget to GAAP:	
Budgetary inflows representing interfund transfers are reported as other financing source on a GAAP basis.	<u>(540,585)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,827,655</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,361,175
Differences - budget to GAAP:	
Unbudgeted capital lease acquisition costs	<u>242,129</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,603,304</u>

TOWN OF OAKLAND, FLORIDA
BUDGETARY COMPARISON SCHEDULE - CHARTER SCHOOL SPECIAL
REVENUE FUND (unaudited)
for the year ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
RESOURCES (inflows):				
Intergovernmental revenue	\$ 3,849,536	\$ 3,849,536	\$ 4,173,011	\$ 323,475
Charges for service	83,496	83,496	83,560	64
Other sources	52,362	52,362	68,328	15,966
Total resources (inflows)	<u>3,985,394</u>	<u>3,985,394</u>	<u>4,324,899</u>	<u>339,505</u>
CHARGES TO APPROPRIATIONS (outflows):				
Culture/recreation	<u>4,067,912</u>	<u>4,067,912</u>	<u>4,103,589</u>	<u>(35,677)</u>
Total charges to appropriations (outflows)	<u>4,067,912</u>	<u>4,067,912</u>	<u>4,103,589</u>	<u>(35,677)</u>
EXCESS (DEFICIENCY) OF RESOURCES				
OVER CHARGES TO APPROPRIATIONS	<u>(82,518)</u>	<u>(82,518)</u>	<u>221,310</u>	<u>303,828</u>
NET CHANGE IN FUND BALANCE	<u>\$ (82,518)</u>	<u>\$ (82,518)</u>	<u>\$ 221,310</u>	<u>\$ 303,828</u>

Notes to Required Supplementary Information

Under GASB Cod. Sec. 2400, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Town did not prepare a budget, nor were they legally required to prepare a budget for the impact fee special revenue fund for the year ended September 30, 2016. Therefore, budget comparison information for the impact fee special revenue fund is not included in the Town's financial statements.



(This page intentionally left blank)

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Town of Oakland, Florida as of and for the year ended September 30, 2016, 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 March 29, 2017.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 10-01, 10-05 and 11-5 described in the accompanying summary schedule of prior audit recommendations to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies 10-06 and 14-002 described in the accompanying summary schedule of prior audit recommendations to be significant deficiencies.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year findings and responses as item 16-001.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
March 29, 2017

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, 2016. Management is responsible for Town of Oakland, Florida's compliance with those requirements. Our responsibility is to express an opinion on Town of Oakland, Florida's compliance based on our examination.

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

In our opinion, Town of Oakland, Florida complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes for the year ended September 30, 2016.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
March 29, 2017

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, 2016, and have issued our report thereon dated March 29, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance with the requirements of Section 218.415, Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 29, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not Town of Oakland, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements of the Town of Oakland, Florida, the results of our tests did not indicate Town of Oakland, Florida met any of the specified conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Town of Oakland's, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Town of Oakland, Florida for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. Our comparison of these two reports resulted in no material differences.

Other Matters

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

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

Purpose of this Letter

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

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
March 29, 2017

**SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA**

16-001: Bond Covenant Compliance (noncompliance)

Criteria: The Town's Charter School Revenue Refunding Bond, Series 2013 (the "Bond") requires monthly deposits into a sinking fund in such an amount that for each semi-annual debt service payment date, there will be amounts already segregated in this sinking fund to satisfy the debt service requirements. Furthermore, the Bond requires monthly deposits to an enrollment stabilization fund.

Condition: During our audit we noted that the Town is not making monthly deposits into the sinking fund or the enrollment stabilization fund which created a situation as of September 30, 2016 where total cash and cash equivalents in the general fund were not adequate to fully fund these accounts. The Bond covenants required \$494,588 to be on deposit in the sinking and enrollment stabilization funds as of year-end and the Town only had \$337,744 available cash and cash equivalents to satisfy these requirements resulting in a shortage of \$156,844.

Effect: Violation of bond covenants could result in unfavorable market credit ratings and increased interest rates.

Cause: Inadequate monitoring of bond compliance requirements.

Recommendation: We recommend the Town enhance its controls to ensure that monthly deposits into the required sinking and enrollment stabilization funds are made and that these funds are properly maintained.

Management's Response: The Town had funds available in the charter school special revenue fund to fully fund the sinking and stabilization fund requirements as of September 30, 2016. Furthermore, the Town had funds available in the enterprise fund that were due to the general fund at September 30, 2016 in the amount of \$160,037 which was more than enough to fully fund the sinking and stabilization fund requirements. Due to the fact that funds were not transferred prior to the end of business on September 30, 2016 from either the enterprise fund or the charter school special revenue fund created a transient situation where there was not enough cash in the general fund to segregate the required amounts. We appreciate the auditor's recommendation and will begin making monthly transfers to the sinking fund and enrollment stabilization fund as prescribed in the relevant loan agreement and will prepare an analysis of our restricted cash needs prior to year-end and make any necessary adjustments to the cash balances so an appropriate amount is restricted.

**SUMMARY SCHEDULE OF PRIOR AUDIT RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA**

Audit Finding Number	Title	Brief Description	Status	Comments
10-01	Utility Billing Subledgers should be Reconciled to the General Ledger (material weakness)	<p>In the past seven audits we have recommended that management implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.</p> <p><i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i></p>	Not Resolved	Based upon the results of our audit procedures we proposed immaterial adjustments to the general ledger control accounts to reconcile them to the detail customer accounts receivable subsidiary ledger. We also noted that a monthly analysis is not taking place as recommended.
10-04	Payroll (management letter comment)	<p>In prior years we noted the following conditions where the internal control procedures over payroll processing and human resources have not been adequately designed or were not operating properly.</p> <p style="padding-left: 20px;">- Payroll data is being entered incorrectly into the Town's general ledger and there is no reconciliation of payroll related liabilities to the actual amounts paid.</p> <p><i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i></p>	Not Resolved	Payroll related activity is still being posted to the general ledger incorrectly and without reconciliation between the accrued liabilities and the actual amounts paid for benefits.
10-05	Internal Control over Financial Reporting (material weakness)	<p>In prior years we noted the Town's internal control over financial reporting failed to detect many financial statement misstatements resulting in audit adjustments.</p> <p><i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i></p>	Not Resolved	During our current year audit we continued to find many financial statement misstatements, some considered material.
10-06	Restricted cash Monitoring needs Improvement (significant deficiency)	<p>We noted that management was not always monitoring the restrictions places on revenues that are restricted as to use by enabling legislation or contract.</p> <p><i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i></p>	Not Resolved	We noted that prior to our proposed adjusting entries, the amount of cash set aside for restricted purposes in the general fund and the water fund was less than required. We also noted that monthly transfers to the Town's required debt sinking and reserve funds were not being made or monitored.

**SUMMARY SCHEDULE OF PRIOR AUDIT RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
TOWN OF OAKLAND, FLORIDA**

Audit Finding Number	Title	Brief Description	Status	Comments
11-5	Approval and support of Journal Entries (material weakness)	In prior years we have recommended that management adopt procedures that ensure that all journal entries are supported by adequate documentation and are subject to supervisory review. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i>	Not Resolved	This recommendation has not been implemented. We continue to identify journal entries that lack adequate documentation and evidence of supervisory review.
12-3	Capital Asset Inventory (management letter recommendation)	In prior years we have recommended that the Town implement procedures to ensure that a physical inventory of all capital asset property is completed annually and in accordance with Florida Administrative Code 69I-73.006. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i>	Not Resolved	An inventory of the Town's capital asset property for the fiscal year ended September 30, 2016 was not performed.
12-4	Refuse Collection (management letter recommendation)	In prior years we have recommended that management amend the Town code of ordinances to reflect the current refuse collection rates. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i>	Not Resolved	We noted that the Town code of ordinances has not been amended to reflect the refuse collection rates being charged. We did observe resolution 2015-01 that sets forth the desired refuse collection rates of the Town Commission but it is our understanding that to remove the codified rate, an ordinance would be required.
14-002	Accounts Payable Reconciliation (significant deficiency)	In the prior two years we recommended that management implement procedures to ensure that a monthly reconciliation of the general ledger control accounts to the accounts payable detailed listing is performed and questionable entries or reconciling items are investigated and corrected in a timely manner. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i>	Not Resolved	We noted that the Town was unable to provide an accurate detailed listing of the Town's accounts payable as of year-end.
14-006	Budgetary Control (management letter recommendation)	In the prior two years we recommended that the Town amend their budget to ensure that the actual expenditures do not exceed the budgeted appropriations. <i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i>	Not Resolved	We noted that the Town Commission approved a budget amendment on November 8, 2016 but the actual expenditures still exceeded the amended appropriations.