



FINANCIAL STATEMENTS AND AUDITORS' REPORTS

September 30, 2017

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report.....	1
Management's Discussion and Analysis (unaudited required supplementary information).....	3
Basic Financial Statements:	
Government-wide Statements:	
Statement of Net Position.....	10
Statement of Activities.....	11
Governmental Funds:	
Balance Sheet – Governmental Funds.....	12
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	15
Proprietary Funds:	
Statement of Net Position – Proprietary Funds.....	16
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds...	17
Statement of Cash Flows – Proprietary Funds.....	18
Notes to Financial Statements	19

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund.....	38
Budgetary Comparison Schedule – Charter School Special Revenue Fund.....	39

OTHER REPORTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	42
Management Letter.....	43
Schedule of Current Year Findings and Responses.....	45
Summary Schedule of Prior Audit Recommendations.....	46



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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Town of Oakland, Florida as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Oakland, Florida, as of September 30, 2017, 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 2 through 9 and budgetary comparison information on page 38 and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2018, on our consideration of the Town of Oakland, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oakland, Florida's internal control over financial reporting and compliance.

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

In accordance with *Chapter 10.550, Rules of the Auditor General*, we have also issued our report dated April 26, 2018 on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of that report is to describe the scope of our examination and the issuance of an opinion on the Town of Oakland, Florida's compliance with requirement of Section 218.415, *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 26, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
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, 2017. Please read it in conjunction with the Town's financial statements following the MD&A.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of fiscal year 2017 by \$10,061,595 (net position). Of this amount, \$751,899 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$3,637,233 (or 57%) over the previous fiscal year.
- At September 30, 2017, the Town's governmental funds reported combined ending fund balances of approximately \$2,771,865 an increase of \$529,222 (24%) in comparison with the prior year.
- At September 30, 2017, unassigned and assigned fund balance for the general fund was a negative \$81,447 (negative \$16,629 in the prior year) caused by unrestricted liabilities that exceed unrestricted assets.
- Governmental funds revenue increased \$1,056,668 or 13%.
- The Town's outstanding long-term debt increased approximately \$33,191 or .3% during fiscal year 2017.

Overview of the Financial Statements

The financial statements are presented in compliance with U.S. generally accepted accounting principles. This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements consisting of the statement of net position and statement of activities are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the Town's assets, liabilities, and deferred inflows and outflows of resources with the residual measure reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e. g., uncollected taxes and earned but unused personal leave).

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
TOWN OF OAKLAND, FLORIDA

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

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

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

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

The Town maintained three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, impact fee fund special revenue fund and the charter school special revenue fund, which are considered to be major funds. The basic governmental fund financial statements can be found by referencing the table of contents of this report.

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

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

Notes to the financial statements - Notes to the financial statements are additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found by referencing the table of contents of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
TOWN OF OAKLAND, FLORIDA**

Other information – Required supplementary information is presented in addition to the basic financial statements and accompanying notes and concerns the Town's compliance with its general fund and charter school special revenue fund budgets. Required supplementary information can be found by referencing the table of contents of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities by \$10,061,595 as of September 30, 2017. The following is a summary of the Statement of Net Position which can be found by referencing the table of contents of this report.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 5,291,526	\$ 2,543,253	\$ 484,506	\$ 613,472	\$ 5,776,032	\$ 3,156,725
Capital assets	10,654,386	9,149,477	6,266,565	4,933,707	16,920,951	14,083,184
Total assets	15,945,912	11,692,730	6,751,071	5,547,179	22,696,983	17,239,909
Deferred Outflows of Resources	79,045	93,895	-	-	79,045	93,895
Long-term liabilities	7,635,672	7,851,607	2,659,647	2,381,470	10,295,319	10,233,077
Other liabilities	2,198,955	354,152	220,159	322,213	2,419,114	676,365
Total liabilities	9,834,627	8,205,759	2,879,806	2,703,683	12,714,433	10,909,442
Net position:						
Net investment in capital assets	3,018,714	1,510,566	3,598,168	2,346,887	6,616,882	3,857,453
Restricted	2,647,245	2,169,546	45,569	16,424	2,692,814	2,185,970
Unrestricted	524,371	(99,246)	227,528	480,185	751,899	380,939
Total net position	\$ 6,190,330	\$ 3,580,866	\$ 3,871,265	\$ 2,843,496	\$ 10,061,595	\$ 6,424,362

Approximately 66% 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 60% in the prior year. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town has restricted net position of \$2,692,814 which is restricted for debt service, charter school operations and capital projects. The remaining balance of unrestricted net position, \$751,899, may be used to meet the Town's ongoing obligations to citizens and creditors.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
TOWN OF OAKLAND, FLORIDA**

The following is a summary of the information presented in the Statement of Activities which can be found by referencing the table of contents of this report.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$5,778,760	\$5,440,388	\$ 819,774	\$ 658,259	\$ 6,598,534	\$ 6,098,647
Operating grants and contributions	229,638	280,545	-	-	229,638	280,545
Capital grants and contributions	1,792,304	41,299	1,317,066	250,000	3,109,370	291,299
<i>General revenues:</i>						
Property taxes	1,501,634	1,397,064	-	-	1,501,634	1,397,064
Franchise/Public Ser. Tax	420,122	425,830	-	-	420,122	425,830
Fuel taxes	95,091	92,638	714	-	95,805	92,638
State shared revenues	530,489	507,741	-	-	530,489	507,741
Other	48,867	8,495	-	272	48,867	8,767
Total revenues	10,396,905	8,194,000	2,137,554	908,531	12,534,459	9,102,531
Expenses:						
General government	792,171	817,151	-	-	792,171	817,151
Comprehensive planning	500,733	305,000	-	-	500,733	305,000
Code enforcement	17,878	23,877	-	-	17,878	23,877
Police	1,183,347	1,126,391	-	-	1,183,347	1,126,391
Fire protection	504,792	471,791	-	-	504,792	471,791
Charter school	4,207,776	4,250,719	-	-	4,207,776	4,250,719
Refuse collection	168,972	167,177	-	-	168,972	167,177
Streets	438,146	423,247	-	-	438,146	423,247
Parks and recreation	113,582	81,996	-	-	113,582	81,996
Interest on long-term debt	246,125	372,957	-	-	246,125	372,957
Water	-	-	866,990	744,551	866,990	744,551
Sewer	-	-	256,714	147,625	256,714	147,625
Total expenses	8,173,522	8,040,306	1,123,704	892,176	9,297,226	8,932,482
Transfers in (out)	386,081	194,548	13,919	(194,548)	400,000	-
Change in Net Position	2,609,464	348,242	1,027,769	(178,193)	3,637,233	170,049
Net position - October 1	3,580,866	3,232,624	2,843,496	3,021,689	6,424,362	6,254,313
Net position - September 30	\$6,190,330	\$3,580,866	\$ 3,871,265	\$2,843,496	\$10,061,595	\$ 6,424,362

Governmental activities

Governmental activities increased the Town's net position by \$2,609,464, after a transfer from the charter school special revenue fund of \$400,000 and a net transfer to the business-type activities of \$13,919. In the prior year, governmental activities net position increased by \$348,242. In 2017, revenues increased by \$2,202,905 or 27% and expenses increased by \$133,216 or 2%.

Capital grants and contributions revenue increased by \$1,751,005 mainly due to the donation of roadways of \$749,648 increased impact fees of \$416,348 and stormwater grants of \$570,000.

Charges for service revenue increased by \$338,372 mainly due to increased building permits and other building related revenue of \$286,542.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
TOWN OF OAKLAND, FLORIDA

Business-Type Activities

Business-type activities increased the Town's net position by \$1,027,769, after a net transfer from the governmental activities of \$13,919. In the prior year, net position decreased by \$178,193. The 2017 increase was a \$1,205,962 improvement compared to 2016 mainly to a \$161,515 increase in charges for services, a \$1,067,066 increase in capital grants and contributions, a \$231,528 increase in expenses and a decrease in the interfund transfer of \$208,467.

The capital grant and contributions for the current year included donated water infrastructure of \$555,497, donated wastewater infrastructure of \$606,569, and State of Florida grant revenue of \$155,000.

The Town is currently constructing the wastewater collection and distribution system and has incurred expenses totaling \$256,714 for the year ended September 30, 2017 and \$147,625 for the prior year. The wastewater function of the business-type activities received \$155,000 in grant revenue in the current year and \$250,000 grant revenue in the prior year.

Financial Analysis of the Town's Funds

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

Governmental funds

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

At September 30, 2017, the Town's governmental funds reported combined ending fund balances of \$2,771,865, an increase of \$529,222 when compared to the previous year.

The general fund is the chief operating fund of the Town. At September 30, 2017, unassigned and assigned fund balance for the general fund was negative \$81,447 compared to a negative \$16,629 in the prior year. When the current unassigned and assigned fund balance is compared to the prior year balances, there was a current year decrease of \$64,818. This decrease was mainly expenditures that exceeded revenues in the general fund. The general fund assigned, and unassigned fund balance deficit was caused by the pledging of \$800,000 as collateral for a loan to construct wastewater collection and distribution infrastructure in 2015.

Proprietary Fund

The Town's enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town has one proprietary fund for the water and wastewater departments and it is considered a major fund. Unrestricted net position of the proprietary fund at September 30, 2017 was \$227,528, which is a \$42,157 decrease from 2016.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
TOWN OF OAKLAND, FLORIDA**

Governmental Fund Budgetary Highlights

The budgetary comparison schedule for the governmental funds can be found by referencing the table of contents of this report in the required supplementary information section. In the general fund, actual budgetary inflows were \$119,762 less than budgeted and actual budgetary outflows were \$7,730 more than budgeted resulting in an overall decrease in fund balance that was \$127,492 more than budgeted.

The charter school special revenue fund actual budgetary inflows and outflows were in agreement with the final budgeted amounts resulting in no variances between the actual activity and the final budgeted amounts.

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, 2017 amounts to \$16,920,951, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, land improvements, water and wastewater systems, and vehicles. The total capital asset additions of the Town totaled approximately \$3,525,735 during fiscal year 2017 compared to \$1,223,477 in 2016. The capital asset increases during 2017 resulted from costs associated with construction of the wastewater collection and distribution system (\$382,758), utility trailer (\$3,998), donated water infrastructure (\$555,497), donated wastewater improvements (\$606,570), land purchase for business-type activities (\$10,000) capital lease acquisition of Town vehicles and related costs (\$230,027), drainage improvements (\$601,515), land purchases for transportation improvements (\$41,500), other transportation improvements (\$155,927), donation of the roads (\$749,698), property renovations (\$89,151) and charter school equipment and improvements (\$99,094).

Following is a summary of capital assets:

Capital Assets Activity						
(net of depreciation)						
as of September 30,						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 525,301	\$ 483,801	\$ 49,438	\$ 39,438	\$ 574,739	\$ 523,239
Buildings and improvements	11,241,052	11,154,909	8,422,632	6,441,154	19,663,684	17,596,063
Vehicles and equipment	3,531,329	3,288,351	346,460	342,461	3,877,789	3,630,812
Infrastructure	1,026,308	276,610	-	-	1,026,308	276,610
Construction in progress	1,047,760	201,167	332,605	769,259	1,380,365	970,426
Less: accumulated depreciation	<u>(6,717,364)</u>	<u>(6,255,361)</u>	<u>(2,884,570)</u>	<u>(2,658,605)</u>	<u>(9,601,934)</u>	<u>(8,913,966)</u>
Total	<u>\$10,654,386</u>	<u>\$9,149,477</u>	<u>\$6,266,565</u>	<u>\$4,933,707</u>	<u>\$16,920,951</u>	<u>\$14,083,184</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2017
 TOWN OF OAKLAND, FLORIDA**

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Bonds payable	\$ 7,133,237	\$7,525,424	\$ 134,400	\$ 140,700	\$ 7,267,637	\$ 7,666,124
Notes payable	-	-	2,519,858	2,235,620	2,519,858	2,235,620
Capital lease payable	354,822	207,382	-	-	354,822	207,382
Total	<u>\$ 7,488,059</u>	<u>\$7,732,806</u>	<u>\$2,654,258</u>	<u>\$2,376,320</u>	<u>\$10,142,317</u>	<u>\$10,109,126</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.

TOWN OF OAKLAND, FLORIDA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,558,474	\$ 209,704	\$ 1,768,178
Receivables, current:			
Customer accounts, net	7,353	43,032	50,385
Intergovernmental	488,483	154,999	643,482
Other	118,577	-	118,577
Internal balances (Note 8)	90,786	(95,860)	(5,074)
Prepaid expenses	119,969	-	119,969
Restricted assets:			
Cash and cash equivalents	2,907,884	172,631	3,080,515
Capital Assets:			
Non-depreciable	1,573,061	382,043	1,955,104
Depreciable, net	9,081,325	5,884,522	14,965,847
TOTAL ASSETS	15,945,912	6,751,071	22,696,983
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge in refunding	79,045	-	79,045
TOTAL DEFERRED OUTFLOWS OF RESOURCES	79,045	-	79,045
LIABILITIES			
Accounts payable and accrued payroll	393,977	40,494	434,471
Construction payable	73,929	14,139	88,068
Due to other governments	1,366,455	-	1,366,455
Unearned revenue	233,301	38,464	271,765
Accrued interest payable	86,098	20,224	106,322
Deposits	45,195	106,838	152,033
Long-term obligations:			
Due within one year	590,133	890,391	1,480,524
Due in more than one year	7,045,539	1,769,256	8,814,795
TOTAL LIABILITIES	9,834,627	2,879,806	12,714,433
NET POSITION			
Net investment in capital assets	3,018,714	3,598,168	6,616,882
Restricted for:			
Debt service	452,755	45,569	498,324
Loan collateral	800,000	-	800,000
Charter school operations	1,012,195	-	1,012,195
Water system improvements	104,231	-	104,231
Parks and recreation improvements	538	-	538
Law enforcement improvements	42,267	-	42,267
Transportation improvements	187,829	-	187,829
Administrative facilities improvements	35,413	-	35,413
Fire protection improvements	12,017	-	12,017
Unrestricted	524,371	227,528	751,899
TOTAL NET POSITION	\$ 6,190,330	\$ 3,871,265	\$ 10,061,595

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
for the year ended September 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 792,171	\$ 951,957	\$ 1,750	\$ 692,901	\$ 854,437	\$ -	\$ 854,437
Comprehensive planning	500,733	506,750	-	-	6,017	-	6,017
Code enforcement	17,878	1,187	-	-	(16,691)	-	(16,691)
Police	1,183,347	31,214	-	52,343	(1,099,790)	-	(1,099,790)
Fire protection	504,792	17,640	-	7,489	(479,663)	-	(479,663)
Charter school	4,207,776	4,076,939	227,888	-	97,051	-	97,051
Refuse collection	168,972	179,687	-	-	10,715	-	10,715
Streets	438,146	13,386	-	979,213	554,453	-	554,453
Parks and recreation	113,582	-	-	60,358	(53,224)	-	(53,224)
Interest on long-term debt	246,125	-	-	-	(246,125)	-	(246,125)
Total governmental activities	8,173,522	5,778,760	229,638	1,792,304	(372,820)	-	(372,820)
Business-type activities							
Water utility	866,990	819,774	-	555,497	-	508,281	508,281
Sewer utility	256,714	-	-	761,569	-	504,855	504,855
Total business-type activities	1,123,704	819,774	-	1,317,066	-	1,013,136	1,013,136
TOTAL PRIMARY GOVERNMENT	\$ 9,297,226	\$ 6,598,534	\$ 229,638	\$ 3,109,370	(372,820)	1,013,136	640,316
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					1,501,634	-	1,501,634
Franchise taxes					113,277	-	113,277
Public service taxes					306,845	-	306,845
Fuel taxes for transportation purposes					95,091	-	95,091
State shared revenue					530,489	-	530,489
Investment earnings					9,840	714	10,554
Other revenues					39,027	-	39,027
TRANSFERS					386,081	13,919	400,000
Total general revenues and transfers					2,982,284	14,633	2,996,917
Change in net position					2,609,464	1,027,769	3,637,233
NET POSITION, beginning of year					3,580,866	2,843,496	6,424,362
NET POSITION, end of year					\$ 6,190,330	\$ 3,871,265	\$ 10,061,595

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2017

	General Fund	Impact Fee Special Revenue	Charter School Special Revenue	Total
ASSETS				
Cash and cash equivalents	\$ 1,558,474	\$ 391,583	\$ 1,177,448	\$ 3,127,505
Receivables, current:				
Customer accounts	7,353	-	-	7,353
Intergovernmental	476,480	-	12,003	488,483
Other	118,577	-	-	118,577
Due from general fund	-	14,130	-	14,130
Due from enterprise fund	95,860	-	-	95,860
Prepaid expenditures	119,969	-	-	119,969
Restricted cash and cash equivalents	1,338,853	-	-	1,338,853
TOTAL ASSETS	\$ 3,715,566	\$ 405,713	\$ 1,189,451	\$ 5,310,730
LIABILITIES				
Accounts payable and accrued payroll	216,721	-	177,256	393,977
Construction payable	73,929	-	-	73,929
Due to other governments	1,366,455	-	-	1,366,455
Due to charter school fund	5,074	-	-	5,074
Due to impact fee fund	14,130	-	-	14,130
Deposits	45,195	-	-	45,195
Unearned revenue	209,883	23,418	-	233,301
TOTAL LIABILITIES	1,931,387	23,418	177,256	2,132,061
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	406,804	-	-	406,804
FUND BALANCE				
Nonspendable:				
Prepaid expenditures	119,969	-	-	119,969
Restricted:				
Debt service	538,853	-	-	538,853
Loan collateral	800,000	-	-	800,000
Charter school operations	-	-	1,012,195	1,012,195
Water system improvements	-	104,231	-	104,231
Parks and recreation improvements	-	538	-	538
Law enforcement improvements	-	42,267	-	42,267
Transportation improvements	-	187,829	-	187,829
Administrative facilities improvements	-	35,413	-	35,413
Fire protection improvements	-	12,017	-	12,017
Unassigned	(81,447)	-	-	(81,447)
TOTAL FUND BALANCE	1,377,375	382,295	1,012,195	2,771,865
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,715,566	\$ 405,713	\$ 1,189,451	\$ 5,310,730

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2017

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,771,865
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	10,654,386
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	406,804
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds.	(86,098)
Long-term liabilities, including bonds and notes payable and compensated absences are not due and payable in the current period and, therefore are not reported in the governmental funds balance sheet.	
Total long-term liabilities	(7,635,672)
Total redemption loss reported as a deferred outflow of resources	79,045
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 6,190,330</u></u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
for the year ended September 30, 2017

	General Fund	Impact Fee Special Revenue	Charter School Special Revenue	Total
REVENUES:				
Taxes	\$ 2,024,163	\$ -	\$ -	\$ 2,024,163
Licenses and permits	284,448	453,586	-	738,034
Intergovernmental revenue	739,964	-	4,112,263	4,852,227
Charges for services	480,363	-	94,526	574,889
Fines and forfeitures	14,188	-	-	14,188
Other	944,017	1,571	98,038	1,043,626
Total revenues	<u>4,487,143</u>	<u>455,157</u>	<u>4,304,827</u>	<u>9,247,127</u>
EXPENDITURES:				
Current:				
General government	1,159,685	-	-	1,159,685
Public safety	1,602,278	-	-	1,602,278
Physical environment	168,972	-	-	168,972
Transportation	424,812	-	-	424,812
Culture/recreation	95,169	-	3,956,044	4,051,213
Capital outlay	1,145,288	-	99,093	1,244,381
Debt service				
Principal	29,417	-	-	29,417
Interest	646,599	-	-	646,599
Total expenditures	<u>5,272,220</u>	<u>-</u>	<u>4,055,137</u>	<u>9,327,357</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(785,077)</u>	<u>455,157</u>	<u>249,690</u>	<u>(80,230)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	657,585	-	-	657,585
Transfers out	-	(271,504)	-	(271,504)
Capital lease	223,371	-	-	223,371
Total other financing sources (uses)	<u>880,956</u>	<u>(271,504)</u>	<u>-</u>	<u>609,452</u>
NET CHANGE IN FUND BALANCE				
	95,879	183,653	249,690	529,222
FUND BALANCE, beginning of year				
	<u>1,281,496</u>	<u>198,642</u>	<u>762,505</u>	<u>2,242,643</u>
FUND BALANCE, end of year				
	<u>\$ 1,377,375</u>	<u>\$ 382,295</u>	<u>\$ 1,012,195</u>	<u>\$ 2,771,865</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
for the year ended September 30, 2017

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 529,222

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

This is the amount of capital assets recorded in the current period. 1,966,912
This is the amount of depreciation recorded in the current period. (462,003)

Revenues not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.

This represents the change caused by the "availability" criterion. 398,581

Accrued interest expense on long-term debt is reported in the government-wide statement of activities but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the governmental funds.

The following represents the change in accrued interest payable from the prior year. (24,333)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on funds.

This amount represents principal repayments. 460,931
This amount represents the amount of capital lease financing. (223,371)
This amount represents the change in deferred outflows related to a loss on refunding. (14,850)
This amount represents the amortization of bond premiums. 7,187

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

This is the change in accrued compensated absences during the year. (28,812)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,609,464

TOWN OF OAKLAND, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUND
September 30, 2017

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 209,704
Customer accounts receivable, net	43,032
Due from other governments	154,999
Total current assets	<u>407,735</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	172,631
Capital assets:	
Non-depreciable	382,043
Depreciable, net	5,884,522
Total noncurrent assets	<u>6,439,196</u>
TOTAL ASSETS	<u>6,846,931</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued payroll	40,494
Construction payable	14,139
Due to general fund	95,860
Unearned revenue	38,464
Bonds and notes payable, current	890,391
Total current liabilities	<u>1,079,348</u>
Noncurrent liabilities:	
Compensated absences	5,389
Liabilities payable from restricted assets:	
Accrued interest payable	20,224
Customer deposits	106,838
Bonds and notes payable, noncurrent portion	1,763,867
Total noncurrent liabilities	<u>1,896,318</u>
TOTAL LIABILITIES	<u>2,975,666</u>
NET POSITION	
Net investment in capital assets	3,598,168
Restricted for:	
Debt service	45,569
Unrestricted	227,528
TOTAL NET POSITION	<u>\$ 3,871,265</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION – PROPRIETARY FUND
for the year ended September 30, 2017

	Enterprise Fund
OPERATING REVENUES:	
Charges for services:	
Water charges	\$ 819,774
Total operating revenues	<u>819,774</u>
OPERATING EXPENSES:	
Personnel services	396,081
Operating expenses	442,667
Depreciation	225,965
Total operating expenses	<u>1,064,713</u>
OPERATING INCOME	<u>(244,939)</u>
NONOPERATING REVENUE (EXPENSE)	
Interest expense and other fiscal charges	(58,991)
Interest income	714
Total nonoperating revenues (expense)	<u>(58,277)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(303,216)</u>
CAPITAL CONTRIBUTIONS	
Capital grants and contributions	1,317,066
Total capital contributions	<u>1,317,066</u>
TRANSFERS IN (OUT)	
Transfers in	52,340
Transfers out	(38,421)
Total transfers	<u>13,919</u>
CHANGE IN NET POSITION	1,027,769
NET POSITION, beginning of year	<u>2,843,496</u>
NET POSITION, end of year	<u><u>\$ 3,871,265</u></u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
for the year ended September 30, 2017

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 881,409
Payments to suppliers	(419,977)
Payments for salaries and benefits	(395,842)
Net cash flows from operating activities	<u>65,590</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds, net of interfund receivables/payables	(50,258)
Net cash flows from noncapital financing activities	<u>(50,258)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(593,117)
Loan proceeds	(33,762)
Principal paid on long-term debt	311,700
Interest paid on borrowings	(40,661)
Net cash flows from capital and related financing activities	<u>(355,840)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	714
Net cash flows from investing activities	<u>714</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(339,794)
CASH AND CASH EQUIVALENTS, beginning of year	<u>722,129</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 382,335</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (244,939)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	225,965
(Increase) decrease in accounts receivable	8,348
Increase (decrease) in unearned revenue	38,464
Increase (decrease) in customer deposits	14,823
Increase (decrease) in accounts payable	22,690
Increase (decrease) in accrued wages and comp absences	239
Net cash flows from operating activities	<u>\$ 65,590</u>
As shown in the Accompanying Financial Statements	
Cash and cash equivalents	\$ 209,704
Restricted cash and cash equivalents	<u>172,631</u>
Total cash and cash equivalents	<u>\$ 382,335</u>
Noncash financing and investing activities:	
Donated water and sewer infrastructure	<u>\$ 1,162,067</u>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Governmental Funds:

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

- **General fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Impact fee special revenue fund** is used to account for the receipt and disbursement of impact fees.
- **Charter school special revenue fund** is used to account for the activities of the Oakland Avenue Charter School (the "School"). The School has a fiscal year ending on June 30th which differs from the Town's fiscal year end. However, the year ends are treated consistently each year. See note 8 for more detail about interfund receivable and payable balances at September 30, 2017.

Proprietary Funds:

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

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

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

MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

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

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

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

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

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

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

ASSETS, LIABILITIES, DEFERRED FLOWS OF RESOURCES AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS - Includes all short-term highly liquid investments with a maturity of three months or less when purchased, and all bank demand deposits, certificates of deposit, money-market and savings accounts. At September 30, 2017, 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 totaled \$10,380 at September 30, 2017. 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, 2017, such reserves for all funds totaled \$573. Receivables are reported in the financial statements net of the reserve for doubtful accounts.

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

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

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

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

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

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

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

Water system	40
Buildings and improvements	45
Land improvements	10
Street paving	10
Machinery and equipment	5-10
Well	20
Drainage system	50

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

INTEREST COSTS - Interest costs are capitalized when incurred on debt where proceeds were used to finance the construction of enterprise fund capital assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest costs were capitalized during the year ended September 30, 2017.

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

The Town has one item that qualifies for reporting as deferred outflows of resources. This item is a deferred charge on refunding that results from the difference in the carrying value of a refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

The Town has one item that qualifies for reporting as deferred inflows of resources. This item is reported only in the governmental funds balance sheet and represents unavailable revenues that were not received within 60 days of year-end.

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

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

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

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

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

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

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

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

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

EQUITY CLASSIFICATIONS -

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

- **Net investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** - Consists of restricted assets reduced by liabilities related to those assets. The government-wide statement of net position reports \$2,692,814 of restricted net position, of which \$382,295 is restricted by enabling legislation.
- **Unrestricted net position** - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

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

- **Nonspendable** — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Town has nonspendable fund balance consisting of prepaid expenditures as of September 30, 2017.

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

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

- **Restricted** — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The Town has classified debt service balances, loan collateral, impact fees and the charter school special revenue fund balance as being restricted because their use is restricted by State Statute, local ordinance or by contract.
- **Committed** — amounts constrained to specific purposes by formal action (ordinance) of the Town using its highest level of decision making authority (the Town Commission). To be reported as committed, amounts cannot be used for any other purpose unless the Town Commission takes the same highest-level action (ordinance) to remove or change the constraint. The Town did not have any committed resources as of September 30, 2017.
- **Assigned** — amounts constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Commission or through the Town Commission delegating this responsibility to the Town manager through the budgetary process. The Town did not have any assigned resources as of September 30, 2017.
- **Unassigned** — all other spendable amounts.

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

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Orange County Property Appraiser and Orange County Tax Collector. The tax levy of the Town is established by the Town Commission prior to October 1 of each year and the Orange County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the Orange County School Board tax requirements. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The Town's millage rate in effect for the fiscal year ended September 30, 2017 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.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Cash and cash equivalents:	
Cash on hand	\$ 3,516
Deposits in financial institutions:	
Insured or fully collateralized bank deposits,	<u>4,845,177</u>
Total cash and cash equivalents	<u><u>\$4,848,693</u></u>

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

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2017, was as follows:

	Balance October 1, 2016	Transfers	Increases	Decreases	Balance September 30, 2017
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 483,801	\$ -	\$ 41,500	\$ -	\$ 525,301
Construction-in-progress	201,167	-	846,593	-	1,047,760
Total capital assets, not being depreciated	<u>684,968</u>	<u>-</u>	<u>888,093</u>	<u>\$ -</u>	<u>1,573,061</u>
Capital assets, being depreciated:					
Land improvements	436,947	-	-	-	436,947
Buildings & improvements	10,717,962	-	86,143	-	10,804,105
Equipment	3,288,351	-	242,978	-	3,531,329
Infrastructure:					
Road systems	276,610	-	749,698	-	1,026,308
Total capital assets, being depreciated	<u>14,719,870</u>	<u>-</u>	<u>1,078,819</u>	<u>-</u>	<u>15,798,689</u>
Less accumulated depreciation for:					
Land improvements	(225,896)	-	(7,759)	-	(233,655)
Buildings & improvements	(3,199,173)	-	(295,628)	-	(3,494,801)
Equipment	(2,716,369)	-	(140,609)	-	(2,856,978)
Infrastructure:					
Road systems	(113,923)	-	(18,007)	-	(131,930)
Total accumulated depreciation	<u>(6,255,361)</u>	<u>-</u>	<u>(462,003)</u>	<u>-</u>	<u>(6,717,364)</u>
Total capital assets being depreciated, net	<u>8,464,509</u>	<u>-</u>	<u>616,816</u>	<u>-</u>	<u>9,081,325</u>
Governmental activities capital assets, net	<u>\$ 9,149,477</u>	<u>\$ -</u>	<u>\$ 1,504,909</u>	<u>\$ -</u>	<u>\$ 10,654,386</u>
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 39,438	\$ -	\$ 10,000	\$ -	\$ 49,438
Construction-in-progress	769,259	(819,412)	382,758	-	332,605
Total capital assets, not being depreciated	<u>808,697</u>	<u>(819,412)</u>	<u>392,758</u>	<u>-</u>	<u>382,043</u>
Capital assets, being depreciated:					
Water and sewer system	6,441,154	819,412	1,162,066	-	8,422,632
Equipment	342,461	-	3,999	-	346,460
Total capital assets, being depreciated	<u>6,783,615</u>	<u>819,412</u>	<u>1,166,065</u>	<u>-</u>	<u>8,769,092</u>
Less accumulated depreciation for:					
Water and sewer system	(2,358,806)	-	(209,107)	-	(2,567,913)
Equipment	(299,799)	-	(16,858)	-	(316,657)
Total accumulated depreciation	<u>(2,658,605)</u>	<u>-</u>	<u>(225,965)</u>	<u>-</u>	<u>(2,884,570)</u>
Total capital assets being depreciated, net	<u>4,125,010</u>	<u>819,412</u>	<u>940,100</u>	<u>-</u>	<u>5,884,522</u>
Business-type activities capital assets, net	<u>\$ 4,933,707</u>	<u>\$ -</u>	<u>\$ 1,332,858</u>	<u>\$ -</u>	<u>\$ 6,266,565</u>

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 5 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	89,422
Law enforcement		81,077
Fire protection		13,206
Parks and recreation		18,362
Streets		14,350
Charter school		<u>245,586</u>
Total depreciation expense - governmental activities	\$	<u><u>462,003</u></u>

Business-type Activities:

Water	\$	222,551
Sewer		<u>3,414</u>
Total depreciation expense - business-type activities	\$	<u><u>225,965</u></u>

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2017:

	Balance October 1, 2016	Increases	Decreases	Balance September 30, 2017	Amounts Due within One Year
<u>Governmental Activities:</u>					
<u>Long-term liabilities:</u>					
Bonds and notes payable:					
Series 2016 FMLC Revenue Bond	\$ 1,845,000	\$ -	\$ -	\$ 1,845,000	\$ 90,000
Series 2016 FMLC Revenue Bond, premium	65,424	-	(7,187)	58,237	-
Series 2013 Charter School Refunding					
Revenue Bonds	5,615,000		(385,000)	5,230,000	400,000
Capital lease payable	207,382	223,371	(75,931)	354,822	100,133
Total bonds and notes payable:	7,732,806	223,371	(468,118)	7,488,059	590,133
Compensated absences	118,801	115,726	(86,914)	147,613	-
Total long-term liabilities	<u>\$ 7,851,607</u>	<u>\$ 339,097</u>	<u>\$ (555,032)</u>	7,635,672	<u>\$ 590,133</u>
Less amounts due in one year				(590,133)	
Net long-term liabilities in excess of one year				<u>\$ 7,045,539</u>	
<u>Business-type Activities:</u>					
<u>Long-term liabilities:</u>					
Bonds and notes payable:					
Series 1991 USDA Water Revenue Bonds	\$ 140,700	\$ -	\$ (6,300)	\$ 134,400	\$ 6,600
DW 4803C0 installment note to FDEP	1,747,320	-	(27,462)	1,719,858	83,791
Bank promissory note	488,300	311,700	-	800,000	800,000
Total bonds and notes payable:	2,376,320	311,700	(33,762)	2,654,258	890,391
Compensated absences	5,150	9,137	(8,898)	5,389	-
Total long-term liabilities	<u>\$ 2,381,470</u>	<u>\$ 320,837</u>	<u>\$ (42,660)</u>	2,659,647	<u>\$ 890,391</u>
Less amounts due in one year				(890,391)	
Net long-term liabilities in excess of one year				<u>\$ 1,769,256</u>	

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

Notes to Long-Term Obligations Table

Governmental Activities:

- Series 2013 Charter School Refunding Revenue Bonds - The bonds were issued through private placement on August 21, 2013 to refund the Series 2002 Charter School Revenue Bonds and the Series 2003 Charter School Revenue Completion Bonds with a par value of \$6,695,000. The bonds that were refunded were used to finance land acquisition and the construction and equipping of an elementary charter school. The Series 2013 bonds are payable in annual principal amounts which vary from \$245,000 to \$555,000 with a final maturity of December 1, 2027. Interest of 3.3% of the outstanding balance is due semiannually. The Series 2013 bonds are limited obligations of the Town, payable principally from charter school revenues and, to the extent necessary, non-advalorem revenues of the Town. The bonds require the maintenance of debt service sinking and an enrollment stabilization fund.
- Series 2016, Florida Municipal Loan Council Refunding and Improvement Revenue Bonds - These bonds were issued September 29, 2016 to advance refund the Series 2002A Florida Municipal Loan Council Revenue Note. The refunded note had an outstanding principal of \$1,800,000 at the refunding date. The refunded note was issued in 2002 in the amount of \$2,545,000 for acquiring real estate and construction of municipal facilities, including a new town hall, public meeting hall, and public safety buildings. The 2016 Bonds mature serially on October 1 of each year through October 1, 2032 with interest payable semiannually at rates ranging from 2% to 4%. The loan is payable from non-ad valorem revenues only and is not an obligation of the Florida Municipal Loan Council, the State of Florida, or any political subdivision.

Business-Type Activities:

- Series 1991 Water Revenue Bonds - The Series 1991 bond proceeds were used for water system expansion and are secured by the gross revenues of the water system. The Series 1991 bonds bear interest at 5.0% and are payable annually on September 1 of each year with a final maturity of September 1, 2031. The ordinance authorizing the bonds includes various restrictions including the requirement to maintain a debt service sinking and reserve fund.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW 4803C0 (the "DW 4803C0 installment note to FDEP") is secured by the net revenues of the water system. The loan is payable semiannually with principal and interest payments due on March 15 and September 15. The total loan amount of \$1,973,322 was awarded on September 26, 2013 of which \$1,787,574 has been drawn as of September 30, 2017. The loan bears interest at a weighted average rate of 2.12% with a final maturity of March 15, 2041 based upon the fixed semiannual payment of \$45,984 and the amount of the loan drawn as of year-end. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used to upgrade and expand the Town's water system facilities.

TOWN OF OAKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

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

- The Bank promissory note dated August 5, 2016 bears interest at 2.50% and is collateralized by a \$800,000 certificate of deposit pledged for loan repayment. The \$800,000 certificate of deposit was purchased from the lending bank and is reported as restricted cash in the general fund as the general fund pledged the collateral on behalf of the enterprise fund. Proceeds were used to pay for the wastewater system capital costs. Interest only payments on the note are due monthly with a payment of all outstanding principal and accrued interest on August 5, 2018.

Maturities: Annual requirements to repay all long-term bonds and notes payable as of September 30, 2017, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 590,133	\$ 239,660	\$ 890,391	\$ 77,547
2019	599,432	218,353	64,334	40,924
2020	612,663	196,199	65,963	39,350
2021	609,156	173,886	67,519	37,729
2022	588,438	153,411	69,202	36,066
2023-2027	2,630,000	345,420	372,732	153,688
2028-2032	1,130,000	169,476	414,178	104,117
2033-2037	670,000	62,400	403,196	56,644
2038-2042	-	-	306,743	13,139
Unamortized bond premium	58,237	-	-	-
Total	\$ 7,488,059	\$ 1,558,805	\$ 2,654,258	\$ 559,204

NOTE 7 - FUTURE REVENUES THAT ARE PLEDGED

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

Pledged Revenue	Total	Current Year	Current Year Revenue	% of
	Principal and Interest Outstanding	Principal and Interest Paid		Revenues to Principal and Interest Paid
Water system net revenue	\$ 2,396,794	\$ 59,319	\$ 219,936	370.77%
Charter school revenue	\$ 6,235,015	\$ 563,945	\$ 4,304,827	763.34%

NOTE 8 - INTERFUND TRANSACTIONS

Interfund receivables and payables as of September 30, 2017 consisted of:

	Interfund Receivable	Interfund (payable)		
		General fund	Enterprise fund	Timing Difference
General fund	95,860	-	(95,860)	-
Charter school special revenue fund	5,074	-	-	5,074
Impact fee special revenue fund	14,130	(14,130)	-	-
	<u>115,064</u>	<u>(14,130)</u>	<u>(95,860)</u>	<u>5,074</u>

Interfund transfers for the year ended September 30, 2017 consisted of:

	Transfer In:		
	Enterprise fund	General fund	Total
Transfer Out:			
Impact fee special revenue fund	52,340	219,164	271,504
Charter school special revenue fund	-	400,000	400,000
Enterprise fund	-	38,421	38,421
	<u>52,340</u>	<u>657,585</u>	<u>709,925</u>

The \$400,000 transfer from the charter school special revenue fund to the general fund was made after June 30, 2017 which is the end of the charter school special revenue fund's fiscal year. Because of this timing difference, the general fund reports a transfer in of \$400,000 on the statement of revenues, expenditures and changes in fund balances but no reciprocal transfer out of the charter school special revenue fund is reported due to the different reporting years. The \$400,000 transfer out will be reported by the charter school special revenue fund in the City's September 30, 2017 financial statements.

Interfund services provided and used for the year ending September 30, 2017 consisted of:

The charter school special revenue fund leases the school facilities from the general fund pursuant to a multi-year lease agreement expiring on June 30, 2028. Rental payments of \$720,000 per year are due in equal monthly installments. The general fund provides for finance, payroll and administrative services for charter school special revenue fund for which it charged a management fee which totaled \$175,471 for the year ended September 30, 2017. These amounts are recorded as a revenue for the general fund and an expenditure of the charter school special revenue fund in accordance with GASB Cod. Sec. 1800.102. These amounts are not eliminated in the government-wide statement of activities in accordance with GASB Cod. Sec 1800.105.

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN

The Town Commission has established by Resolution an Internal Revenue Code Section 457 and a 401(a) defined contribution pension plan covering all 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, 2017. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. Total contributions to the plan for the current fiscal year totaled approximately \$189,200. Total Town contributions made on behalf of non-charter school employees was approximately \$49,000 and \$40,000 for charter school employees. Employee contributions for non-charter school employees was approximately \$49,000 and \$51,200 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, 2017 or the previous two years. In the opinion of the Town's management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the Town. The Town's workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool.

NOTE 11 - LEASED FACILITIES

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

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Town has outstanding debt secured by its water revenues. The water and wastewater operations are accounted for in a single enterprise fund. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the water and wastewater system operations as of and for the year ended September 30, 2017, is presented below:

	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
Condensed statement of revenue, expenses and changes in net position:			
Operating revenues	\$ 819,774	\$ -	\$ 819,774
Personnel services	(306,619)	(89,462)	(396,081)
Operating expenses	(293,933)	(148,734)	(442,667)
Depreciation expense	(222,551)	(3,414)	(225,965)
Nonoperating revenues (expenses):			
Interest expense	(43,887)	(15,104)	(58,991)
Interest income	714	-	714
Capital grants and contributions	555,497	761,569	1,317,066
Interfund transfer in	-	52,340	52,340
Interfund transfer out	(38,421)	-	(38,421)
Change in net position	<u>\$ 470,574</u>	<u>\$ 557,195</u>	<u>\$ 1,027,769</u>
Summary information from statement of net position:			
Capital assets, net	<u>\$ 4,511,422</u>	<u>\$ 1,755,143</u>	<u>\$ 6,266,565</u>
Long-term debt, including current portion	<u>\$ 1,854,258</u>	<u>\$ 800,000</u>	<u>\$ 2,654,258</u>

NOTE 13 - OTHER POST EMPLOYMENT BENEFITS

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES

On October 5, 1993, the Town entered into an agreement with Orange County, whereas the County is to provide fire and related services within the Town's geographical jurisdiction. This agreement is for twenty years commencing November 2002, with a yearly cost equal to the County's Fire Protection and Emergency Medical Services millage rate set by the County which totaled \$491,585 for the year ended September 30, 2017.

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, 2017, 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.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OAKLAND, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
for the year ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
BUDGETARY INFLOWS				
Taxes	\$ 2,042,295	\$ 2,024,926	\$ 2,024,163	\$ (763)
Licenses and permits	80,500	284,448	284,448	-
Intergovernmental revenue	1,542,978	752,278	739,964	(12,314)
Charges for services	409,225	479,863	480,363	500
Fines and forfeitures	27,009	14,188	14,188	-
Other	896,315	919,357	944,017	24,660
Interfund transfer	266,168	657,585	657,585	-
Total resources	<u>5,264,490</u>	<u>5,132,645</u>	<u>5,144,728</u>	<u>12,083</u>
BUDGETARY OUTFLOWS				
General government	925,059	1,144,362	1,159,685	(15,323)
Public safety	1,539,362	1,588,603	1,602,278	(13,675)
Physical environment	160,740	168,972	168,972	-
Transportation	425,512	424,815	424,812	3
Culture/recreation	74,613	93,797	95,169	(1,372)
Capital outlay	1,357,980	927,501	921,917	5,584
Debt service	781,224	784,595	676,016	108,579
Total charges to appropriations	<u>5,264,490</u>	<u>5,132,645</u>	<u>5,048,849</u>	<u>83,796</u>
EXCESS (DEFICIENCY) OF INFLOWS OVER OUTFLOWS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,879</u>	<u>\$ 95,879</u>

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

Budgetary inflows:

Actual inflows (budgetary basis) from the budgetary comparison schedule.	\$ 5,144,728
Differences - budget to GAAP	
Budgetary inflows representing interfund transfers are reported as an other financing source on a GAAP basis.	(657,585)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 4,487,143</u>

Budgetary outflows:

Actual outflows (budgetary basis) from the budgetary comparison schedule.	\$ 5,048,849
Differences - budget to GAAP	
Capital outlay expenditures funded by capital lease proceeds are not reported as a budgetary outflow	223,371
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 5,272,220</u>

TOWN OF OAKLAND, FLORIDA
BUDGETARY COMPARISON SCHEDULE – CHARTER SCHOOL SPECIAL REVENUE FUND
for the year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Favorable (Unfavorable)
BUDGETARY INFLOWS				
Intergovernmental revenue	\$ 4,032,989	\$ 4,112,263	\$ 4,112,263	\$ -
Charges for service	86,000	94,526	94,526	-
Other sources	67,350	98,038	98,038	-
Total resources	<u>4,186,339</u>	<u>4,304,827</u>	<u>4,304,827</u>	<u>-</u>
BUDGETARY OUTFLOWS				
Culture/recreation and capital outlay	<u>4,266,337</u>	<u>4,055,137</u>	<u>4,055,137</u>	<u>-</u>
Total charges to appropriations	<u>4,266,337</u>	<u>4,055,137</u>	<u>4,055,137</u>	<u>-</u>
EXCESS (DEFICIENCY) OF INFLOWS OVER OUTFLOWS				
	<u>(79,998)</u>	<u>249,690</u>	<u>249,690</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
	<u>\$ (79,998)</u>	<u>\$ 249,690</u>	<u>\$ 249,690</u>	<u>\$ -</u>

Notes to Required Supplementary Information:

Under GASB Cod. Sec. 2400, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Town did not prepare a budget, nor were they legally required to prepare a budget for the impact fee special revenue fund for the year ended September 30, 2017. Therefore, budget comparison information for the impact fee special revenue fund is not included in the Town's financial statements.



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OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Town of Oakland, Florida as of and for the year ended September 30, 2017, 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 April 26, 2018.

Internal Control Over Financial Reporting

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

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies 10-01 and 10-06 described in the accompanying summary schedule of prior audit recommendations and deficiency 17-001 described in the accompanying schedule of current year findings and responses to be significant deficiencies.

Compliance and Other Matters

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

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

Town of Oakland, Florida's Responses to Findings

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

Purpose of this Report

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

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 26, 2018

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

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

We have examined Town of Oakland, Florida's compliance with Section 218.415, Florida Statutes for the year ended September 30, 2017. Management is responsible for Town of Oakland, Florida's compliance with those specified requirements. Our responsibility is to express an opinion on Town of Oakland, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards required that we plan and perform the examination to obtain reasonable assurance about whether the Town of Oakland, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Town of Oakland, Florida complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of Town of Oakland's compliance with the specified requirements.

In our opinion, Town of Oakland, Florida complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes for the year ended September 30, 2017.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 26, 2018

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Town of Oakland, Florida as of and for the year ended September 30, 2017, and have issued our report thereon dated April 26, 2018.

Auditor's Responsibility

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

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance with the requirements of Section 218.415, Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 26, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

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

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Town of Oakland, Florida for the fiscal year ended September 30, 2017, 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, 2017. Our comparison of these two reports resulted in no material differences.

Other Matters

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

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

Purpose of this Letter

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

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 26, 2018

**TOWN OF OAKLAND, FLORIDA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

17-001: Control Over New Construction and Developer Related Transactions

Condition: Good internal control is required to provide reasonable assurance that transactions are complete and accurately recorded.

Condition: The following items were noted during performance of our audit procedures:

1. During the year ended September 30, 2017, the Town issued 13 water and wastewater impact fee credits and 8 transportation impact fee credits to the Oakland Trails developer for non-development related system improvements constructed by the developer. Invoices are required to determine the value of any impact fee credits and these invoices and proof-of-payment should be provided by the developer prior to impact fee credits being given. Furthermore, the Town Code of Ordinances require a fee agreement between the Town and developer to provide for the establishment of the credits. We were provided invoices for the credits but no evidence these amounts had been paid and the invoices did not provide sufficient detail to determine what portions of the invoices were nondevelopment related costs. The credits were also given without the completion of a fee agreement with the developer.
2. The Code of Ordinances authorizes the Town to pass-through certain costs incurred by the Town pertaining to the review, inspection and regulation of development activities to the respective developers. We identified approximately \$136,000 of developer related costs for which management was unable to provide a detailed accounting that would allow us to substantiate the costs incurred and to determine whether all the costs were being passed-through to the individual developers.

Cause: Inadequate controls over new construction and developer related transactions.

Effect: Issuance of impact fee credits without adequate documentation of the costs of the improvements could lead to improper calculation of the impact fee credits. Without adequate accounting of developer pass-through costs and timely billing of the individual developers, the Town may not recover all the pass-through costs.

Recommendation: We recommend that the Town implement policies and procedures and related internal controls to provide reasonable assurance that the above new construction and developer related transactions are complete and recorded accurately.

Management's Response: Management concurs with Auditors recommendation

**SUMMARY SCHEDULE OF PRIOR AUDIT RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
TOWN OF OAKLAND, FLORIDA**

Audit Finding Number	Title	Brief Description	Status	Comments
10-01	Utility Billing Subledgers should be Reconciled to the General Ledger (significant deficiency)	<p>In the past eight audits we have recommended that management implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.</p> <p><i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i></p>	Not Resolved	We noted that the Town has hired a consultant to assist with this recommendation and the Town has provided the necessary adjustment to reconcile the September 30, 2017 general ledger balance to agree to the accounts receivable subsidiary ledger to the general ledger control accounts but a monthly reconciliation has yet to be implemented.
10-04	Payroll (management letter comment)	<p>In prior years we noted the following conditions where the internal control procedures over payroll processing and human resources have not been adequately designed or were not operating properly.</p> <p style="padding-left: 20px;">- Payroll data is being entered incorrectly into the Town's general ledger and there is no reconciliation of payroll related liabilities to the actual amounts paid.</p> <p><i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i></p>	Not Resolved	Payroll related activity is still being posted to the general ledger incorrectly and without reconciliation between the accrued liabilities and the actual amounts paid for benefits.
10-05	Internal Control over Financial Reporting (material weakness)	<p>In prior years we noted the Town's internal control over financial reporting failed to detect many financial statement misstatements resulting in audit adjustments.</p> <p><i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i></p>	Not Resolved	During our current year audit we continued to find many financial statement misstatements, some considered material.
10-06	Restricted cash Monitoring needs Improvement (significant deficiency)	<p>We noted that management was not always monitoring the restrictions places on revenues that are restricted as to use by enabling legislation or contract.</p> <p><i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i></p>	Not Resolved	We noted that prior to our proposed adjusting entries, the amount of cash set aside for restricted purposes in the general fund and the water fund was less than required. We also noted that monthly transfers to the Town's required debt sinking and reserve funds were not being made or monitored.

**SUMMARY SCHEDULE OF PRIOR AUDIT RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
TOWN OF OAKLAND, FLORIDA**

Audit Finding Number	Title	Brief Description	Status	Comments
11-5	Approval and support of Journal Entries (material weakness)	<p>In prior years we have recommended that management adopt procedures that ensure that all journal entries are supported by adequate documentation and are subject to supervisory review.</p> <p><i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i></p>	Not Resolved	This recommendation has not been implemented. We continue to identify journal entries that lack adequate documentation and evidence of supervisory review.
12-3	Capital Asset Inventory (management letter recommendation)	<p>In prior years we have recommended that the Town implement procedures to ensure that a physical inventory of all capital asset property is completed annually and in accordance with Florida Administrative Code 69I-73.006.</p> <p><i>Management's Response: We concur with the auditor's finding and are in the process of implementing the recommendation.</i></p>	Not Resolved	An inventory of the Town's capital asset property for the fiscal year ended September 30, 2017 was not performed.