



FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

September 30, 2025

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oakland, Florida (the Town) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2025, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to

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

INDEPENDENT AUDITOR'S REPORT

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Purvis Gray

June 12, 2026
Sarasota, 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, 2025. 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 their liabilities and deferred inflows of resources at the close of fiscal year 2025 by \$45,241,765 (net position). Of this amount, \$6,184,634 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors compared to \$4,860,183 in the prior year.
- The Town's total net position increased by \$1,441,552 (3%) over the previous fiscal year's net position.
- On September 30, 2025, the Town's governmental funds reported combined ending fund balances of approximately \$11,658,567 an increase of \$988,895 (9%) in comparison with the prior year's balance.
- On September 30, 2025, unassigned fund balance for the general fund was a positive \$4,073,741 compared to \$3,208,825 in the prior year.
- Governmental funds revenue increased \$1,148,461 or 7% while expenditures increased by \$973,075 or 6%.
- The Town's outstanding long-term debt, including leases and subscriptions payable, decreased on a net basis by approximately \$754,095, or 9%, during fiscal year 2025, reflecting the combined effect of new debt issuances and scheduled principal repayments.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The Town adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison schedules have been provided for the budgeted funds to demonstrate budgetary compliance. The budgetary comparison schedules may be found immediately following the notes to the financial statements.

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

Fiduciary funds - The Town uses a fiduciary fund (custodial fund) to report assets held in a trustee or agency capacity that are, therefore, not available to support Town programs. The accounting for fiduciary funds is much like that used for proprietary funds.

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$45,241,765 as of September 30, 2025. The following is a summary of the Statement of Net Position which can be found by referencing the table of contents of this report.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 12,807,668	\$ 11,671,386	\$ 2,638,748	\$ 1,991,431	\$ 15,446,416	\$ 13,662,817
Capital assets	22,157,009	23,412,484	17,336,038	16,917,647	39,493,047	40,330,131
Total assets	<u>34,964,677</u>	<u>35,083,870</u>	<u>19,974,786</u>	<u>18,909,078</u>	<u>54,939,463</u>	<u>53,992,948</u>
Deferred Outflows of Resources	4,685	9,270	-	-	4,685	9,270
Long-term liabilities	6,547,560	7,244,355	1,771,820	1,719,945	8,319,380	8,964,300
Other liabilities	979,861	825,804	371,780	366,271	1,351,641	1,192,075
Total liabilities	<u>7,527,421</u>	<u>8,070,159</u>	<u>2,143,600</u>	<u>2,086,216</u>	<u>9,671,021</u>	<u>10,156,375</u>
Deferred Inflows of Resources	31,362	45,630	-	-	31,362	45,630
Net position:						
Net investment in						
Capital assets	16,254,671	16,733,203	15,511,075	15,139,498	31,765,746	31,872,701
Restricted	7,277,011	7,052,996	14,374	14,333	7,291,385	7,067,329
Unrestricted	3,878,897	3,191,152	2,305,737	1,669,031	6,184,634	4,860,183
Total net position	<u>\$ 27,410,579</u>	<u>\$ 26,977,351</u>	<u>\$ 17,831,186</u>	<u>\$ 16,822,862</u>	<u>\$ 45,241,765</u>	<u>\$ 43,800,213</u>

Approximately 70% 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 73% 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 \$7,291,385 (16% of total net position in the current year and 16% in the prior year) which is restricted for debt service, charter school operations and capital projects. The remaining balance of unrestricted net position, \$6,184,634 (14% of total net position in the current year and 11% in the prior year), may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF OAKLAND, FLORIDA
Management's Discussion and Analysis
September 30, 2025

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 7,675,531	\$ 7,432,013	\$ 3,197,276	\$ 2,942,775	\$ 10,872,807	\$ 10,374,788
Operating grants and contributions	826,687	1,066,026	-	-	826,687	1,066,026
Capital grants and contributions	507,996	498,875	436,774	490,565	944,770	989,440
<i>General revenues:</i>						
Property taxes	5,513,947	4,669,935	-	-	5,513,947	4,669,935
Franchise/Public Ser. Tax	1,378,271	1,232,589	-	-	1,378,271	1,232,589
Fuel taxes	167,348	171,875	-	-	167,348	171,875
State shared revenues	1,364,484	1,344,416	-	-	1,364,484	1,344,416
Other	182,639	55,358	26,133	294	208,772	55,652
Total revenues	<u>17,616,903</u>	<u>16,471,087</u>	<u>3,660,183</u>	<u>3,433,634</u>	<u>21,277,086</u>	<u>19,904,721</u>
Expenses:						
General government	2,280,908	1,946,509	-	-	2,280,908	1,946,509
Comprehensive planning	860,625	662,536	-	-	860,625	662,536
Police	2,670,984	2,352,281	-	-	2,670,984	2,352,281
Fire protection	1,872,208	1,499,272	-	-	1,872,208	1,499,272
Charter school	6,571,367	6,581,627	-	-	6,571,367	6,581,627
Streets	1,996,991	1,504,718	-	-	1,996,991	1,504,718
Parks and recreation	463,540	392,408	-	-	463,540	392,408
Interest on long-term debt	224,758	233,232	-	-	224,758	233,232
Water	-	-	1,398,955	1,346,332	1,398,955	1,346,332
Sewer	-	-	1,012,698	916,577	1,012,698	916,577
Sanitation	-	-	482,500	339,123	482,500	339,123
Total expenses	<u>16,941,381</u>	<u>15,172,583</u>	<u>2,894,153</u>	<u>2,602,032</u>	<u>19,835,534</u>	<u>17,774,615</u>
Increase (decrease) in net position before transfers	675,522	1,298,504	766,030	831,602	1,441,552	2,130,106
Transfers in (out)	<u>(242,294)</u>	<u>(101,405)</u>	<u>242,294</u>	<u>101,405</u>	-	-
Change in Net Position	<u>433,228</u>	<u>1,197,099</u>	<u>1,008,324</u>	<u>933,007</u>	<u>1,441,552</u>	<u>2,130,106</u>
Net position - October 1	26,977,351	25,821,389	16,822,862	15,889,855	43,800,213	41,711,244
Restatement	-	(41,137)	-	-	-	(41,137)
Net position - September 30	<u>\$ 27,410,579</u>	<u>\$ 26,977,351</u>	<u>\$ 17,831,186</u>	<u>\$ 16,822,862</u>	<u>\$ 45,241,765</u>	<u>\$ 43,800,213</u>

Governmental activities

Governmental activities increased the Town's net position by \$433,228. In the prior year, governmental activities net position increased by \$1,197,099. In 2025, revenues increased by \$1,145,816 or 7% compared to the prior year and expenses increased by \$1,768,798 or 12% compared to the prior year.

Major revenue changes:

- Property tax revenue increased by \$844,012 or 18% due to increased millage rate and increased property values within the Town.
- Franchise and public service tax revenue increased by \$145,682 or 12% due to increased residents within the Town and increased economic activity within the Town.
- Charges for services revenue increased by \$243,518, or 3%, primarily due to higher per-student funding from the State and the expansion of the charter school function's prekindergarten program
- Operating grants and contribution revenue decreased by \$239,339 or 22% mainly due to decreased operating grants received by the Oakland Avenue Charter School through the Orange County Public School District.

Major expense changes:

- Streets function expenses increased by approximately \$492,000, or 33%, primarily due to a \$159,000 (36%) increase in personnel-related expenses and an approximate \$217,000 increase in hurricane response costs. The rise in personnel-related expenses was due to budgeted pay raises and increased personnel and the rise in hurricane response costs was due to the effects of Hurricane Milton.
- Comprehensive planning expenses increased by approximately \$198,000, or 30%, primarily due to higher planning consultant costs associated with work on proposed new developments compared with the prior year.
- Police expenses increased by approximately \$319,000 or 14% due mainly to increased personnel-related expenses of approximately \$260,000 (15%) driven higher by budgeted wage increases and increased personnel.
- General government expenses increased by approximately \$334,000, or 17%, primarily due to higher personnel-related costs of about \$101,000, or 13%, reflecting budgeted wage increases and additional staffing. Legal, accounting, and auditing expenses also increased by approximately \$88,000, or 62%, due to the need for additional accounting support, the engagement of a new auditor, and greater demand for legal services.
- Fire protection expenses increased by approximately \$373,000 or 25% due to the interlocal agreement for fire and rescue services with Orange County, Florida which requires a fire and rescue fee that is derived from property values and as property values have increased, so has this expense.

Business-Type Activities

Business-type activities increased the Town's net position by \$1,008,324. In the prior year, net position increased by \$933,007 an increase of \$75,317 or 8%. The increase was mainly due to the following:

- Total revenue increased by approximately \$226,000 or 7% mainly due to the following:
 - Increased charges for services of approximately \$254,000 or 9% due to increased customers of the water and wastewater utility system.

TOWN OF OAKLAND, FLORIDA

Management's Discussion and Analysis

September 30, 2025

- Total expenses increased by approximately \$292,000 or 11% due to broad changes in various expense categories.

Financial Analysis of the Town's Funds

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

Governmental funds

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

On September 30, 2025, the Town's governmental funds reported combined ending fund balances of \$11,658,567, an increase of \$988,895 when compared to the previous year.

The general fund is the chief operating fund of the Town. On September 30, 2025, unassigned fund balance for the general fund was \$4,073,741 compared to \$3,208,825 in the prior year. When the current unassigned fund balance is compared to the prior year balances, there was a current year increase of \$864,916 or 27%.

Total fund balance of the governmental funds increased by \$988,895 in 2025 due to the following:

- Total revenue increased by \$1,148,461 or 7%, mainly due to:
 - \$990,163 or 16% increase in taxes due to increased property valuations, increased construction activity within the Town and general economic improvement overall that drives more tax revenue.
 - \$131,838 or 16% increase in licenses and permits mainly due to increased building permits (\$122,000 or 39%) due to decreased construction activity within the Town.
 - \$147,913, or 13% increase in other revenue mainly due to increased interest income due to more funds being deposited within a local government investment pool to increase interest earnings on surplus Town funds.
 - \$208,138 or 3% decrease in intergovernmental revenue mainly due to decreased operating grants received by the Oakland Avenue Charter School through the Orange County Public School District.
- Total expenditures increased by approximately \$973,075 or 6%, mainly due to:
 - \$428,845, or 20%, increase in general government expenditures. The factors contributing to the rise in comprehensive planning and general government expenses within governmental activities, as discussed in the governmental activities section of Management's Discussion and Analysis, also explain the increase in general government expenditures reported in the Town's governmental funds.
 - \$620,027, or 17% increase in public safety expenditures. The factors contributing to the rise in police and fire control expenses within governmental activities, as discussed in the governmental activities section of Management's Discussion and Analysis, also explain the increase in the public safety expenditures reported in the Town's governmental funds.

TOWN OF OAKLAND, FLORIDA

Management's Discussion and Analysis

September 30, 2025

- \$490,701, or 52% increase in transportation expenditures. The factors contributing to the rise in streets function within governmental activities, as discussed in the governmental activities section of Management's Discussion and Analysis, also explain the increase in transportation expenditures reported in the Town's governmental funds.
- \$552,520, or 46% decrease in capital outlay expenditures due to decreased purchases and project expenditures.
- Other financing sources and uses decreased from a positive \$333,118 in 2024 to a negative \$128,660 in 2025 due mainly to the following:
 - \$140,889, or 139% increase in transfers from the impact fee special revenue fund to the enterprise fund due to increased expenditures of water and wastewater impact fees.
 - \$320,889, or 74%, decrease in financing proceeds due to lower activity in lease financings, IT subscription arrangements, refinancing transactions, and installment purchase agreements in 2025 compared with the prior year.

Proprietary Fund

The Town's enterprise fund presents the same type of information as the government-wide financial statements, but with greater detail. The Town maintains a single proprietary fund encompassing the water, wastewater, and sanitation operations, which is classified as a major fund. For the fiscal year ended September 30, 2025, total net position increased by \$1,008,324, or 6%, while the unrestricted portion of net position grew by \$636,706, or 38%, reaching \$2,305,737.

General Fund Budgetary Highlights:

The budgetary comparison schedule for the general fund can be found by referencing the table of contents of this report in the required supplementary information section. In the general fund, actual budgetary inflows were \$571,788 more than budgeted and actual budgetary outflows were \$102,562 less than budgeted resulting in an overall change in fund balance that was \$674,350 more than budgeted.

The original budget for fiscal year 2025 was amended to increase budgeted inflows by \$474,026 (5%) and to increase budgeted outflows by \$269,960 (3%). The budget amendment was made to revise the original budgeted estimates for changes identified during the year based on actual results and current expectations.

The favorable variance of \$571,788 between actual and budgeted inflows was primarily driven by increased economic activity at both the Town and State levels, which led to higher collections in taxes, charges for services, and intergovernmental shared revenues. The \$102,562 variance between actual and budgeted outflows resulted from various budget-to-actual differences, with the most significant factors being increased general government outflows of approximately \$250,636 (10%) and transportation outflows of approximately \$309,000 (27%) partially offset by a decrease in public safety budgeted outflows of approximately \$245,000 (5%).

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, 2025 amounts to \$39,493,047, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, right-to-use leased assets, subscription assets, land improvements, water and wastewater systems, and vehicles.

Following is a summary of capital assets:

	Capital Assets Activity (net of depreciation) as of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 2,010,814	\$ 2,010,814	\$ 471,899	\$ 471,899	\$ 2,482,713	\$ 2,482,713
Buildings and improvements	17,174,085	17,217,143	21,108,424	21,072,006	38,282,509	38,289,149
Vehicles and equipment	3,872,709	4,189,094	1,032,525	678,678	4,905,234	4,867,772
Right to use leased assets	702,268	686,758	-	-	702,268	686,758
Subscription assets	120,821	70,350	-	-	120,821	70,350
Infrastructure	10,296,960	10,095,406	-	-	10,296,960	10,095,406
Construction in progress	64,257	81,948	983,832	212,302	1,048,089	294,250
Less: accumulated depreciation	<u>(12,084,905)</u>	<u>(10,939,029)</u>	<u>(6,260,642)</u>	<u>(5,517,238)</u>	<u>(18,345,547)</u>	<u>(16,456,267)</u>
Total	<u>\$ 22,157,009</u>	<u>\$ 23,412,484</u>	<u>\$ 17,336,038</u>	<u>\$ 16,917,647</u>	<u>\$ 39,493,047</u>	<u>\$ 40,330,131</u>

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

Long-Term Debt and Leases Payable

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

	Bonds, Notes and Leases Payable as of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Bonds payable	\$ 2,654,667	\$ 3,273,660	\$ 71,500	\$ 80,800	\$ 2,726,167	\$ 3,354,460
Notes payable	2,838,972	2,955,243	1,670,173	1,625,349	4,509,145	4,580,592
Subscriptions payable	72,849	54,500	-	-	72,849	54,500
Leases payable	311,934	384,638	-	-	311,934	384,638
Total	<u>\$ 5,878,422</u>	<u>\$ 6,668,041</u>	<u>\$ 1,741,673</u>	<u>\$ 1,706,149</u>	<u>\$ 7,620,095</u>	<u>\$ 8,374,190</u>

Additional information on the Town's debt can be found in Note 8 of this report.

Currently Known Facts, Decisions or Conditions

At the time of this report, the Town is experiencing increased economic activity, which is expected to continue into the upcoming fiscal year. In response to these favorable conditions, the Town has adopted an optimistic financial outlook in the Fiscal Year 2026 budget.

The 2026 General Fund budget reflects a \$559,908 (11%) increase in budgeted property tax revenue compared to the 2025 budget. This increase is primarily due to rising property values within the Town limits, along with ongoing development and construction. In addition to property taxes, most general revenue sources are expected to grow, supported by the overall improvement in economic conditions at both the local and regional levels.

Currently Known Facts, Decisions or Conditions (concluded)

In the enterprise fund, budgeted grant and loan revenues, along with the related capital expenditures of \$4,000,000 originally included in the 2024-2025 budget, have been carried forward to the 2025-2026 budget due to project delays. These funds will support long-term improvements to the Town's water and wastewater systems as part of its broader capital improvement program.

These budget decisions reflect the Town's commitment to managing growth, maintaining essential infrastructure, and enhancing public services in response to continued economic momentum.

Requests for Information

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

TOWN OF OAKLAND, FLORIDA

Statement of Net Position

September 30, 2025

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 4,077,052	\$ 2,273,823	\$ 6,350,875
Receivables, current:			
Customer accounts, net	25,294	306,162	331,456
Intergovernmental	307,869	-	307,869
Other	347,000	-	347,000
Internal balances (Note 10)	138,000	(138,000)	-
Prepaid expenses	66,450	9,110	75,560
Restricted assets:			
Cash and cash equivalents	7,846,003	187,653	8,033,656
Capital Assets:			
Non-depreciable	2,075,071	1,455,731	3,530,802
Depreciable, net	20,081,938	15,880,307	35,962,245
TOTAL ASSETS	<u>34,964,677</u>	<u>19,974,786</u>	<u>54,939,463</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge in refunding	4,685	-	4,685
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,685</u>	<u>-</u>	<u>4,685</u>
LIABILITIES			
Accounts payable and accrued payroll	513,294	113,826	627,120
Construction payable	28,601	83,290	111,891
Due to other governments	4,941	-	4,941
Unearned revenue	130,561	-	130,561
Accrued interest payable	75,632	1,502	77,134
Deposits	226,832	173,162	399,994
Long-term obligations:			
Due within one year	937,654	92,152	1,029,806
Due in more than one year	5,609,906	1,679,668	7,289,574
TOTAL LIABILITIES	<u>7,527,421</u>	<u>2,143,600</u>	<u>9,671,021</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related	31,362	-	31,362
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>31,362</u>	<u>-</u>	<u>31,362</u>
NET POSITION			
Net investment in capital assets	16,254,671	15,511,075	31,765,746
Restricted for:			
Debt service	433,333	14,374	447,707
Building code enforcement	154,868	-	154,868
Charter school operations	1,046,149	-	1,046,149
Water system improvements	1,491,041	-	1,491,041
Wastewater system improvements	389,356	-	389,356
Parks and recreation improvements	644,448	-	644,448
Law enforcement improvements	167,481	-	167,481
Transportation improvements	2,812,823	-	2,812,823
Administrative facilities improvements	25,700	-	25,700
Fire protection improvements	111,812	-	111,812
Unrestricted	3,878,897	2,305,737	6,184,634
TOTAL NET POSITION	<u>\$ 27,410,579</u>	<u>\$17,831,186</u>	<u>\$ 45,241,765</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
Statement of Activities
for the year ended September 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 2,280,908	\$ 899,605	\$ 215,882	\$ 165,016	\$ (1,000,405)	\$ -	\$ (1,000,405)
Comprehensive planning	860,625	818,185	-	-	(42,440)	-	(42,440)
Police	2,670,984	171,279	22,957	35,916	(2,440,832)	-	(2,440,832)
Fire protection	1,872,208	17,767	-	6,363	(1,848,078)	-	(1,848,078)
Charter school	6,571,367	5,759,841	509,798	-	(301,728)	-	(301,728)
Streets	1,996,991	8,854	-	261,129	(1,727,008)	-	(1,727,008)
Parks and recreation	463,540	-	78,050	39,572	(345,918)	-	(345,918)
Interest on long-term debt	224,758	-	-	-	(224,758)	-	(224,758)
Total governmental activities	16,941,381	7,675,531	826,687	507,996	(7,931,167)	-	(7,931,167)
Business-type activities							
Water utility	1,398,955	1,906,159	-	-	-	507,204	507,204
Sewer utility	1,012,698	797,186	-	436,774	-	221,262	221,262
Sanitation utility	482,500	493,931	-	-	-	11,431	11,431
Total business-type activities	2,894,153	3,197,276	-	436,774	-	739,897	739,897
TOTAL PRIMARY GOVERNMENT	\$ 19,835,534	\$ 10,872,807	\$ 826,687	\$ 944,770	(7,931,167)	739,897	(7,191,270)
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					5,513,947	-	5,513,947
Franchise taxes					408,701	-	408,701
Public service taxes					969,570	-	969,570
Fuel taxes for transportation purposes					167,348	-	167,348
State shared revenue					1,364,484	-	1,364,484
Investment earnings					162,654	26,133	188,787
Other revenues					19,985	-	19,985
TRANSFERS					(242,294)	242,294	-
Total general revenues and transfers					8,364,395	268,427	8,632,822
Change in net position					433,228	1,008,324	1,441,552
NET POSITION, beginning of year					26,977,351	16,822,862	43,800,213
NET POSITION, end of year					\$ 27,410,579	\$ 17,831,186	\$ 45,241,765

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2025

	General Fund	Impact Fee Special Revenue Fund	Charter School Special Revenue Fund	Total
ASSETS				
Cash and cash equivalents	\$ 4,077,052	\$ 5,654,936	\$ 1,361,501	\$ 11,093,489
Receivables, net:				
Customer accounts	25,294	-	-	25,294
Intergovernmental	278,488	-	29,381	307,869
Leases	32,885	-	-	32,885
Other	314,115	-	-	314,115
Due from enterprise fund	121,674	16,326	-	138,000
Prepaid expenditures	16,866	-	49,584	66,450
Restricted cash and cash equivalents	829,566	-	-	829,566
TOTAL ASSETS	<u>\$ 5,695,940</u>	<u>\$ 5,671,262</u>	<u>\$ 1,440,466</u>	<u>\$ 12,807,668</u>
LIABILITIES				
Accounts payable and accrued payroll	198,759	-	314,535	513,294
Construction payable	-	28,601	-	28,601
Due to other governments	4,941	-	-	4,941
Deposits	226,832	-	-	226,832
Unearned revenue	100,363	-	30,198	130,561
TOTAL LIABILITIES	<u>530,895</u>	<u>28,601</u>	<u>344,733</u>	<u>904,229</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	213,510	-	-	213,510
Lease related	31,362	-	-	31,362
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>244,872</u>	<u>-</u>	<u>-</u>	<u>244,872</u>
FUND BALANCE				
Nonspendable:				
Prepaid expenditures and deposits	16,866	-	49,584	66,450
Restricted:				
Debt service	451,098	-	-	451,098
Cash with fiscal agent - debt service	223,600	-	-	223,600
Building code enforcement	154,868	-	-	154,868
Charter school operations	-	-	1,046,149	1,046,149
Water system improvements	-	1,491,041	-	1,491,041
Wastewater system improvements	-	389,356	-	389,356
Parks and recreation improvements	-	644,448	-	644,448
Law enforcement improvements	-	167,481	-	167,481
Transportation improvements	-	2,812,823	-	2,812,823
Administrative facilities improvements	-	25,700	-	25,700
Fire protection improvements	-	111,812	-	111,812
Unassigned	4,073,741	-	-	4,073,741
TOTAL FUND BALANCE	<u>4,920,173</u>	<u>5,642,661</u>	<u>1,095,733</u>	<u>11,658,567</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 5,695,940</u>	<u>\$ 5,671,262</u>	<u>\$ 1,440,466</u>	<u>\$ 12,807,668</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA

Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
September 30, 2025

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 11,658,567
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	22,157,009
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	213,510
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds.	(75,632)
Long-term liabilities, including bonds and notes payable, leases payable, compensated absences, subscriptions payable and the total other postemployment liability are not due and payable in the current period and, therefore are not reported in the governmental funds balance sheet.	
Total long-term liabilities	(6,547,560)
Total redemption loss reported as a deferred outflow of resources	4,685
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 27,410,579</u>

TOWN OF OAKLAND, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
for the year ended September 30, 2025

	General Fund	Impact Fee Special Revenue Fund	Charter School Special Revenue Fund	Total
REVENUES:				
Taxes	\$ 7,077,582	\$ -	\$ -	\$ 7,077,582
Licenses and permits	445,636	495,521	-	941,157
Intergovernmental revenue	1,454,506	-	5,663,968	7,118,474
Charges for services	620,270	-	549,911	1,170,181
Fines and forfeitures	5,243	-	-	5,243
Other	1,052,721	77,104	181,385	1,311,210
Total revenues	<u>10,655,958</u>	<u>572,625</u>	<u>6,395,264</u>	<u>17,623,847</u>
EXPENDITURES:				
Current:				
General government	2,537,850	27	-	2,537,877
Public safety	4,293,474	-	-	4,293,474
Transportation	1,429,878	-	-	1,429,878
Culture/recreation	391,900	-	6,067,798	6,459,698
Capital outlay	326,180	291,300	38,547	656,027
Debt service				
Principal	893,833	-	9,421	903,254
Interest	206,663	-	19,421	226,084
Total expenditures	<u>10,079,778</u>	<u>291,327</u>	<u>6,135,187</u>	<u>16,506,292</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>576,180</u>	<u>281,298</u>	<u>260,077</u>	<u>1,117,555</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(242,294)	-	(242,294)
Debt proceeds	28,522	-	-	28,522
Refunding debt proceeds	-	-	-	-
Subscriptions	50,471	-	-	50,471
Leases	34,641	-	-	34,641
Total other financing sources (uses)	<u>113,634</u>	<u>(242,294)</u>	<u>-</u>	<u>(128,660)</u>
NET CHANGE IN FUND BALANCE	689,814	39,004	260,077	988,895
FUND BALANCE, beginning of year	<u>4,230,359</u>	<u>5,603,657</u>	<u>835,656</u>	<u>10,669,672</u>
FUND BALANCE, end of year	<u>\$ 4,920,173</u>	<u>\$ 5,642,661</u>	<u>\$ 1,095,733</u>	<u>\$ 11,658,567</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, 2025

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 988,895

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.	442,464
This is the amount of depreciation recorded in the current period.	(1,628,446)
This is the book value of capital assets disposed in the current period	(69,493)

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.	(474)
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Accrued interest expense on long-term debt is reported in the government-wide statement of activities but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the governmental funds.

The following represents the change in accrued interest payable from the prior year.	8,072
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The issuance of long-term debt (e.g. bonds, notes, leases, subscriptions) provides current financial resources to governmental funds while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on funds.

This amount represents principal repayments on bonds and notes payable.	759,794
This amount represents principal repayments of leases payable.	107,345
This amount represents principal repayments of subscriptions payable.	32,122
This amount represents the amount of borrowing proceeds.	(28,523)
This amount represents new subscriptions payable.	(50,471)
This amount represents the amount of leases issued.	(34,641)
This amount represents the change in deferred outflows related to a loss on refunding.	(4,585)
This amount represents the amortization of bond premiums.	3,993

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.	(9,665)
This is the change in the other postemployment benefit liability during the year.	(83,159)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 433,228
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TOWN OF OAKLAND, FLORIDA
Statement of Net Position – Proprietary Fund
September 30, 2025

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,273,823
Customer accounts receivable, net	306,162
Prepaid expenses	9,110
Total current assets	<u>2,589,095</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	187,653
Capital assets:	
Non-depreciable	1,455,731
Depreciable, net	15,880,307
Total noncurrent assets	<u>17,523,691</u>
TOTAL ASSETS	<u>20,112,786</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued payroll	113,826
Construction payable	83,290
Due to general fund	121,674
Due to impact fee fund	16,326
Bonds and notes payable, current	92,152
Total current liabilities	<u>427,268</u>
Noncurrent liabilities:	
Compensated absences	30,147
Liabilities payable from restricted assets:	
Accrued interest payable	1,502
Customer deposits	173,162
Bonds and notes payable, noncurrent portion	1,649,521
Total noncurrent liabilities	<u>1,854,332</u>
TOTAL LIABILITIES	<u>2,281,600</u>
NET POSITION	
Net investment in capital assets	15,511,075
Restricted for:	
Debt service	14,374
Unrestricted	2,305,737
TOTAL NET POSITION	<u>\$ 17,831,186</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDAStatement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
for the year ended September 30, 2025

	Enterprise Fund
OPERATING REVENUES:	
Charges for services:	
Water charges	\$ 1,906,159
Sewer charges	797,186
Sanitation charges	493,931
Total operating revenues	<u>3,197,276</u>
OPERATING EXPENSES:	
Personnel services	380,315
Operating expenses	1,730,512
Depreciation	743,404
Total operating expenses	<u>2,854,231</u>
OPERATING INCOME	<u>343,045</u>
NONOPERATING REVENUE (EXPENSE)	
Interest expense and other fiscal charges	(39,922)
Interest income	26,133
Total nonoperating revenues (expense)	<u>(13,789)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>329,256</u>
CAPITAL CONTRIBUTIONS	
Grants	436,774
Total capital contributions	<u>436,774</u>
TRANSFERS IN (OUT)	<u>242,294</u>
CHANGE IN NET POSITION	1,008,324
NET POSITION, beginning of year	<u>16,822,862</u>
NET POSITION, end of year	<u>\$ 17,831,186</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDAStatement of Cash Flows – Proprietary Fund
for the year ended September 30, 2025

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 3,187,420
Payments to suppliers	(1,740,091)
Payments for salaries and benefits	(363,964)
Net cash flows from operating activities	<u>1,083,365</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	242,294
Net interfund borrowing	(1,071,677)
Net cash flows from noncapital financing activities	<u>(829,383)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(1,150,505)
Loan proceeds	123,709
Principal paid on long-term debt	(88,185)
Interest paid on borrowings	(40,016)
Capital grants received, net of change in related receivable	442,416
Net cash flows from capital and related financing activities	<u>(712,581)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	26,133
Net cash flows from investing activities	<u>26,133</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(432,466)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,893,942</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,461,476</u>
As shown in the Accompanying Financial Statements	
Cash and cash equivalents	\$ 2,273,823
Restricted cash and cash equivalents	187,653
Total cash and cash equivalents	<u>\$ 2,461,476</u>
Noncash financing and investing activities:	
None	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 343,045
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	743,404
(Increase) decrease in accounts receivable	(4,638)
(Increase) decrease in prepaid expenses	(9,110)
Increase (decrease) in customer deposits	(5,218)
Increase (decrease) in accounts payable	(469)
Increase (decrease) in accrued wages and compensated absences	16,351
Net cash flows from operating activities	<u>\$ 1,083,365</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA

Statement of Fiduciary Net Position – Fiduciary Fund

September 30, 2025

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 312,647
Total assets	<u>312,647</u>
LIABILITIES	
Due to other governments	<u>312,647</u>
Total liabilities	<u>312,647</u>
NET POSITION	
Unrestricted	<u>\$ -</u>

See Accompanying Notes to Financial Statements

TOWN OF OAKLAND, FLORIDA

Statement of Changes in Fiduciary Net Position – Fiduciary Fund
for the year ended September 30, 2025

	Custodial Fund
ADDITIONS	
Fee collected on behalf of other governments	\$ 141,955
Total additions	<u>141,955</u>
DEDUCTIONS	
Remittance of fees to other governments	<u>141,955</u>
Total deductions	<u>141,955</u>
CHANGE IN NET POSITION	-
NET POSITION, beginning of year	<u>-</u>
NET POSITION, end of year	<u><u>\$ -</u></u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

BASIC FINANCIAL STATEMENTS

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

Government-wide financial statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the Town. The Town's fiduciary funds are excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-type activities, which rely to a significant extent on fees and charges for support. During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

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

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

Furthermore, certain activities occur 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 Town's primary operating fund and is used to account for all financial resources not required to be reported in another fund. All other funds are considered major funds.
- **Impact fee special revenue fund** is used to account for the receipt and disbursement of impact fees.
- **Charter school special revenue fund** is used to account for the activities of the Oakland Avenue Charter School (the "School"). The School has a fiscal year ending on June 30th which differs from the Town's fiscal year end. However, the year ends are treated consistently each year.

Proprietary Funds:

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

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

Fiduciary Fund:

The Town uses a fiduciary fund to report assets held in a trustee or agency capacity that are, therefore, not available to support Town programs. The accounting for fiduciary funds is much like that used for proprietary funds. The Town reports the following fiduciary fund:

- **Custodial Fund** – The custodial fund is to account for impact fees collected on behalf of the Orange County School District ("District"). These funds are collected on behalf of the District as certain new construction development takes place within the Town and the funds are remitted to the District as actual construction on the developments take place.

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

MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

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

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

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

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

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

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

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

CASH AND CASH EQUIVALENTS - Includes all short-term highly liquid investments with a maturity of three months or less when purchased, and all bank demand deposits, certificates of deposit, money-market and savings accounts. On September 30, 2025, all of the Town's cash and investments met this definition.

INVESTMENTS – Investments are reported at fair value or amortized cost, which approximates fair value. Purchases and sales of investments are reflected on trade dates. Net realized gains or losses on sales of investments are based on the cost of investments applied on a first-in, first-out basis and are reflected in current operating results.

CUSTOMER ACCOUNTS RECEIVABLE - The Town accrues unbilled utility service fees, which represent the estimated value of services provided from the last billing date through year-end. As of September 30, 2025, unbilled utility service fees totaled \$70,331. In funds with utility customer receivables, the Town records an allowance for doubtful accounts for amounts not expected to be collected. As of September 30, 2025, the allowance for doubtful accounts totaled \$330 across applicable funds. Receivables are reported in the financial statements net of the allowance for doubtful accounts.

DEVELOPMENT FEES RECEIVABLE – The Town has a policy to pass through certain costs related to the review, inspection, and regulation of development activities to the applicants submitting projects to the Town for review. The Town reports the unpaid development pass-through fees receivable as a component of *other receivables* on the general fund's balance sheet. On September 30, 2025, these amounts totaled \$216,769 and based upon an assessment performed by management an allowance for uncollectible development review fees receivable was not necessary.

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

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

PREPAID EXPENDITURES/EXPENSES - Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses in the government-wide and proprietary fund financial statements, and as prepaid expenditures in the governmental fund financial statements, when applicable. Prepaid items are recorded using the consumption method and are recognized as expenses or expenditures in the period in which the related goods or services are used or consumed.

For governmental funds, prepaid amounts are reported as nonspendable fund balance to indicate that such resources are not available for appropriation or expenditure for future periods.

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.

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

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

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.

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

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

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

INTEREST COSTS - Interest costs incurred before the end of a construction period is a financing activity separate from the related capital asset and interest costs incurred before the end of the construction period are recognized as an expense in the period in which the cost is incurred. These interest costs are not capitalized as part of the historical cost of the capital asset.

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

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

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

The Town has two items that qualify for reporting as deferred inflows of resources. The first item represents the remaining revenue to be recognized on the Town's lease arrangements as of September 30, 2025. The second 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 – The Town recognizes a liability for compensated absences for leave time that: (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as paid time off or otherwise settled, including payment upon separation from employment or through the Town’s PTO buy-back program. The Town’s compensated absences consist of personal leave, also referred to as paid time off (“PTO”).

Full-time employees earn PTO on a biweekly basis at rates based on years of service. Employees may carry over up to 300 hours of accrued PTO to the following fiscal year. Employees who separate from employment in good standing are paid for accrued but unused PTO up to 360 hours. Eligible employees may also elect, subject to approval, to buy back up to 120 hours of unused PTO once per fiscal year, provided minimum balance and usage requirements are met.

The compensated absences liability is measured using the employees’ pay rates in effect at year-end and includes applicable salary-related payments. In estimating the amount of PTO that is more likely than not to be used or otherwise settled, the Town considers its PTO policy, historical usage, forfeitures, separations, and buy-back experience. The Town applies a last-in, first-out (“LIFO”) flow assumption for PTO used as paid time off.

The liability for compensated absences is reported in the government-wide financial statements and proprietary fund financial statements. Governmental funds report compensated absences only to the extent the amounts are due and payable with current financial resources.

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

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

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

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

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

LEASES - Lessee: The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements when the initial, individual value of the lease liability is considered material and this decision is assessed on a case by case basis as new leases are executed.

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

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

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

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

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

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

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

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

LEASES (concluded)

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

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

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

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) - The Town recognizes a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements when the initial, individual value of the subscription asset is deemed material to the financial statements.

At the commencement of a subscription, the Town initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at the commencement of the subscription term and any capitalizable implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

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

- The Town uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for the subscription liability calculation.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments that are fixed in substance, any contract incentives receivable from the vendor and any other payments associated with the contract that are reasonably certain of being required based on an assessment of all relevant factors.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term obligations on the statement of net position.

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

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

EQUITY CLASSIFICATIONS -

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

- **Net investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- **Unrestricted net position** - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

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

- **Nonspendable** — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed** — amounts constrained to specific purposes by formal action (ordinance) of the Town using its highest level of decision-making authority (the Town Commission). To be reported as committed, amounts cannot be used for any other purpose unless the Town Commission takes the same highest-level action (ordinance) to remove or change the constraint.
- **Assigned** — amounts constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Commission or through the Town Commission delegating this responsibility to the Town manager through the budgetary process.
- **Unassigned** — amounts that represents the residual amount for the general fund that is not contained in other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within other governmental fund types is reported as unassigned.

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

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Orange County Property Appraiser and Orange County Tax Collector. The tax levy of the Town is established by the Town Commission prior to October 1 of each year and the Orange County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the Orange County School Board tax requirements. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The Town's millage rate in effect for the fiscal year ended September 30, 2025 was 6.70.

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

NOTE 3 - BUDGETARY LAW AND PRACTICE

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

Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), with the following exceptions: interfund transfers and debt proceeds are treated as inflows in the budget, whereas they are reported as other financing sources in the financial statements. Additionally, lease and subscription-based financing proceeds are not included in the adopted budget, as the information necessary to estimate these amounts is not available at the time the budget is prepared.

NOTE 4 - DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS - The Town's bank 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 Town invests in Florida PRIME, an external investment pool administered by the Florida State Board of Administration ("SBA"). Florida PRIME is not registered with the Securities and Exchange Commission; however, it is governed by Chapter 218, Part IV, Florida Statutes, and SBA Rules 19-7.002 through 19-7.016, Florida Administrative Code. Florida PRIME has elected to measure its investments at amortized cost in accordance with GASB Codification Section In5, Investment Pools (External). Accordingly, the Town's investment in Florida PRIME is reported at amortized cost, which approximates fair value, and the fair value of the Town's position in the pool is the same as the value of its pool shares.

Florida PRIME currently has no limitations or restrictions on participant withdrawals, does not charge liquidity fees, and has not imposed redemption gates. Participants may withdraw 100 percent of their account balance on any day Florida PRIME is open for business.

NOTE 4 - DEPOSITS AND INVESTMENTS (concluded)

However, Florida Statutes authorize the SBA Executive Director, upon the occurrence of an event that has a material impact on the liquidity or operations of Florida PRIME, to temporarily limit contributions to or withdrawals from the pool for 48 hours, subject to notification and review requirements, and such limitation may be continued by the Trustees for up to an additional 15 days. Florida Statutes also authorize the SBA to impose penalties for early withdrawal if disclosed in the enrollment materials; no such disclosure has currently been made.

Florida PRIME’s investment policies are designed to address credit risk, interest rate risk, and other investment risks. As of September 30, 2025, Florida PRIME was rated AAAM by Standard & Poor’s. Florida PRIME’s dollar-weighted average maturity was 47 days, and its weighted average life was 73 days. Florida PRIME was not exposed to foreign currency risk and did not participate in a securities lending program during the year ended September 30, 2025.

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

Cash and cash equivalents:	
Cash on hand	\$ 5,356
Deposits in financial institutions:	
Insured or fully collateralized bank deposits,	12,322,978
State Board of Administration - FL PRIME	<u>2,056,197</u>
 Total cash and cash equivalents	 <u><u>\$ 14,384,531</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.

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2025, was as follows:

	Balance October 1, 2024	Transfers	Increases	Decreases	Balance September 30, 2025
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,010,814	\$ -	\$ -	\$ -	\$ 2,010,814
Construction-in-progress	81,948	(56,449)	38,758	-	64,257
Total capital assets, not being depreciated	<u>2,092,762</u>	<u>(56,449)</u>	<u>38,758</u>	<u>\$ -</u>	<u>2,075,071</u>
Capital assets, being depreciated:					
Land improvements	1,276,696	-	-	-	1,276,696
Buildings & improvements	15,940,447	-	-	(43,058)	15,897,389
Equipment	4,189,094	56,449	117,040	(489,874)	3,872,709
Right to use leased assets	686,758	-	34,641	(19,131)	702,268
Subscription assets	70,350	-	50,471	-	120,821
Infrastructure:					
Road systems	8,134,774	-	108,249	-	8,243,023
Park systems	62,609	-	93,305	-	155,914
Drainage systems	1,898,023	-	-	-	1,898,023
Total capital assets, being depreciated	<u>32,258,751</u>	<u>56,449</u>	<u>403,706</u>	<u>(552,063)</u>	<u>32,166,843</u>
Less accumulated depreciation for:					
Land improvements	(253,169)	-	(69,776)	-	(322,945)
Buildings & improvements	(5,970,966)	-	(651,779)	42,553	(6,580,192)
Equipment	(2,943,533)	-	(325,941)	437,868	(2,831,606)
Right to use leased assets	(311,412)	-	(106,200)	2,149	(415,463)
Subscription assets	(10,022)	-	(32,718)	-	(42,740)
Infrastructure:					
Road systems	(1,222,142)	-	(346,678)	-	(1,568,820)
Park systems	(3,145)	-	(4,901)	-	(8,046)
Drainage systems	(224,640)	-	(90,453)	-	(315,093)
Total accumulated depreciation	<u>(10,939,029)</u>	<u>-</u>	<u>(1,628,446)</u>	<u>482,570</u>	<u>(12,084,905)</u>
Total capital assets being depreciated, net	<u>21,319,722</u>	<u>56,449</u>	<u>(1,224,740)</u>	<u>(69,493)</u>	<u>20,081,938</u>
Governmental activities capital assets, net	<u>\$ 23,412,484</u>	<u>\$ -</u>	<u>\$ (1,185,982)</u>	<u>\$ (69,493)</u>	<u>\$ 22,157,009</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 471,899	\$ -	\$ -	\$ -	\$ 471,899
Construction-in-progress	212,302	-	771,530	-	983,832
Total capital assets, not being depreciated	<u>684,201</u>	<u>-</u>	<u>771,530</u>	<u>-</u>	<u>1,455,731</u>
Capital assets, being depreciated:					
Water and sewer system	21,072,006	-	36,418	-	21,108,424
Equipment	678,678	-	353,847	-	1,032,525
Total capital assets, being depreciated	<u>21,750,684</u>	<u>-</u>	<u>390,265</u>	<u>-</u>	<u>22,140,949</u>
Less accumulated depreciation for:					
Water and sewer system	(5,178,254)	-	(657,042)	-	(5,835,296)
Equipment	(338,984)	-	(86,362)	-	(425,346)
Total accumulated depreciation	<u>(5,517,238)</u>	<u>-</u>	<u>(743,404)</u>	<u>-</u>	<u>(6,260,642)</u>
Total capital assets being depreciated, net	<u>16,233,446</u>	<u>-</u>	<u>(353,139)</u>	<u>-</u>	<u>15,880,307</u>
Business-type activities capital assets, net	<u>\$ 16,917,647</u>	<u>\$ -</u>	<u>\$ 418,391</u>	<u>\$ -</u>	<u>\$ 17,336,038</u>

Depreciation expense and accumulated depreciation in the above tables of Note 5 include amortization expense and accumulated amortization of the subscription assets of the governmental activities.

NOTE 5 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:	
General government	\$ 531,600
Law enforcement	133,143
Parks and recreation	65,306
Streets	446,025
Charter school	452,372
Total depreciation expense - governmental activities	<u>\$ 1,628,446</u>
Business-type Activities:	
Water	\$ 447,238
Sewer	296,166
Total depreciation expense - business-type activities	<u>\$ 743,404</u>

NOTE 6 - LEASES

Lease receivable – The Town reports one lease receivable related to a building lease agreement originally executed in 2017. The lease term was originally for an initial 5-year period with the option of a 5-year renewal period thereafter which has been executed as of June 2022. The Town receives monthly payments of \$900 over the term of the lease. The Town recognized \$9,904 in lease revenue during the fiscal year related to this lease. On September 30, 2025, the Town’s receivable for lease payments was \$32,885. Also, the Town reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term on a straight-line basis. On September 30, 2025, the balance of the deferred inflow of resources was \$31,362.

The future lease receipts were discounted using an interest rate of 2.43% which was an estimated yield on high quality municipal bonds as of the beginning of the period of implementation of GASB Statement No. 87 - *Leases* (October 1, 2021).

Lease payable – The following is information related to the Town’s lease’s payable on September 30, 2025:

Leased asset(s)	Balances as of September 30, 2025			Payment Frequency	Payment Amount	Interest Rate	Inception Year	Lease Term at Inception (months)
	Cost	Accumulated Amortization	Lease Payable					
Multifunction copiers	75,721	(20,473)	58,482	Monthly	1,494	8.5%	2024	63
2021 police vehicle	24,350	(24,350)	-	na				
(2) 2019 police vehicles	194,018	(194,018)	-	na				
(2) 2019 police vehicles	33,796	(33,796)	-	na				
(2) 2022 police vehicles	123,509	(73,428)	53,866	Monthly	2,230	3.2%	2023	60
(1) 2023 Chevrolet Blazer	33,300	(14,451)	21,015	Monthly	675	8.0%	2023	60
(1) 2023 Chevrolet Silverado	42,000	(18,227)	26,029	Monthly	813	6.1%	2023	60
(2) 2019 police vehicles	19,618	(8,743)	21,673	Monthly	1,223	8.5%	2024	36
(1) 2025 Nissan Pathfinder	34,641	(2,907)	32,054	Monthly	706	8.5%	2025	60
Charter school equipment	121,315	(25,070)	98,815	Monthly	2,394	8.5%	2024	63
Governmental activities	<u>\$ 702,268</u>	<u>\$ (415,463)</u>	<u>\$ 311,934</u>					

NOTE 7 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA)

The Town has entered into subscription-based information technology arrangements (SBITAs) for the right to use certain software under noncancelable terms of up to 48 months. In accordance with GASB Cod. Sec. S80, the Town has recognized subscription assets and corresponding subscription liabilities for these arrangements.

Information regarding the carrying amount of subscription assets and the related accumulated amortization is presented in Note 5. Information regarding changes in subscription liabilities is presented in Note 8. Future principal and interest requirements on subscription liabilities are also presented in Note 8.

For the year ended September 30, 2025, the Town had no material variable payments or other payments not previously included in the measurement of the subscription liabilities, no material commitments under SBITAs prior to the commencement of the subscription terms, and no impairment losses related to subscription assets.

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NOTE 8 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2025:

	Balance October 1, 2024	Increases	Decreases	Balance September 30, 2025	Amounts Due within One Year
<u>Governmental Activities:</u>					
Long-term liabilities:					
Bonds and notes payable:					
Series 2016 FMLC Revenue Bond	\$ 1,135,000	\$ -	\$ (110,000)	\$ 1,025,000	\$ 115,000
Series 2016 FMLC Revenue Bond, premium	18,660	-	(3,993)	14,667	-
Series 2013 Charter School Refunding					
Revenue Bonds	2,120,000	-	(505,000)	1,615,000	520,000
Equipment financing note (vehicles)	45,311	-	(21,506)	23,805	23,805
Equipment financing note (equipment)	2,869,068	-	(95,721)	2,773,347	128,579
Equipment financing note 2024 (equipment)	40,864	-	(19,395)	21,469	21,469
Equipment financing note 2025 (equipment)	-	28,523	(8,172)	20,351	6,152
Total bonds and notes payable:	6,228,903	28,523	(763,787)	5,493,639	815,005
Compensated absences	267,891	9,665	-	277,556	-
Leases	384,638	34,641	(107,345)	311,934	94,418
Subscriptions payable	54,500	50,471	(32,122)	72,849	28,231
Other postemployment benefits	308,423	83,159	-	391,582	-
Total long-term liabilities	<u>\$ 7,244,355</u>	<u>\$ 206,459</u>	<u>\$ (903,254)</u>	6,547,560	<u>\$ 937,654</u>
Less amounts due in one year				<u>(937,654)</u>	
Net long-term liabilities in excess of one year				<u>\$ 5,609,906</u>	
<u>Business-type Activities:</u>					
Long-term liabilities:					
Bonds and notes payable:					
Series 1991 USDA Water Revenue Bonds	\$ 80,800	\$ -	\$ (9,300)	\$ 71,500	\$ 9,800
DW 4803C0 installment note to FDEP	1,591,781	-	(62,953)	1,528,828	64,717
DW 4803R0 installment note to FDEP	-	123,709	-	123,709	-
Equipment financing note (vehicles)	33,568	-	(15,932)	17,636	17,635
Total bonds and notes payable:	1,706,149	123,709	(88,185)	1,741,673	92,152
Compensated absences	13,796	16,351	-	30,147	-
Total long-term liabilities	<u>\$ 1,719,945</u>	<u>\$ 140,060</u>	<u>\$ (88,185)</u>	1,771,820	<u>\$ 92,152</u>
Less amounts due in one year				<u>(92,152)</u>	
Net long-term liabilities in excess of one year				<u>\$ 1,679,668</u>	

Notes to Long-Term Obligations Table:

Long term liabilities, including compensated absences, are typically liquidated by the individual fund to which the liability is directly associated.

All Town long-term debt arose through direct borrowings or direct placements.

Changes in accumulated compensated absences in the long-term obligations schedule are reported as a net amount as opposed to showing separate increases and decreases.

NOTE 8 - LONG-TERM OBLIGATIONS (cont...)

Governmental Activities:

- Series 2013 Charter School Refunding Revenue Bonds - The bonds were issued through private placement on August 21, 2013 to refund the Series 2002 Charter School Revenue Bonds and the Series 2003 Charter School Revenue Completion Bonds with a par value of \$6,695,000. The bonds that were refunded were used to finance land acquisition and the construction and equipping of an elementary charter school. Interest of 3.3% of the outstanding balance is due semiannually with a final maturity of December 1, 2027. The Series 2013 bonds are limited obligations of the Town, payable principally from charter school revenues and, to the extent necessary, non-ad valorem revenues of the Town. The bonds require the maintenance of debt service sinking and an enrollment stabilization fund.
- Series 2016, Florida Municipal Loan Council Refunding and Improvement Revenue Bonds - These bonds were issued September 29, 2016 to advance refund the Series 2002A Florida Municipal Loan Council Revenue Note. The refunded note had an outstanding principal of \$1,800,000 at the refunding date. The refunded note was issued in 2002 in the amount of \$2,545,000 for acquiring real estate and construction of municipal facilities, including a new town hall, public meeting hall, and public safety buildings. The 2016 Bonds mature serially on October 1 of each year through October 1, 2032 with interest payable semiannually at rates ranging from 2% to 4%. The loan is payable from non-ad valorem revenues only and is not an obligation of the Florida Municipal Loan Council, the State of Florida, or any political subdivision.
- Equipment financing note (vehicles) – The original equipment financing note was issued to fund the purchase of a grapple truck used for debris hauling and was refinanced during the fiscal year ended September 30, 2025. The note carries an interest rate of 10.57% and is scheduled to mature in August 2026.
- Equipment financing note 2021 (equipment) – In May 2021 the Town entered into this equipment financing note for a total amount of \$2,996,350 to be used for heating, ventilation and air conditioning system improvements at the Oakland Avenue Charter School facility. The note accrues interest at 2.96% per annum and semi-annual payments of principal and interest are due on October and April 1st of each year in varying amounts until final maturity on April 1, 2031.
- Equipment financing note 2024 (equipment) – In January 2024, the Town entered into this equipment financing note for a total amount of \$60,881 to be used to complete the heating, ventilation and air conditioning system improvements at the Oakland Avenue Charter School facility. The note accrues interest at 10.57% per annum and semi-annual payments of principal and interest are due on February and August 10th of each year in varying amounts until final maturity on August 10, 2026.
- Equipment financing note 2025 (equipment) – In December 2024, the Town entered into this equipment financing note for a total amount of \$28,522 to be used to acquire body cameras for the Town’s police officers. The note accrues interest at 9.5% per annum with annual payments of principal and interest due in December of each year in varying amounts until final maturity in December 2027.

NOTE 8 - LONG-TERM OBLIGATIONS (cont...)

Business-Type Activities:

- Series 1991 Water Revenue Bonds - The Series 1991 bond proceeds were used for water system expansion and are secured by the gross revenues of the water system. The Series 1991 bonds bear interest at 5.0% and are payable annually on September 1 of each year with a final maturity of September 1, 2031. The ordinance authorizing the bonds includes various restrictions including the requirement to maintain a debt service sinking and reserve fund.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW 4803C0 (the "DW 4803C0 installment note to FDEP") is secured by the net revenues of the water system. The loan is payable semiannually with principal and interest payments due on March 15 and September 15. The total loan amount of \$1,973,322 was awarded on September 26, 2013. The loan bears interest at a rate of 2.09% with a final maturity of March 15, 2043. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used to upgrade and expand the Town's water system facilities.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW 4803R0 (the "DW 4803R0 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 November 15 and May 15. The total loan amount of \$319,100 was awarded on August 24, 2023. The loan bears interest at a rate of 2.69% with a final maturity of November 15, 2029 under the current agreed upon payment amount and the amount 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.
- The Equipment Financing Note (vehicles) was originally issued to purchase a backhoe loader and was refinanced in January 2024. The refinanced note accrues interest at 10.57% per annum and semi-annual payments of principal and interest are due on February and August 10th of each year in varying amounts until final maturity on August 10, 2026.

NOTE 8 - LONG-TERM OBLIGATIONS (cont...)

Maturities: Annual requirements to repay all long-term bonds and notes payable as of September 30, 2025, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 815,005	\$ 164,021	\$ 92,152	\$ 36,084
2027	829,621	135,426	108,178	38,449
2028	1,093,417	108,977	113,537	33,179
2029	795,115	79,841	116,410	30,266
2030	815,110	54,845	102,539	27,249
2031-2035	1,130,704	36,377	391,941	105,609
2036-2040	-	-	415,463	63,712
2041-2045	-	-	401,453	19,166
Unamortized bond premium	14,667	-	-	-
Total	<u>\$ 5,493,639</u>	<u>\$ 579,487</u>	<u>\$ 1,741,673</u>	<u>\$ 353,714</u>

Annual requirements to repay the leases payable of the governmental activities as of September 30, 2025, were as follows:

Fiscal Year Ending	Governmental Activities	
	Principal	Interest
2026	\$ 94,418	\$ 20,007
2027	94,883	13,426
2028	66,123	7,605
2029	49,330	2,809
2030	7,180	154
Total	<u>\$ 311,934</u>	<u>\$ 44,001</u>

Annual requirements to repay the subscriptions payable of the governmental activities as of September 30, 2025, were as follows:

Fiscal Year Ending	Governmental Activities	
	Principal	Interest
2026	\$ 28,231	\$ 6,830
2027	31,463	4,217
2028	13,155	1,306
Total	<u>\$ 72,849</u>	<u>\$ 12,353</u>

NOTE 8 - LONG-TERM OBLIGATIONS (cont...)

Remedies in the Event of Default – The Town’s debt obligations all allow for the obligors to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of default as follows:

- Series 2016, Florida Municipal Loan Council Refunding and Improvement Revenue Bonds – the bonds are insured by a policy issued by a bond insurance company which unconditionally guarantees the payment of that portion of the bonds which has become due for payment, but which is unpaid by reason of nonpayment by the Town. In the event of default, the bond insurer shall have the right to direct the Trustee (the Bank of New York Mellon Trust Company, N.A.) to declare immediately the outstanding principal and any accrued interest due and payable.
- DW 4803C0 and 4803R0 installment note to FDEP - the lender, subject to the rights of superior liens on the pledged revenues, may request a court to appoint a receiver to manage the water systems, intercept the delinquent amount plus 6% from any unobligated funds due to the Town under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors and may accelerate the repayment schedule or increase the interest rate on the unpaid principal of the loan to as much as 1.667 times the loan interest rate.
- Equipment financing notes - the lender typically has the right to declare the unpaid principal components of the remaining payment to be due and payable upon default and in some cases, can forcibly repossess the asset securing the purchase.

NOTE 9 - FUTURE REVENUES THAT ARE PLEDGED

The Town has pledged various future revenue sources for various debt issues. For the water system and the charter school, the Town has pledged future revenues. The following table provides a summary of the pledged revenues for the Town's outstanding debt issues. Additional information regarding the Town's pledged revenue can be found in Note 7.

Pledged Revenue	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	% of Revenues to Principal and Interest Paid
Water system net revenue	\$ 2,076,361	\$ 108,738	\$ 1,020,497	938.49%
Charter school revenue	\$ 1,696,098	\$ 566,628	\$ 1,061,077	187.26%

NOTE 10 - INTERFUND TRANSACTIONS

Interfund receivables and payables as of September 30, 2025 consisted of:

	Interfund Receivable	Interfund (payable) Enterprise fund
General fund	\$ 121,674	\$ (121,674)
Impact fee special revenue fund	16,326	(16,326)
	<u>\$ 138,000</u>	<u>\$ (138,000)</u>

The interfund receivables and payables represent de facto interfund borrowings that arose from operating transactions recorded as due to/from other funds. These balances accumulated over several years and were not formally repaid, effectively functioning as internal borrowing arrangements. As of September 30, 2025, the outstanding balances remain unpaid. While there is no formal repayment schedule in place, it is more likely than not that the full amount will not be repaid within the next fiscal year. The portion expected to be repaid within one year is not reasonably determinable at this time.

Interfund transfers for the year ended September 30, 2025 consisted of:

During the fiscal year ended September 30, 2025, the Impact Fee Special Revenue Fund transferred \$242,294 to the Enterprise Fund. This amount represents capital costs associated with enterprise fund activities that were funded using impact fees accounted for in the Impact Fee Special Revenue Fund, which is classified as a governmental fund. Since the expenditure is capitalized in the Enterprise Fund but paid from the governmental fund, the transaction is reported as an interfund transfer to properly reflect the flow of resources.

Interfund services provided and used for the year ending September 30, 2025 consisted of:

The charter school special revenue fund leases the school facilities from the general fund pursuant to a multi-year lease agreement expiring on June 30, 2028. Rental payments of \$720,000 per year are due in equal monthly installments. The general fund provides school security, finance, payroll and administrative services for charter school special revenue fund for which it charged a management fee which totaled \$81,000 for the year ended September 30, 2025. 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 11 - DEFINED CONTRIBUTION PENSION PLAN

The Town Commission has established by Resolution an Internal Revenue Code Section 457 and a 401(a) defined contribution pension plan covering all full-time employees who are over 18 years of age and who have completed three months of service. The plan trust is administered by the Florida League of Cities, Inc. through the Florida Municipal Pension Trust Fund and the assets of the plan are not considered part of the Town's reporting entity. Employee contributions are 100% vested immediately and employer contributions vest at a rate of 20% per year of service up to 100% vesting upon completion of the fifth year of service. The Town contributes a nonelective 4% of compensation for all eligible employees other than police officers who receive a 10% contribution rate. Furthermore, the Town will match employee contributions up to 2%. Most employees of the Town were eligible and did participate in the plan during the year ended September 30, 2025. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. Town contributions to the plan for the current fiscal year totaled approximately \$412,881.

NOTE 12 - RISK MANAGEMENT AND LITIGATION

During the ordinary course of its operations, the Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Town maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the Town. There have been no significant reductions in coverage nor have settlement amounts exceeded the Town's coverage during the year ended September 30, 2025 or the previous two years. In the opinion of the Town's management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the Town. The Town's workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool.

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Town has outstanding debt secured by its water revenues. The water and wastewater operations are accounted for in a single enterprise fund. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the water and wastewater system operations as of and for the year ended September 30, 2025, is presented below:

	Water System	Sewer System	Sanitation System	Total
Condensed statement				
of revenue, expenses and				
changes in net position:				
Operating revenues	\$ 1,906,159	\$ 797,186	\$ 493,931	\$ 3,197,276
Personnel services	(380,315)	-	-	(380,315)
Operating expenses	(531,480)	(716,532)	(482,500)	(1,730,512)
Depreciation expense	(447,238)	(296,166)	-	(743,404)
Nonoperating revenues (expenses):				
Interest expense	(39,922)	-	-	(39,922)
Interest income	26,133	-	-	26,133
Capital grants and contributions				
Grants	-	436,774	-	436,774
Interfund transfer in (out)	242,294	-	-	242,294
Change in net position	<u>\$ 775,631</u>	<u>\$ 221,262</u>	<u>\$ 11,431</u>	<u>\$ 1,008,324</u>
Summary information				
from statement of net position:				
Capital assets, net	<u>\$ 9,200,330</u>	<u>\$ 8,135,708</u>	<u>\$ -</u>	<u>\$ 17,336,038</u>
Long-term debt, including current portion	<u>\$ 1,724,037</u>	<u>\$ 17,636</u>	<u>\$ -</u>	<u>\$ 1,741,673</u>

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

Other Post-Employment Benefits (OPEB) – The Town follows GASB Cod. Sec. P52 for reporting postemployment benefits other than pensions.

Plan Description: The Town’s retiree health care plan (OPEB Plan) is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the Town. The OPEB Plan, which is administered by the Town of Oakland, Florida, allows employees who retire and meet retirement eligibility requirements of the Town’s defined contribution pension plan to continue medical insurance coverage as a participant in the Town’s plan pursuant to the provisions of Section 112.0801, Florida Statutes. The Town subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The Town does not offer any explicit subsidies for retiree coverage. The OPEB Plan does not issue a stand-alone financial report.

Participant data as of the most recent actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>88</u>
Total	<u><u>88</u></u>

Benefits Provided: The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees who meet the retirement eligibility requirements of the Town’s defined contribution pension plan of the Town are eligible to receive postemployment health care benefits. All retiree and dependent coverage are at the expense of the retiree.

Funding Policy: The Town currently pays for postemployment health care benefits on a pay-as-you-go basis and no assets are being accumulated in a trust to pay for the OPEB Plan benefits.

Total OPEB Liability: The Town’s total OPEB liability was measured as of September 30, 2024 and was determined by an actuary employing the alternative measurement method as provided in GASB Cod. Sec.P52.

Discount rate: The discount rate was based on a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rates at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used. All future benefits were discounted using the above discount rate.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (cont...)

Actuarial Assumptions: The total OPEB liability was measured as of September 30, 2024 using the alternative measurement method and was based on the following assumptions:

Actuarial valuation date	September 30, 2023
Measurement date	September 30, 2024
Inflation	2.50%
Salary increases	2.50%
Discount rate	4.87% (2023) and 4.06% (2024)
Retirement rate	100% at age 58
Marital status	100% assumed married
Health care participation	20% assumed, with 50% electing spouse coverage
Initial health care inflation rate	7.00%
Ultimate health care inflation rate	4.00%
Year to ultimate trend rate	51
Eligibility for coverage	Must meet eligibility requirements for retirement

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

Change in assumptions: The discount rate changed from 4.87% for the reporting period ending September 30, 2023 to 4.06% for the reporting period ending September 30, 2025.

OPEB expense: For the year ended September 30, 2025, the Town recognized a negative OPEB expense of \$100,321.

Changes in the Total OPEB Liability

	Total OPEB Liability
Reporting period ending September 30, 2024	\$ 308,423
Changes for the year:	
Service cost	49,871
Interest	17,136
Changes of assumptions	29,164
Benefit payments	(13,012)
Net changes	<u>83,159</u>
Reporting period ending September 30, 2025	<u><u>\$ 391,582</u></u>

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (cont...)

Sensitivity of the Total OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 3.06%	Current discount rate 4.06%	1% Increase 5.06%
Total OPEB liability	\$ 432,552	\$ 391,582	\$ 356,036

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a healthcare cost trend rate range that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate range.

	1% Decrease 3.00% to 6.00%	Healthcare cost trend rate 4.00% to 7.00%	1% Increase 5.00% to 8.00%
Total OPEB liability	\$ 348,233	\$ 391,582	\$ 442,639

NOTE 15 – COMMITMENTS AND CONTINGENCIES

On October 5, 1993, the Town entered into an agreement with Orange County (“County”), whereas the County is to provide fire and related services within the Town’s geographical jurisdiction with a yearly cost equal to the County’s Fire Protection and Emergency Medical Services millage rate set by the County which totaled \$1,872,208 for the year ended September 30, 2025.

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, 2025, the Town believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Town.

The Town entered into an inter-local agreement with the Orange County School Board to operate a charter elementary school within the Town. The Town secured revenue bonds and built the school facilities, which are properly reflected in the Town’s financial statements. As of July 1, 2006, the Town took over the management of the school. The Town records, as revenue, amounts received from the Orange County School Board, makes debt service payments and pays the expenses of the school. The charter school is not a separate legal entity and is reflected on the Town’s financial statements as part of the Town’s governmental funds.

In accordance with Florida Statutes, all property and improvements, furnishings and equipment purchased with public funds provided to the Oakland Avenue Charter School through the Orange County School Board will automatically revert to full ownership by the Orange County School Board upon the non-renewal or termination of the charter agreement.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (cont...)

Development Agreements: The Town can determine that it is desirable to facilitate redevelopment opportunities within its boundaries through various incentives. The Oakland Park project is a development project within the Town. The Oakland Park development agreement states the Town will provide a \$250,000 transportation impact fee credit and provide \$250,000 towards the construction of Catherine Ross Road. As of Fiscal Year end Oakland Park has a remaining transportation impact fee credit balance of \$154,352 and the construction of Catherine Ross Road has yet to commence. The road construction is expected to be completed in the fiscal year ended September 30, 2026.

NOTE 16 – SUBSEQUENT EVENT

In a prior fiscal year, the Town participated in a County-led transportation improvement project to convert a specific intersection into a roundabout. The project was completed prior to September 30, 2025; however, ownership of the improvements had not been formally transferred to the Town as of fiscal year-end. Accordingly, the Town did not recognize the improvements as a capital asset addition in the fiscal year ended September 30, 2025.

Subsequent to year-end, on October 15, 2025, the County formally transferred ownership of the transportation improvements to the Town. The Town will recognize the donated capital assets in its government-wide financial statements during the fiscal year ending September 30, 2026, valued at approximately \$3,209,819.



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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OAKLAND, FLORIDA
 Budgetary Comparison Schedule – General Fund
 for the year ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
BUDGETARY INFLOWS				
Taxes	\$ 6,584,616	\$ 6,837,567	\$ 7,077,582	\$ 240,015
Licenses and permits	372,000	459,240	445,636	(13,604)
Intergovernmental revenue	1,290,300	1,397,659	1,454,506	56,847
Charges for services	387,550	438,966	620,270	181,304
Fines and forfeitures	7,100	5,110	5,243	133
Other	997,100	974,150	1,052,721	78,571
Loan proceeds	-	-	28,522	28,522
Total resources	<u>9,638,666</u>	<u>10,112,692</u>	<u>10,684,480</u>	<u>571,788</u>
BUDGETARY OUTFLOWS				
General government	2,427,612	2,678,248	2,537,850	140,398
Public safety	4,538,604	4,293,734	4,293,474	260
Transportation	1,151,258	1,460,510	1,429,878	30,632
Culture/recreation	476,491	390,686	391,900	(1,214)
Capital outlay	238,067	259,891	241,068	18,823
Debt service	994,736	1,014,159	1,100,496	(86,337)
Total charges to appropriations	<u>9,826,768</u>	<u>10,097,228</u>	<u>9,994,666</u>	<u>102,562</u>
EXCESS (DEFICIENCY) OF INFLOWS				
OVER OUTFLOWS	<u>\$ (188,102)</u>	<u>\$ 15,464</u>	<u>\$ 689,814</u>	<u>\$ 674,350</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.	\$ 10,684,480
Differences - budget to GAAP	
Budgetary inflows representing debt issuance proceeds are reported as an other financing source on a GAAP basis.	(28,522)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 10,655,958</u>

Budgetary outflows:

Actual outflows (budgetary basis) from the budgetary comparison schedule.	\$ 9,994,666
Differences - budget to GAAP	
Capital outlay expenditures funded by subscription and lease proceeds are not reported as a budgetary outflow	85,112
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 10,079,778</u>

Notes to the Budgetary Comparison Schedule – General Fund:

Basis of Accounting - The budget for the general fund is prepared on a cash basis, which differs from the basis used for financial reporting purposes.

TOWN OF OAKLAND, FLORIDA

Budgetary Comparison Schedule – Impact Fee Special Revenue Fund
for the year ended September 30, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
BUDGETARY INFLOWS				
Licenses and permits	\$ -	\$ -	\$ 495,521	\$ 495,521
Other	-	-	77,104	77,104
Total resources	-	-	572,625	572,625
BUDGETARY OUTFLOWS				
General government	70,000	70,000	104,534	(34,534)
Public safety	86,000	86,000	-	86,000
Transportation	780,000	780,000	186,793	593,207
Culture/recreation	280,000	280,000	-	280,000
Interfund transfer to enterprise fund	512,000	512,000	242,294	269,706
Total charges to appropriations	1,728,000	1,728,000	533,621	1,194,379
EXCESS (DEFICIENCY) OF INFLOWS OVER OUTFLOWS				
	<u>\$ (1,728,000)</u>	<u>\$ (1,728,000)</u>	<u>\$ 39,004</u>	<u>\$ 1,767,004</u>

Notes to the Budgetary Comparison Schedule – Impact Fee Special Revenue Fund:

Basis of Accounting - The budget for the impact fee special revenue fund is prepared on a cash basis, which differs from the basis used for financial reporting purposes.

TOWN OF OAKLAND, FLORIDA

Budgetary Comparison Schedule – Charter School Special Revenue Fund
for the year ended September 30, 2025

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
BUDGETARY INFLOWS				
Intergovernmental revenue	\$ 5,512,432	\$ 5,512,432	\$ 5,663,968	\$ 151,536
Charges for service	534,940	534,940	549,911	14,971
Other sources	103,100	103,100	181,385	78,285
Total resources	<u>6,150,472</u>	<u>6,150,472</u>	<u>6,395,264</u>	<u>244,792</u>
BUDGETARY OUTFLOWS				
Culture/recreation, capital outlay and debt service	<u>6,041,543</u>	<u>6,041,543</u>	<u>6,135,187</u>	<u>(93,644)</u>
Total charges to appropriations	<u>6,041,543</u>	<u>6,041,543</u>	<u>6,135,187</u>	<u>(93,644)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 108,929</u>	<u>\$ 108,929</u>	<u>\$ 260,077</u>	<u>\$ 151,148</u>

Notes to the Budgetary Comparison Schedule – Charter School Special Revenue Fund:

Basis of Accounting - The budget for the charter school special revenue fund is prepared on a cash basis, which differs from the basis used for financial reporting purposes.

Excess Outflows over Budgeted Appropriations - The legal level of budgetary control (the level at which outflows may not legally exceed appropriations) is at the fund level. For the fiscal year ended June 30, 2025, outflows exceeded budgeted appropriations at the fund level by \$93,644.

TOWN OF OAKLAND, FLORIDA

Schedule of Changes in the Total OPEB Liability and Related Ratios

Reporting date	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Total OPEB Liability				
Service cost	\$ 49,871	\$ 43,306	\$ 55,212	\$ 53,815
Interest	17,136	17,999	10,488	9,717
Changes of assumptions	29,164	(695)	(98,077)	(56,654)
Difference between expected and actual experience	-	(80,986)	-	(19,600)
Benefit payments	(13,012)	(10,351)	(9,629)	(12,623)
Net change in total OPEB Liability	83,159	(30,727)	(42,006)	(25,345)
Total OPEB Liability - beginning	308,423	339,150	381,156	406,501
Total OPEB Liability - ending	\$ 391,582	\$ 308,423	\$ 339,150	\$ 381,156
Covered-employee payroll	4,221,686	4,118,718	4,058,201	3,959,220
Total OPEB liability as a percentage of covered-employee payroll	9.28%	7.49%	8.36%	9.63%
Reporting date	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability				
Service cost	\$ 43,633	\$ 25,428	\$ 26,707	\$ 28,211
Interest	12,034	10,104	8,356	6,686
Changes of assumptions	64,258	(3,737)	(14,426)	(15,724)
Difference between expected and actual experience	-	54,028	-	-
Benefit payments	(11,742)	(7,520)	(6,915)	(6,359)
Net change in total OPEB Liability	108,183	78,303	13,722	12,814
Total OPEB Liability - beginning	298,318	220,015	206,293	193,479
Total OPEB Liability - ending	\$ 406,501	\$ 298,318	\$ 220,015	\$ 206,293
Covered-employee payroll	3,544,772	3,458,314	2,806,024	2,670,814
Total OPEB liability as a percentage of covered-employee payroll	11.47%	8.63%	7.84%	7.72%

Continued...

TOWN OF OAKLAND, FLORIDA

Schedule of Changes in the Total OPEB Liability and Related Ratios (concluded)

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

No assets are being accumulated in a trust to pay for OPEB Plan benefits.

Additional years will be added to this schedule annually until 10 years' data is presented.

Changes in Assumptions:

Changes in assumptions include updated health care costs and premiums and changes in the discount rate are as follows:

<u>Reporting date</u>	<u>Measurement date</u>	<u>Discount Rate</u>
September 30, 2025	September 30, 2024	4.06%
September 30, 2024	September 30, 2023	4.87%
September 30, 2023	September 30, 2022	4.77%
September 30, 2022	September 30, 2021	2.43%
September 30, 2021	September 30, 2020	2.14%
September 30, 2020	September 30, 2019	3.58%
September 30, 2019	September 30, 2018	4.18%
September 30, 2018	September 30, 2017	3.64%

Benefit Payments:

The plan sponsor did not provide the actual net benefit payments made by the Plan; instead, the amounts shown above reflect expected net benefit payments generated by the actuarial valuation model.

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, each major fund, and the aggregate remaining fund information of the Town of Oakland, Florida (the Town) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described below, that we consider to be a significant deficiency.

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

**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***

- **2025-001 Segregation of Duties** - The Town operates with a small finance, accounting, and customer service department and did not have the resources to properly segregate duties among employees so that no one employee has sole control over approving, recording, and accounting for transactions. Because significant deficiencies in internal control over financial reporting exist when there is not sufficient separation of incompatible accounting duties, we recommend that the Town's various departments continue to develop and, if necessary, expand its current staff and reallocate oversight duties to ensure more effective internal control structure over financial reporting.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

June 12, 2026
Sarasota, Florida

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES – INVESTMENT OF PUBLIC FUNDS**

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

We have examined the Town of Oakland, Florida’s (the Town) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2025. Town management is responsible for the Town’s compliance with those requirements. Our responsibility is to express an opinion on the Town’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 require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town 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 non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2025.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, federal, and other granting agencies and pass-through entities, the honorable Mayor, and Town Commission, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

June 12, 2026
Sarasota, Florida

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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 (the Town) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 12, 2026.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control Over Financial Reporting and on 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 American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 12, 2026, should be considered in conjunction with the 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report, except as noted below.

Tabulation of Uncorrected Audit Findings		
Current Year Finding Number	2023-24 FY Finding Number	2022-23 FY Finding Number
2025-001	2024-001	

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. This information is included in the notes to the financial statements.

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

MANAGEMENT LETTER

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the Town has stated a PACE program, authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Town's geographical boundaries during the fiscal year under audit.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Purvis Gray

June 12, 2026
Sarasota, Florida



June 11, 2026

Honorable Mayor, Town Commissioners
Town of Oakland, Florida

RE: Management Letter dated June 11, 2026

View of responsible officials and planned corrective actions.

Finding 2025-001: Segregation of Duties

Management recognizes this has been a recurring audit observation and continues to evaluate opportunities to strengthen segregation of duties through the reassignment of daily tasks, process improvements, and the utilization of available system functionality where feasible. We acknowledge the importance of maintaining adequate segregation of duties to safeguard the integrity of our financial processes.

The Town has implemented compensating controls designed to mitigate the risks associated with limited staff resources, including management review and approval processes, supervisory oversights, reconciliation procedures, and periodic reviews of financial activity. We believe these controls provide reasonable assurance over the authorization, recording, and reporting of transactions and strengthen the Town's ability to detect and prevent potential fraud.

Respectfully submitted,

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

Elise Hui

Town Manager

A handwritten signature in black ink, appearing to read "Gabrielle Leon" with initials "gl" to the right, is written over a horizontal line.

Gabrielle Leon

Director of Finance

