



T.I.N. No. 59-1237784

FINANCIAL STATEMENTS AND AUDITORS' REPORTS

September 30, 2013

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013
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, 2013. Please read it in conjunction with the Town's financial statements following the MD&A.

In 2013 the Town implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement amends the existing net position reporting requirements by incorporating deferred outflows and inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets as previously reported.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of fiscal year 2013 by approximately \$6,733,626 (net position). Of this amount approximately \$1,809,465 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$206,282 (or 2.9%) over the previous fiscal year.
- At September 30, 2013, the Town's governmental funds reported combined ending fund balances of approximately \$2,622,769 a decrease of approximately \$1,184,030 in comparison with the prior year.
- At September 30, 2013, unassigned and assigned fund balance for the general fund was approximately \$1,061,499 or 31.5% of total General Fund expenditures. When the \$1,000,000 emergency fund is removed for the total of assigned and unassigned fund balance, the remaining portion is \$61,499 or 1.8% of total general fund expenditures.
- Governmental funds revenue increased \$824,449 or 12.3%. The increase resulted primarily from intergovernmental revenue for the housing rehabilitation Community Development Block Grant (CDBG) which totaled \$517,687 for 2013.
- The Town's outstanding long-term debt decreased approximately \$905,500 or 9.4% during fiscal year 2013. The Series 2002 and 2003 Charter School Revenue Bonds were refinanced with the Series 2013 Charter School Refunding Revenue Bonds which will decrease the actual cash flow related to the charter school bonds by \$4,512,389 over the next twenty years which reflects an economic gain of \$2,131,804.

Overview of the Financial Statement

The financial statements are presented in compliance with pronouncement 34 of the Governmental Accounting Standards Board (GASB 34). 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013
TOWN OF OAKLAND, FLORIDA
(Continued)

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).

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 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 four (4) 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, charter school fund, and debt service 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 and debt service 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013
TOWN OF OAKLAND, FLORIDA
(Continued)

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 department 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.

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 12-27 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 28-29 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 exceeded liabilities by approximately \$6,733,626 as of September 30, 2013. 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	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 3,024,007	\$ 4,055,107	\$ 1,072,068	\$ 924,026	\$ 4,096,075	\$ 4,979,133
Capital assets	9,131,825	9,040,108	2,991,551	3,028,681	12,123,376	12,068,789
Total assets	12,155,832	13,095,215	4,063,619	3,952,707	16,219,451	17,047,922
Current and other liabilities	468,708	403,843	309,617	91,171	778,325	495,014
Long-term debt outstanding	8,549,700	9,450,000	157,800	163,000	8,707,500	9,613,000
Total liabilities	9,018,408	9,853,843	467,417	254,171	9,485,825	10,108,014
Net position:						
Net investment in capital assets	582,125	(409,892)	2,833,752	2,865,681	3,415,877	2,455,789
Restricted	1,493,800	2,338,473	14,484	14,024	1,508,284	2,352,497
Unrestricted	1,061,499	1,312,791	747,966	818,831	1,809,465	2,131,622
Total net position	\$ 3,137,424	\$ 3,241,372	\$ 3,596,202	\$ 3,698,536	\$ 6,733,626	\$ 6,939,908

Approximately 50.7% 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 35.3% 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 \$1,508,284 which is restricted for debt service, charter school operations and capital projects. The remaining balance of unrestricted net position, \$1,809,465, may be used to meet the Town's ongoing obligations to citizens and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013
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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$4,510,731	\$4,350,464	\$ 484,394	\$ 450,197	\$ 4,995,125	\$ 4,800,661
Operating grants and contributions	773,446	262,628	-	-	773,446	262,628
Capital grants and contributions	5,475	-	-	-	5,475	-
<i>General revenues:</i>						
Property taxes	1,279,651	1,326,602	-	-	1,279,651	1,326,602
Franchise/Public Ser. Tax	403,555	394,570	-	-	403,555	394,570
Fuel taxes	87,140	60,591	-	-	87,140	60,591
State shared revenues	427,554	390,548	-	-	427,554	390,548
Other	7,689	4,977	1,458	1,429	9,147	6,406
Total revenues	<u>7,495,241</u>	<u>6,790,380</u>	<u>485,852</u>	<u>451,626</u>	<u>7,981,093</u>	<u>7,242,006</u>
Expenses:						
General government	951,087	949,206	-	-	951,087	949,206
Police	891,269	864,045	-	-	891,269	864,045
Fire protection	444,511	435,614	-	-	444,511	435,614
Charter school	3,825,280	3,831,355	-	-	3,825,280	3,831,355
Housing rehabilitation	517,687	-	-	-	517,687	-
Refuse collection	162,610	159,229	-	-	162,610	159,229
Streets	300,029	354,869	-	-	300,029	354,869
Parks and recreation	37,081	10,769	-	-	37,081	10,769
Interest on long-term debt	469,635	514,498	-	-	469,635	514,498
Water	-	-	588,186	639,293	588,186	639,293
Total expenses	<u>7,599,189</u>	<u>7,119,585</u>	<u>588,186</u>	<u>639,293</u>	<u>8,187,375</u>	<u>7,758,878</u>
Change in Net Position	(103,948)	(329,205)	(102,334)	(187,667)	(206,282)	(516,872)
Net position - beginning	<u>3,241,372</u>	<u>3,570,577</u>	<u>3,698,536</u>	<u>3,886,203</u>	<u>6,939,908</u>	<u>7,456,780</u>
Net position - ending	<u>\$3,137,424</u>	<u>\$3,241,372</u>	<u>\$ 3,596,202</u>	<u>\$ 3,698,536</u>	<u>\$ 6,733,626</u>	<u>\$ 6,939,908</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013
TOWN OF OAKLAND, FLORIDA
(Continued)

Governmental activities

Governmental activities decreased the Town's net position by \$103,948. In the prior year, governmental activities net position decreased by \$329,205. In 2013, revenues increased by \$704,861 or 10.4% and expenses increased by \$479,604 or 6.7%.

Business-Type Activities

Business-type activities decreased the Town's net position by \$102,334. In the prior year, net position decreased by \$187,667. The 2013 decrease was \$85,333 less than 2012 decrease due to a 7.0% increase in revenue coupled with an 8.7% decrease in expenses. While revenues increased and expenses decreased, it important to note that the business-type activities' net position decreased by 2.8%.

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, unreserved 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, 2013, the Town's governmental funds reported combined ending fund balances of \$2,622,769 a decrease of \$1,184,030 when compared to the previous year. The main cause of this large decline is that the assets on deposit in the debt service fund were liquidated and applied to the principal of the Series 2002 and 2003 Charter School Revenue Bonds in conjunction with the refinancing of these bonds with the Series 2013 Charter School Refunding Revenue Bonds.

The general fund is the chief operating fund of the Town. At September 30, 2013, unassigned and assigned fund balance for the General Fund was approximately \$1,061,499 or 31.5% of total general fund expenditures. When the \$1,000,000 emergency fund is removed from the total of assigned and unassigned fund balance, the remaining portion is \$61,499 or 1.8% of total general fund expenditures. When the current unassigned and assigned fund balance is compared to the prior year balances, there was a current year decline of \$153,932. This decline was mainly caused by an excess of expenditures and transfers over revenues in the general fund.

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 department and it is considered a major fund. Unrestricted net position of the proprietary fund at September 30, 2013 was \$747,966 which is a \$70,865 decrease from 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013
TOWN OF OAKLAND, FLORIDA
(Continued)

Governmental Fund Budgetary Highlights

The Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual for the governmental funds can be found on pages 28-29 of this report in the required supplementary information section. In the general fund, actual revenue was \$42,189 greater than budgeted revenue and actual expenditures were \$33,863 less than budgeted expenditures resulting in an overall decrease in fund balance that was \$76,052 less than budgeted. The charter school special revenue fund had an favorable overall variance from the budget of \$99,540.

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, 2013 amounts to approximately \$12,123,376, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, land improvements, water and well systems, and vehicles. The total capital asset additions of the Town totaled approximately \$608,560 during fiscal year 2013. The capital asset increases during 2013 resulted from costs associated with police vehicles and equipment, street repaving, public works equipment and water tank expansion.

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	
	2013	2012	2013	2012	2013	2012
Land	\$ 191,440	\$ 191,440	\$ 10,500	\$ 10,500	\$ 201,940	\$ 201,940
Buildings and improvements	10,758,081	10,322,359	4,005,814	4,005,814	14,763,895	14,328,173
Vehicles and equipment	2,670,132	2,586,735	332,833	331,255	3,002,965	2,917,990
Infrastructure	276,610	276,610	-	-	276,610	276,610
Construction in progress	226,828	265,026	712,416	586,355	939,244	851,381
Less: Accumulated depreciation	(4,991,266)	(4,602,062)	(2,070,012)	(1,905,243)	(7,061,278)	(6,507,305)
Total	\$ 9,131,825	\$ 9,040,108	\$ 2,991,551	\$ 3,028,681	\$ 12,123,376	\$ 12,068,789

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013
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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue notes	\$ 6,695,000	\$ 7,390,000	\$ 157,800	\$ 163,000	\$ 6,852,800	\$ 7,553,000
Notes payable	2,000,000	2,060,000	-	-	2,000,000	2,060,000
Deferred amounts	(145,300)	-	-	-	(145,300)	-
Less amount due in one year	(310,000)	(260,000)	(5,400)	(5,200)	(315,400)	(265,200)
Total	<u>\$ 8,239,700</u>	<u>\$ 9,190,000</u>	<u>\$ 152,400</u>	<u>\$ 157,800</u>	<u>\$ 8,392,100</u>	<u>\$ 9,347,800</u>

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

Requests for Information

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

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 the Town of Oakland, Florida as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the charter school special revenue fund, which is both a major fund and 16 percent, 44 percent, and 50 percent, respectively, of the assets, net position, and revenues of the governmental activities.

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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Disclaimer
Business-Type Activities	Unmodified
General Fund	Unmodified
Impact Fee Special Revenue Fund	Unmodified
Charter School Special Revenue Fund	Disclaimer
Debt Service Fund	Unmodified
Enterprise Fund	Unmodified

Basis for Disclaimer of Opinion

The financial statements of the charter school special revenue fund have been audited by other auditors and we were not engaged to audit the charter school special revenue fund's financial statements as part of our audit of the Town's basic financial statements.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not obtained sufficient appropriate audit evidence to provide a basis of an audit opinion. Accordingly, we do not express an opinion on the financial statements of the charter school special revenue fund or the governmental activities due to the significance of the charter school special revenue fund on the assets, revenue and net position of the governmental activities.

Unmodified Opinions

In our opinion, except for the effects of the matter described in the Basis for Disclaimer of Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the general fund, impact fee special revenue fund, debt service fund and enterprise fund, all of which are major funds, of the Town of Oakland, Florida, as of September 30, 2013, 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 on pages M1 through M7 and the budgetary comparison information on page 28 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors 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 31, 2014, on our consideration of the Town of Oakland, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oakland, Florida's internal control over financial reporting and compliance.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Lakeland, Florida
March 31, 2014

TOWN OF OAKLAND, FLORIDA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 777,077	\$ 935,569	\$ 1,712,646
Receivables, current:			
Customer accounts, net	16,704	40,883	57,587
Intergovernmental	70,648	-	70,648
Franchise and public service taxes	29,174	-	29,174
Restricted assets:			
Cash and cash equivalents	2,130,404	95,616	2,226,020
Capital assets:			
Non-depreciable	418,268	722,916	1,141,184
Depreciable, net	8,713,557	2,268,635	10,982,192
TOTAL ASSETS	12,155,832	4,063,619	16,219,451
LIABILITIES			
Accounts payable	\$ 114,328	\$ 40,525	\$ 154,853
Accrued interest payable	67,470	-	67,470
Internal balances	274,064	187,960	462,024
Unearned revenue	12,846	-	12,846
Customer deposits	-	81,132	81,132
Long-term liabilities:			
Due within one year	310,000	5,400	315,400
Due in more than one year	8,239,700	152,400	8,392,100
TOTAL LIABILITIES	9,018,408	467,417	9,485,825
NET POSITION			
Net investment in capital assets	582,125	2,833,752	3,415,877
Restricted for:			
Debt service	58,884	14,484	73,368
Charter school operations	967,400	-	967,400
Water system improvements	39,847	-	39,847
Wastewater system improvements	98,747	-	98,747
Parks and recreation improvements	12,477	-	12,477
Transportation improvements	312,387	-	312,387
Law enforcement improvements	280	-	280
Administrative facilities improvements	1,575	-	1,575
Fire protection improvements	2,203	-	2,203
Unrestricted	1,061,499	747,966	1,809,465
TOTAL NET POSITION	\$ 3,137,424	\$ 3,596,202	\$ 6,733,626

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
for the year ended September 30, 2013

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	\$ 951,087	\$ 772,614	\$ 2,250	\$ 2,235	\$ (173,988)	\$ -	\$ (173,988)
Police	891,269	27,884	-	1,290	(862,095)	-	(862,095)
Fire protection	444,511	12,444	-	100	(431,967)	-	(431,967)
Charter school	3,825,280	3,516,990	249,509	-	(58,781)	-	(58,781)
Housing rehabilitation	517,687	-	517,687	-	-	-	-
Refuse collection	162,610	179,842	-	-	17,232	-	17,232
Streets	300,029	957	-	1,500	(297,572)	-	(297,572)
Parks and recreation	37,081	-	4,000	350	(32,731)	-	(32,731)
Interest on long term debt	469,635	-	-	-	(469,635)	-	(469,635)
Total governmental activities	7,599,189	4,510,731	773,446	5,475	(2,309,537)	-	(2,309,537)
Business-type Activities:							
Water utility	588,186	484,394	-	-	-	(103,792)	(103,792)
Total business-type activities	588,186	484,394	-	-	-	(103,792)	(103,792)
TOTAL PRIMARY GOVERNMENT	\$ 8,187,375	\$ 4,995,125	\$ 773,446	\$ 5,475	(2,309,537)	(103,792)	(2,413,329)
GENERAL REVENUES:							
Taxes:							
Property taxes, levied for general purposes					1,279,651	-	1,279,651
Franchise taxes					121,630	-	121,630
Public service taxes					281,925	-	281,925
Fuel taxes levied for transportation					87,140	-	87,140
State shared revenue					427,554	-	427,554
Investment earnings					1,165	1,458	2,623
Miscellaneous					6,524	-	6,524
Total General Revenues, Special Items, and Transfers					2,205,589	1,458	2,207,047
CHANGE IN NET POSITION					(103,948)	(102,334)	(206,282)
NET POSITION - beginning of year					3,241,372	3,698,536	6,939,908
NET POSITION - end of year					\$ 3,137,424	\$ 3,596,202	\$ 6,733,626

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2013

	<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	\$ 777,077	\$ 452,441	\$ 1,539,769	\$ 2,769,287
Receivables, net:				
Customer accounts, net	16,704	-	-	16,704
Intergovernmental	70,648	-	-	70,648
Franchise and public service taxes	29,174	-	-	29,174
Due from charter school fund	73,465	-	-	73,465
Due from water fund	215,878	-	-	215,878
Due from general fund	-	3,235	-	3,235
Restricted cash and cash equivalents	138,194	-	-	138,194
TOTAL ASSETS	<u>\$ 1,321,140</u>	<u>\$ 455,676</u>	<u>\$ 1,539,769</u>	<u>\$ 3,316,585</u>
LIABILITIES AND FUND BALANCE				
Accounts payable	\$ 105,366	\$ -	\$ 8,962	\$ 114,328
Due to general fund	-	-	563,407	563,407
Due to impact fee fund	3,235	-	-	3,235
Unearned revenue	12,846	-	-	12,846
TOTAL LIABILITIES	<u>121,447</u>	<u>-</u>	<u>572,369</u>	<u>693,816</u>
FUND BALANCE:				
Restricted for:				
Debt service	126,354	-	-	126,354
Charter school operations	-	-	967,400	967,400
Water system improvements	-	39,847	-	39,847
Wastewater system improvements	-	98,747	-	98,747
Parks and recreation improvements	11,840	637	-	12,477
Law enforcement improvements	-	280	-	280
Transportation improvements	-	312,387	-	312,387
Administrative facilities improvements	-	1,575	-	1,575
Fire protection improvements	-	2,203	-	2,203
Assigned to:				
Emergency reserve	1,000,000	-	-	1,000,000
Unassigned:	61,499	-	-	61,499
TOTAL FUND BALANCES	<u>1,199,693</u>	<u>455,676</u>	<u>967,400</u>	<u>2,622,769</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,321,140</u>	<u>\$ 455,676</u>	<u>\$ 1,539,769</u>	<u>\$ 3,316,585</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, 2013

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 2,622,769**

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. 9,131,825

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds. (67,470)

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet. (8,549,700)

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 3,137,424**

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, 2013

	<u>General Fund</u>	<u>Impact Fee Special Revenue</u>	<u>Charter School Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes	\$ 1,768,322	\$ -	\$ -	\$ -	\$ 1,768,322
Licenses and permits	22,393	-	-	-	22,393
Intergovernmental revenue	959,259	-	3,826,499	-	4,785,758
Charges for services	230,031	-	-	-	230,031
Fines and forfeitures	14,464	-	-	-	14,464
Other	730,087	3,711	-	64	733,862
Total revenues	<u>3,724,556</u>	<u>3,711</u>	<u>3,826,499</u>	<u>64</u>	<u>7,554,830</u>
EXPENDITURES:					
General government	521,605	-	-	-	521,605
Public safety	1,272,051	-	-	-	1,272,051
Physical environment	162,610	-	-	-	162,610
Transportation	277,229	-	-	-	277,229
Culture/recreation	32,289	-	3,576,592	-	3,608,881
Debt service	209,260	-	-	1,640,735	1,849,995
Capital outlay	896,122	-	150,367	-	1,046,489
Total expenditures	<u>3,371,166</u>	<u>-</u>	<u>3,726,959</u>	<u>1,640,735</u>	<u>8,738,860</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	353,390	3,711	99,540	(1,640,671)	(1,184,030)
OTHER FINANCING SOURCES AND (USES)					
Transfer in	168,080	-	-	600,000	768,080
Transfer out	(600,000)	(168,080)	-	-	(768,080)
Refunding bonds issued	-	-	-	6,695,000	6,695,000
Payment to refunded bond escrow agent	-	-	-	(6,695,000)	(6,695,000)
NET CHANGE IN FUND BALANCE	<u>(78,530)</u>	<u>(164,369)</u>	<u>99,540</u>	<u>(1,040,671)</u>	<u>(1,184,030)</u>
FUND BALANCE, beginning of year	1,278,223	620,045	867,860	1,040,671	3,806,799
FUND BALANCE, end of year	<u>\$ 1,199,693</u>	<u>\$ 455,676</u>	<u>\$ 967,400</u>	<u>\$ -</u>	<u>\$ 2,622,769</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, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ (1,184,030)**

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	480,921
This is the amount of depreciation recorded in the current period	(389,204)

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 long-term debt repayments.	755,000
This amount represents redemption premium on a current refunding	145,300

Certain charter school revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds in the prior year.

(60,000)

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.

148,065

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (103,948)**

TOWN OF OAKLAND, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
September 30, 2013

	<u>Water Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 935,569
Customer accounts receivable, net	40,883
Total current assets	<u>976,452</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	95,616
Due from charter school fund	27,918
Capital assets, net:	
Non-depreciable	722,916
Depreciable, net	2,268,635
Total noncurrent assets	<u>3,115,085</u>
TOTAL ASSETS	<u>4,091,537</u>
LIABILITIES	
Current liabilities:	
Accounts payable	40,525
Bonds and notes payable, current portion	5,400
Total current liabilities	<u>45,925</u>
Noncurrent liabilities:	
Due to general fund	215,878
Customer deposits	81,132
Bonds and notes payable, noncurrent portion	152,400
Total noncurrent liabilities	<u>449,410</u>
TOTAL LIABILITIES	<u>495,335</u>
NET POSITION	
Net investment in capital assets	2,833,752
Restricted for:	
Debt service	14,484
Unrestricted	747,966
TOTAL NET POSITION	<u>\$ 3,596,202</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, 2013

	<u>Water Fund</u>
OPERATING REVENUES:	
Charges for services	\$ 444,694
Total operating revenues	<u>444,694</u>
OPERATING EXPENSES:	
Personal services	129,703
Operating expenses	285,564
Depreciation	<u>164,769</u>
Total operating expenses	<u>580,036</u>
OPERATING INCOME	<u>(135,342)</u>
NONOPERATING REVENUE (EXPENSE):	
Interest revenue	1,458
Interest expense	(8,150)
Insurance proceeds	<u>39,700</u>
Total nonoperating revenues (expenses)	<u>33,008</u>
CHANGE IN NET POSITION	(102,334)
TOTAL NET POSITION - beginning of year	<u>3,698,536</u>
TOTAL NET POSITION - end of year	<u>\$ 3,596,202</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
for the year ended September 30, 2013

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 465,454
Payments to suppliers	(262,876)
Payments for salaries and benefits	(129,703)
Net cash flows from operating activities	<u>72,875</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Insurance proceeds	39,700
Increase (decrease) in due to (from) other funds, net of interfund transfers	36,380
Net cash flows from noncapital financing activities	<u>76,080</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(127,639)
Principal paid on notes, bonds and lease obligations	(5,200)
Interest paid on borrowings	(8,150)
Net cash flows from capital and related financing activities	<u>(140,989)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on invested funds	1,458
Net cash flows from investing activities	<u>1,458</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,424
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,021,761</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,031,185</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (135,342)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	164,769
(Increase) decrease in customer accounts receivable	12,962
Increase (decrease) in customer deposits	7,798
Increase (decrease) in accounts payable and accrued expenses	22,688
Net cash flows from operating activities	<u>\$ 72,875</u>
Noncash financing and investing activities:	<u>\$ -</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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). During the year the Town implemented GASBS 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only GASB's authoritative literature, or to follow FASB and AICPA pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature. The more significant accounting policies established in GAAP and used by the Town 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. Significant influence or accountability is based primarily on operational or financial relationships with the Town (as distinct from legal relationships). Certain component units, although legally separate, are presented in the financial statements as "blended" components. Blending refers to the fact that the component unit's funds and account groups are combined with those of the primary government for financial reporting purposes. There are no entities that meet the criteria for inclusion as either blended or discreetly presented component units.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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 effects of interfund activity have been removed from these statements. 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.

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, 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 No. 34 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, 2013

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 has a fiscal year that 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, 2013.
- **Debt service fund** is used to account for the servicing of general long term debt related to the construction of the charter school. The debt service fund was closed with the Series 2002 and 2003 bond refunding on August 21, 2013. See note 6 for more detail on the current refunding.

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 the following Enterprise Fund:
 - **Water fund** is used to account for the operations associated with potable water supply, treatment, transmission and distribution services to area residents.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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 are 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.

Operating revenues shown for proprietary operations generally result from producing or providing goods and services such as providing potable water service. 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.

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 taxes, licenses, 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.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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, 2013, 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 \$8,771 at September 30, 2013. 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, 2013, such reserves for all funds totalled \$18,714. 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 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, 2013

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 for the year ended September 30, 2013.

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund types in the 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, discounts and issuance costs are deferred and amortized over the life of the bonds using the bonds outstanding method. Bond issuance costs are reported as assets, net of amortization. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. 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 when due. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

COMPENSATED ABSENCES - Sick leave is credited to an employee on the basis of eight hours per month of service. Employees are reimbursed for half of their accumulated sick leave at the end of each fiscal year and the remainder of the unused sick leave is forfeited. Vacation leave is credited to an employee depending on years of service, ranging from five to 13 days per year. Employees may not carry forward annual leave from one year to the next. Any annual leave on September 30 of each year will be forfeited and the employee will not otherwise be compensated for such time. As a result of the above Town policies, there is no liability recorded for compensated absences as of September 30, 2013.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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

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

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 - Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the Government-wide Statement of Activities, all interfund transfers between individual governmental funds, when applicable, are eliminated.

EQUITY CLASSIFICATIONS -

Government-wide Statements - The Town implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement amends the existing net asset reporting requirements by incorporating deferred outflows and inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets as previously reported. Accordingly, equity 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 \$1,508,284 of restricted net position, of which \$467,516 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.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

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 did not have any unspendable resources as of September 30, 2013.

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, 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, 2013.

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. Amounts reported as assigned fund balance consists the major emergency reserve as established by Ordinance 2010-04 to be used for catastrophes due to natural or human causes, major lawsuits, buffering for bonded debt, unforeseen replacement of infrastructure or similar other needs. A super majority of the Town Commission is required to authorize the spending of these funds.

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.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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, 2013 was 6.75.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is adopted by 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.

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 State Treasurer 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 State Treasurer 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>3,938,266</u>
Total cash and cash equivalents	\$	<u>3,938,666</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, 2013

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2013, was as follows:

	Balance October 1, 2012	Reclassifications	Additions	Deletions	Balance September 30, 2013
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 191,440	\$ -	\$ -	\$ -	\$ 191,440
Construction in process	265,026	(285,355)	247,157	-	226,828
Total	<u>\$ 456,466</u>	<u>\$ (285,355)</u>	<u>\$ 247,157</u>	<u>\$ -</u>	<u>\$ 418,268</u>
Capital assets being depreciated:					
Land improvements	\$ 209,067	\$ 196,990	\$ -	\$ -	\$ 406,057
Buildings and improvements	10,113,292	88,365	150,367	-	10,352,024
Equipment	2,586,735	-	83,397	-	2,670,132
Infrastructure					
Road systems	276,610	-	-	-	276,610
Total	<u>13,185,704</u>	<u>285,355</u>	<u>233,764</u>	<u>-</u>	<u>13,704,823</u>
Total all capital assets	<u>13,642,170</u>	<u>-</u>	<u>480,921</u>	<u>-</u>	<u>14,123,091</u>
Less accumulated depreciation for:					
Land improvements	(193,817)	-	(7,150)	-	(200,967)
Buildings and improvements	(2,061,260)	-	(266,821)	-	(2,328,081)
Equipment	(2,305,087)	-	(97,227)	-	(2,402,314)
Infrastructure					
Road systems	(41,898)	-	(18,006)	-	(59,904)
Total accumulated depreciation	<u>(4,602,062)</u>	<u>-</u>	<u>(389,204)</u>	<u>-</u>	<u>(4,991,266)</u>
Depreciable capital assets, net	<u>\$ 8,583,642</u>	<u>\$ 285,355</u>	<u>\$ (155,440)</u>	<u>\$ -</u>	<u>\$ 8,713,557</u>
<u>Business-type activities:</u>					
Capital assets not being depreciated:					
Land	\$ 10,500	\$ -	\$ -	\$ -	\$ 10,500
Construction in process	586,355	-	126,061	-	712,416
Total	<u>\$ 596,855</u>	<u>\$ -</u>	<u>\$ 126,061</u>	<u>\$ -</u>	<u>\$ 722,916</u>
Capital assets being depreciated:					
Water system	\$ 4,005,814	\$ -	\$ -	\$ -	\$ 4,005,814
Equipment	331,255	-	1,578	-	332,833
Total	<u>4,337,069</u>	<u>-</u>	<u>1,578</u>	<u>-</u>	<u>4,338,647</u>
Total all capital assets	<u>4,933,924</u>	<u>-</u>	<u>127,639</u>	<u>-</u>	<u>5,061,563</u>
Less accumulated depreciation for:					
Water system	(1,671,630)	-	(145,817)	-	(1,817,447)
Equipment	(233,613)	-	(18,952)	-	(252,565)
Total accumulated depreciation	<u>(1,905,243)</u>	<u>-</u>	<u>(164,769)</u>	<u>-</u>	<u>(2,070,012)</u>
Depreciable capital assets, net	<u>\$ 2,431,826</u>	<u>\$ -</u>	<u>\$ (163,191)</u>	<u>\$ -</u>	<u>\$ 2,268,635</u>

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 5 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$ 63,198
Law enforcement	45,406
Fire protection	14,111
Parks and recreation	4,792
Streets	13,009
Charter school	248,688
Total depreciation expense - governmental activities	\$ 389,204

Business-type Activities:

Water	\$ 164,769
Total depreciation expense - business-type activities	\$ 164,769

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2013:

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Amounts Due within One Year
Governmental Activities					
Long-term debt:					
Notes payable:					
Series 2002A FMLC Revenue Note	\$ 2,060,000	\$ -	\$ (60,000)	\$ 2,000,000	\$ 65,000
Bonds payable					
Series 2002 Charter School Revenue Bonds	7,195,000		(7,195,000)	-	-
Series 2003 Charter School Revenue Completion Bonds	195,000		(195,000)	-	-
Series 2013 Charter School Refunding Revenue Bonds	-	6,695,000	-	6,695,000	245,000
Redemption premium	-	(145,300)		(145,300)	-
Total long-term liabilities	\$ 9,450,000	\$ 6,549,700	\$ (7,450,000)	8,549,700	\$ 310,000
Less amount due in one year				(310,000)	
Net long-term debt due after one year				\$ 8,239,700	
Business-type Activities					
Long-term debt:					
Revenue certificates:					
Series 1991 USDA Water Revenue Bonds	\$ 163,000	\$ -	\$ (5,200)	\$ 157,800	\$ 5,400
Total revenue certificates	163,000	-	(5,200)	157,800	5,400
Total long-term liabilities	\$ 163,000	\$ -	\$ (5,200)	157,800	\$ 5,400
Less amount due in one year				(5,400)	
Net long-term debt due after one year				\$ 152,400	

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Notes to Long-Term Obligations Table

Governmental Activities:

- Series 2002 Charter School Revenue Bonds - The Charter School Revenue Bonds, Series 2006 were issued through private placement on December 1, 2002 to finance land acquisition and the construction and equipping of an elementary charter school. The Series 2002 bonds were payable in annual principal amounts which vary from \$110,000 to \$630,000 and had an original maturity of June 30, 2033 with Interest due semiannually at 6.95%. The Series 2002 bonds were fully refunded with the Series 2013 Charter School Refunding Bonds on August 21, 2013.
- Series 2003 Charter School Revenue Completion Bonds - The Series 2003 bonds were issued with a par value of \$455,000. The bonds were used for additional construction costs of the charter school. The Series 2003 bonds were payable in annual principal amounts with a final maturity on December 1, 2015 with interest due semiannually at 6.95%. The Series 2003 bonds were fully refunded with the Series 2013 Charter School Refunding Bonds on August 21, 2013.
- 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. The Town refunded the Series 2002 and 2003 bonds to reduce its total debt service payments by \$4,512,389 over the next twenty years and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of \$2,131,804.
- 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 is payable in annual principal payments which vary from \$40,000 to \$160,000 beginning on May 1, 2004 and continuing until maturity on May 5, 2032. Interest is due in semiannual payments beginning on November 1, 2003 at rates which vary from 3.25% to 5.125%. The loan has been pledged and assigned as security for revenue bonds issued buy the Florida Municipal Loan Council. 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.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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

Notes to Long-Term Obligations Table (cont...)

Business-Type Activities:

- Series 1991 Water Revenue Bonds - The Series 1991 bond proceeds were used for water system expansion and are secured by the gross revenues of the water system. The Series 1991 bonds bear interest at 5.0% and are payable annually on September 1 of each year with a final maturity of September 1, 2031. The ordinance authorizing the bonds includes various restrictions including the requirement to maintain, as of September 30, 2013: (1) a sinking fund account balance of \$1,108 and (2) a reserve account balance of \$13,376.

Maturities:

Annual requirements to repay all long-term bonds and notes payable as of September 30, 2013, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 310,000	\$ 270,896	\$ 5,400	\$ 7,890
2015	475,000	305,610	5,700	7,620
2016	495,000	288,258	6,000	7,335
2017	460,000	271,043	6,300	7,035
2018	480,000	253,965	6,600	6,720
2019 - 2023	2,690,000	989,763	38,200	28,315
2024 - 2028	3,195,000	464,438	48,900	17,755
2029 - 2033	590,000	77,644	40,700	4,380
Less: unamortized redemption premium	(145,300)	-	-	-
Total	\$ 8,549,700	\$ 2,921,617	\$ 157,800	\$ 87,050

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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>	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	% of Revenues to Principal and Interest Paid
Water system net revenue	\$ 244,850	\$ 13,350	\$ 32,343	242%
Charter school revenue	\$ 6,695,000	\$ 1,312,701	\$ 3,826,499	291%

NOTE 8 - INTERFUND TRANSACTIONS

Interfund receivables and payables as of September 30, 2013 consisted of:

	Interfund receivable	Interfund (payable) / receivable			
		Charter School Special Revenue Fund	Water Fund	General Fund	Timing Difference
Governmental Activities:					
General fund	\$ 73,465	\$ (563,407)	\$ -	-	(489,942)
General fund	215,878	-	(215,878)	-	-
Impact fee special revenue fund	3,235	-	-	(3,235)	-
Business-Type Activities					
Water fund due from charter school special revenue fund	27,918	-	-	-	27,918
Totals	\$ 289,343	\$ (563,407)	\$ (215,878)	\$ -	\$ (462,024)

The timing differences noted above between the amounts due from the charter school special revenue fund to the general, water and debt service fund arose from transactions that took place subsequent to the charter school special revenue fund's fiscal year end of June 30, 2013. The result of these timing differences resulted in an inconsistency in the financial statements in that the receivable balances are reported in the general fund and water fund but the financial statements do not reflect the equal reciprocal payable balances for the charter school special revenue fund.

Interfund transfer for the year ending September 30, 2013 consisted of:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$ 600,000
General Fund	Impact Fee Special Revenue Fund	\$ 168,080

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN

The Town Commission has established by Resolution an Internal Revenue Code Section 457 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, 2013. 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 fiscal year ended September 30, 2013 totaled approximately \$75,100. Total contributions made on behalf on non-charter school employees was approximately \$30,100 and \$45,000 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, 2013 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, 2013.

NOTE 12 - 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.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 13 - 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 1, 1993, with a yearly cost equal to the County's Fire Protection and Emergency Medical Services millage rate set by the County. The Town includes a Fire Rescue Charge to all users of the utility system. Total payments to Orange County for the year ended September 30, 2013 were \$418,099.
- 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, 2013, 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.
- In September 2013, the Town was awarded a \$1,972,000 State Revolving Fund (SRF) loan through the Florida Department of Environmental Protection for water system improvements. As of March 28, 2014, none of the SRF loan funds have been disbursed to the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OAKLAND, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
for the year ended September 30, 2013

	<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	\$ 1,698,876	\$ 1,749,546	\$ 1,768,322	\$ 18,776
Licenses and permits	19,550	21,777	22,393	616
Intergovernmental revenue	442,637	965,716	959,259	(6,457)
Charges for services	222,390	224,317	230,031	5,714
Fines and forfeitures	16,000	14,464	14,464	-
Impact fees	-	2,400	-	(2,400)
Other	724,439	729,087	730,087	1,000
Interfund transfer	143,140	143,140	168,080	24,940
Amounts available for appropriations	<u>3,267,032</u>	<u>3,850,447</u>	<u>3,892,636</u>	<u>42,189</u>
CHARGES TO APPROPRIATIONS (outflows):				
General government	442,168	510,185	521,605	(11,420)
Public safety	1,287,297	1,301,454	1,272,051	29,403
Physical environment	160,740	162,610	162,610	-
Transportation	282,685	271,827	277,229	(5,402)
Culture/recreation	30,440	37,490	32,289	5,201
Debt service	890,000	769,260	769,260	-
Capital outlay	378,905	912,203	896,122	16,081
Total charges to appropriations (outflows)	<u>3,472,235</u>	<u>3,965,029</u>	<u>3,931,166</u>	<u>33,863</u>
EXCESS (DEFICIENCY) OF RESOURCES				
OVER CHARGES TO APPROPRIATIONS				
	(205,203)	(114,582)	(38,530)	76,052
Prior year reserve carried forward	<u>205,203</u>	<u>114,582</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,530)</u>	<u>\$ 76,052</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	\$ 3,892,636
Differences - budget to GAAP:	
Budgetary inflows representing interfund transfers from the impact fee fund are reported as other financing uses on a GAAP basis.	<u>(168,080)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 3,724,556

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,931,166
Differences - budget to GAAP:	
Unbudgeted bond issue costs	40,000
Transfers to the debt service fund are budgeted as a charge to appropriations in the general fund as debt service	<u>(600,000)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,371,166</u>

TOWN OF OAKLAND, FLORIDA
BUDGETARY COMPARISON SCHEDULE - CHARTER SCHOOL SPECIAL REVENUE FUND
for the year ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RESOURCES (inflows):				
Intergovernmental revenue	\$ 3,774,494	\$ 3,916,389	\$ 3,826,499	\$ (89,890)
Total revenues	<u>3,774,494</u>	<u>3,916,389</u>	<u>3,826,499</u>	<u>(89,890)</u>
CHARGES TO APPROPRIATIONS (outflows):				
Culture/recreation	<u>3,774,494</u>	<u>3,916,389</u>	<u>3,726,959</u>	<u>189,430</u>
Total expenditures	<u>3,774,494</u>	<u>3,916,389</u>	<u>3,726,959</u>	<u>189,430</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>-</u>	<u>-</u>	<u>99,540</u>	<u>99,540</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,540</u>	<u>\$ 99,540</u>

Notes to Required Supplementary Information

Under GASB No. 34, 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, 2013. Therefore, budget comparison information for the impact fee special revenue fund is not included in the Town's financial statements.

OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND OTHER MATTERS AND INTERNAL CONTROL
OVER FINANCIAL REPORTING 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 the Town of Oakland, Florida as of and for the year ended September 30, 2013, 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 31, 2014. We did not audit the financial statements of the charter school special revenue fund, which is both a major fund and 16 percent, 44 percent and 50 percent, respectively, of the assets, net position, and revenue of the governmental activities. The charter school special revenue fund was audited by other auditors.

Compliance and Other Matters

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

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of prior year audit findings, 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, 11-4, and 11-5 described in the accompanying summary schedule of prior audit findings to be material weaknesses.

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

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 10-03, 10-5 and 10-6 described in the accompanying summary schedule of prior audit findings to be significant deficiencies.

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.
Lakeland, Florida
March 31, 2014

MANAGEMENT LETTER

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

We have audited the financial statements of the Town of Oakland, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 31, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Compliance and Other Matters and Internal Control over Financial Reporting as required by these standards which should be considered in conjunction with this management letter. Disclosures in those reports, which are dated March 31, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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 findings. The reference numbers of the uncorrected findings in the summary schedule of prior audit findings have not been changed since the fiscal year in which they were initially reported which is identified by the first two digits of the finding reference number (i.e. 11-XX refers to finding XX reported in the annual financial audit report for the fiscal year ended September 30, 2011).
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town of Oakland, Florida complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., 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 recommendations other than the uncorrected prior year findings 10-02, 10-04 and 11-3 in the accompanying summary schedule of prior audit findings.
- Section 10.554(1)(i)4., 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.

- Section 10.554(1)(i)5., 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 the Town of Oakland, Florida, see footnote A of the summary of significant accounting policies in the notes to the financial statements of the basic financial statements.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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, we determined that the Town of Oakland, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town of Oakland, Florida for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town of Oakland, 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.

We would like to take this opportunity to thank the members of the Town Commission for allowing us the privilege to be of service, and the Town's staff and management for the courtesies and cooperation extended to us during our audit

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, 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.
Lakeland, Florida
March 31, 2014

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
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 four 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 findings and are in the process of implementing the auditor's recommendations.</i></p>	Not Resolved	Based upon the results of our audit procedures we proposed material adjustments to the general ledger control accounts to reconcile them to the detail customer accounts receivable subsidiary ledger.
10-02	Cash Disbursements (management letter comment)	<p>In prior years we noted the following conditions where the internal control procedures over cash disbursements have not been adequately designed or were not operating properly.</p> <ul style="list-style-type: none"> - Inadequate supporting documentation to support several disbursements - The Town does not have a formally adopted purchasing policy <p><i>Management's Response: We concur with the auditor's findings and are in the process of implementing the auditor's recommendations.</i></p>	<p>Not Resolved</p> <p>Not Resolved</p>	<p>While we have noticed some improvement in this area, we continue to find disbursements without evidence of proper approval and review of the supporting documentation. We also noted several disbursements for which management was unable to provide supporting documentation and identified two instances where invoices were paid twice.</p> <p>The Town has not formally adopted a purchasing policy.</p>
10-03	Cash Receipts (significant deficiency)	<p>In prior years we noted the following conditions where the internal control procedures over cash receipts have not been adequately designed.</p> <ul style="list-style-type: none"> - The utility billing cashier has the ability to make unapproved adjustments to customer accounts. 	Monitoring	The City has designed a monitoring control in that a monthly adjustments report will be generated and reviewed by someone other than the utility billing cashier. This control was not fully implemented during the fiscal year ended September 30, 2013 and we will continue to monitor this in our subsequent audit(s).

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
TOWN OF OAKLAND, FLORIDA**

Audit Finding Number	Title	Brief Description	Status	Comments
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> <ul style="list-style-type: none"> - 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><i>Management's Response: We concur with the auditor's findings and are in the process of implementing the auditor's recommendations.</i></p> <ul style="list-style-type: none"> - Several employees were receiving annual leave time in excess of the annual leave provisions as detailed in the employee handbook. 	<p>Not Resolved</p> <p>Resolved</p>	<p>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. Furthermore we continue to note many payroll related issues such as improperly calculated incentive pay, overtime pay and holiday pay as well as discrepancies between the payroll register and the documentation supporting the payroll data.</p> <p>We noted no instances of employees who received paid time off in excess of their annual leave accrual.</p>
10-05	Internal Control over Financial Reporting (significant deficiency)	<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 findings and are in the process of implementing the auditor's recommendations.</i></p>	<p>Not Resolved</p>	<p>During our current year audit we continued to find many financial statement misstatements, some considered material.</p>
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 findings and are in the process of implementing the auditor's recommendations.</i></p>	<p>Not Resolved</p>	<p>We noted the amount of cash set aside in the water fund fund was approximately \$44,900 less than required and cash set aside in the general fund was approximately \$138,194 less than required.</p>

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
TOWN OF OAKLAND, FLORIDA**

Audit Finding Number	Title	Brief Description	Status	Comments
11-2	Audit Delay - Town of Oakland (noncompliance)	In the prior two years we noted the audit of the Town of Oakland's financial statements were not completed by the deadline of June 30 of the following year.	Resolved	The Town audit was completed within the prescribed timeframe
11-3	Competitive Bid Procedures (management letter comment)	In the prior year we recommended that Town formally adopt a comprehensive purchasing policy complete with competitive bid guidelines for significant purchases. <i>Management's Response: We concur with the auditors findings and will implement the auditor's recommendations. The establishment of a purchasing policy is in process of being developed.</i>	Not Resolved	We noted that the Town has not formally adopted a comprehensive purchasing policy.
11-4	Reconciliation of Interfund activity Needs Improvement (material weakness)	In the prior year we recommended that the activity posted to the interfund due to/from accounts be monitored and reconciled on a monthly basis to provide assurance that the activity posted to the accounts and the resulting balances are correct. We also recommended that to assist in simplifying the interfund activity that the Town should pay for all interfund costs and issue a bill to the other funds involved on a monthly basis. <i>Management's Response: We concur with the auditors findings and will implement the auditor's recommendations. All interfund balances will be reconciled on a monthly basis.</i>	Not Resolved	This recommendation has not been implemented. We continue to detect increasing differences between the amounts recorded in the Town general fund as amounts due from the charter school special revenue fund when compared to the reciprocal accounts in the charter school special revenue fund's accounting system.
11-5	Approval and support of Journal Entries (material weakness)	In the prior year we 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 auditors findings and will implement the auditor's recommendations. A procedure will be developed for an approval process.</i>	Not Resolved	During our audit we noted several transactions, including journal entries, for which the Town could not produce any documentation or support including a \$62,792 transaction related to the payment and allocation of insurance costs for the 2012-2013 fiscal year.
12-1	Bank Reconciliation Procedures (material weakness)	In the prior year we recommended that all of the Town bank accounts be monitored and reconciled to the general ledger on a monthly basis.	Resolved	We noted all of the Town bank accounts were reconciled to the general ledger as of September 30, 2013.
12-2	Delinquent Accounts Receivable (significant deficiency)	In the prior year we recommended that the Town enforce the rules outlined in the Town code of ordinances section 74-47 related to utility cutoff and reconnection procedures.	Resolved	Our review of the accounts receivable aging report identified improvement in accounts receivables management and the Town has implemented a cutoff policy to ensure compliance with the Town Code.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
TOWN OF OAKLAND, FLORIDA**

Audit Finding Number	Title	Brief Description	Status	Comments
12-3	Capital Asset Inventory (management letter comment)	In the prior year we 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 and will implement the auditors recommendation</i>	Not Resolved	An inventory of the Town's capital asset property for the fiscal year ended September 30,2013 was not performed.
12-4	Refuse Collection (management letter comment)	In the prior year we recommended that management amend the Town code of ordinances to reflect the current refuse collection rates and to implement procedures to ensure all utility customers are being billed correctly. <i>Management's Response: We concur with the auditors findings and will implement the auditor's recommendations. The establishment of a purchasing policy is in process of being developed.</i>	Not Resolved	We noted that the Town code of ordinances has not been amended to reflect the refuse collection rates being charged. We also noted one instance where a Town resident was being billed incorrectly.
12-5	Revenue Billing fund activity Needs (management letter comment)	In the prior year we recommended that the Town adopt procedures to ensure that all Town revenue is being billed in a timely manner.	Resolved	While no procedures were formally adopted, we did not identify any revenue that had not been billed in a timely manner.
12-6	Budgetary Control (management letter comment)	In the prior year we noted that the general fund expenditures exceeded the budgeted appropriations by \$295,049.	Resolved	During our current audit we noted that the general fund expenditures did not exceed their budgeted appropriations at the adopted level of budgetary control which has been set at the individual fund level.
12-7	Long Term Debt Issue Compliance (non-compliance)	In the prior year we noted that the Town had not completed their annual financial statement audit within 150 days of the fiscal year-end as required by the Town's long term debt covenants.	Resolved	The Town audit was completed within the prescribed timeframe.