

**CITY OF WEST PARK, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

CITY OF WEST PARK, FLORIDA

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Commissioners and City Manager
City of West Park, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of West Park, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City as of September 30, 2018, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule - general fund, budgetary comparison schedule – Twin-Lakes special revenue fund, budgetary comparison schedule – Stormwater special revenue fund, the schedules of proportionate share of net pension liability and pension contributions - Florida Retirement System, and the schedule of changes in the City's Net OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated October 10, 2019, on our consideration of the City's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Bhav & Associates

October 10, 2019

**CITY OF WEST PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL MANAGEMENT DISCUSSION AND ANALYSIS

As management of the City of West Park, Florida, we offer readers of the City of West Park's financial statements this narrative overview and analysis of the financial activities of the City of West Park, Florida, for the year ended September 30, 2018. Readers are encouraged to consider all of the information presented in this report. The responsibility of preparing this report is the responsibility of the management of the City of West Park, Florida.

The City of West Park, Florida, (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements (beginning on page 16).

The City was incorporated March 1, 2005, following a vote of residents in the formerly unincorporated Broward County. The City operates under a Commission/Administrator form of government. The Commission is elected by seat and the Mayor is elected directly. Those candidates receiving the highest votes are elected to individual seats. The Mayor is elected separately and the candidate for Mayor who receives the most votes is elected. Florida Law determines the City's fiscal year. The fiscal year begins October 1st of each year and ends September 30th the next year.

Financial Highlights

- The assets of the City of West Park exceeded its liabilities and deferred inflows of resources at September 30, 2018, by \$83,748,083 (the "net position"). Of this amount, \$5,057,129 (the "unrestricted net position") may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF WEST PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

Financial Highlights – Continued

- The City's total net position decreased by \$357,052 over the prior year. Prior periods were restated for a positive total of \$163,552, a result of the adoption of GASB Statement 75. The balance of the reduction, \$520,604, resulted largely from the use of fund balances in the General Fund (\$387,288) and the Stormwater Fund (\$46,464).
- At the close of fiscal year 2018, the City's General Fund reported \$6,154,309 in total fund balance, a decrease of \$387,288 over the previous year. Of the total fund balance, \$1,000,090 represents non-spendable assets comprised of property held for resale and prepaid items and should be considered illiquid. Property held for resale, which is property the City will likely develop into residential and other properties at some point in the future, was reported at the current estimated market value. The City uses the Broward County Property Appraiser's estimate of market value as of the January 1st date closest to the financial statement date. The City's Twin Lakes Water Control District special revenue fund ended with a fund balance of \$51,649 an increase of \$7,990 over 2017. The City's Stormwater Utility Fund had a final fund balance of \$667,097, a decrease over the prior year of \$46,464

**CITY OF WEST PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

Financial Highlights - Continued

- The City had \$201,289 of General Fund Restricted Fund Balance, \$115,992 of which represents restricted assets from a borrowing that was used to purchase a new rescue vehicle for the fire department and \$85,297 of which is restricted to use for Law Enforcement Trust Fund Purposes.
- The City's General Fund Assigned Fund Balance of \$983,161 is designated for use in the 2019 fiscal year. Of that amount, \$368,509 represents contractual commitments, most of which will be reimbursed later by grant proceeds, and \$614,652 of which will be used in General Fund operations.
- The City's General Fund Unassigned Fund Balance of \$3,969,769 represents immediately available resources that can be used for any lawful purpose. This is an increase from the fiscal year 2017 amount of \$3,591,602, or an increase of about 10.5%.
- The City's General Fund Unassigned Fund Balance represents about 25.7% of the year's total expenditures for that fund, or about three month's worth of expenditures, a slight increase from the FY17 amount of 23.9%.
- The City's policy is to maintain at least a three-month level of unassigned fund balance and should strive to maintain a six-month balance. The City is within its goals and is expecting reimbursement from Hurricane Irma expenses during FY2019 that should replenish its reserves.
- The City's long-term liabilities, exclusive of OPEB and pension liabilities, in its governmental activities, comprised of a capital lease for fire rescue apparatus and accrued leave time for employees, decreased by \$70,845, which was the result of the lease purchase reduction of \$79,254 and an increase in compensated absences of \$8,409.
- The City's current assets (exclusive of restricted activities) exceeded its current liabilities by more than 10 times.

**CITY OF WEST PARK, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued**

City Achievements

1. COMMUNITY SUPPORT PROGRAM

This program is set up to receive funds from Community Benefit Plan provided by developers who partner with the City. The funds are used to provide benefit to residents through the Minor Home Repair Grant Program; Childcare Assistance Grant Program; and the Tree Trimming Grant Program.

- **Minor Home Repair Grant Program:** This program is designed to provide a forgivable loan to eligible residents for home repair projects. In an effort to ensure owner occupied units are not sold or rented for a three-year period, applicants are required to sign an agreement with the City.
- **Childcare Assistance Grant Program:** This program provides financial assistance to eligible families to pay for quality child care. The maximum grant award is \$600 per applicant
- **Tree Trimming Grant Program:** This program was established to mitigate negative effects associated with trees encroaching on existing Florida Power and Light power lines.

2. BROWARD COMMUNITY INITIATIVE:

In collaboration with Broward College, the goal of this program is to increase college access and attendance; improve degree and certification attainment; and to holistically raise social and economic mobility. The City executed a collaborative agreement with Broward College to:

- Design and deliver Broward College on-site workshop courses and programs for West Park residents and staff;
- Deliver certificate training at identified City locations aligned to employment within the area;
- Create entrepreneurial programming for City residents, to include Start Up Now Accelerator, and offer entrepreneur readiness workshops for residents.

**CITY OF WEST PARK, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued**

3. TRANSIT ORIENTED CORRIDOR (TOC) EXPANSION:

This initiative allowed for the expansion of the present-day boundaries of the TOC to include a grass acreage of the amended property of approximately 231.58 acres. The rationale for the expansion of the boundaries seeks to:

- Increase the City’s stock of commercial land use to reduce the burden on residential property tax payers, who presently carry the majority of the burden of paying for City-related expenses,
- Facilitate the aggregation of land for “Smart”, transit oriented development,
- Provide the City with destination scale development opportunities to increase the tax base,
- Enhance the quality of life of residents by providing greater access to nearby goods, services and jobs,
- Increase the image and brand of the City, and
- Generate opportunities to investors and local businesses to invest in the City in a manner that provides greater economic sustainability and return on investment.

4. DEVELOPMENT OF WATER TOWER PARK:

This initiative started in 2014 with the letter of intent to purchase a parcel of land located west of 3920 SW 38th Avenue in West Park (Folio Number: 5142-30-07-1052) from the County. In order to meet level of service standards for the population required by the County and the City’s Comprehensive Plan, the City needs to provide 43.8 acres of parks and open spaces for a population of 14,609 in 2012, per the U.S. census. With only the City’s two existing parks totaling approximately 22.3 acres and no other public or private facilities, the level of service is just 1.6 acres per 1,000 residents for the current population. The addition of Water Tower Park added 0.28 acres of City park space, thus making it a step toward the City meeting the 3 acre per every 1,000 residents’ requirement. This new park features playground equipment with a shade structure, picnic bench, and barbeque grill.

5. COUNTY LINE ROAD IMPROVEMENT:

This project exemplified the City’s thorough collaboration abilities. While the roadway belongs to both Broward County and Miami-Dade County, we were able to get both counties to commit over \$650,000.00 toward resurfacing of the roadway while the City administered the project – a unique and uncommon funding commitment from two counties to a city. We completed the much needed resurfacing from SW 56th Avenue to 525 feet east of SW 40th Avenue, with the installation of thermoplastic pavement markings and reflective pavement markers.

CITY OF WEST PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Overview of the Financial Statements

The financial statement focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to assess the particulars of the City's financial operations and also provide for annual comparisons of the City's financial performance. The statements can also facilitate comparisons with other units of government.

Government-wide Financial Statements

The Government-wide Financial statements (see pages 16 to 17) are designed to be corporate-like in that all governmental and business-type activities (though the City as yet does not operate any business-type activities) are consolidated into columns that add up to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities (see page 17) is focused on both the gross and net cost of various activities (including governmental, component units and business-type), which are supported by the City's taxes and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities and/or components.

The Government Activities reflect the City's services, which reflect the full range of municipal services. The City provides police and fire rescue services through an interlocal agreement with the Broward Sheriff's Office (BSO). The Broward County Board of County Commissioners approves BSO's budget. The City provides solid waste services to residential properties of 10 dwelling units or less under a franchise agreement with a private company. Commercial waste streams are provided by licensed waste haulers under open market conditions with a franchise fee paid to the City by each hauler based upon the billings of each hauler. Finance, Development Services and Code Enforcement services are provided through contracts with various vendors. Employees hired by the City provide administration and Parks and Recreation services.

Fund Financial Statements

Traditional users of government financial statements will find the Fund Financial Statement presentations more familiar. The focus in those statements is on Major Funds.

**CITY OF WEST PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

Fund Financial Statements - Continued

The City's Major Fund presentation (see pages 18 to 21) is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 18).

The Government Major Funds Total column requires reconciliation because of the different measurement focus (current financial resources versus total economic resources) that is reflected on the entity-wide statement (see pages 19 and 21 for the reconciliation). The flow of current financial resources will reflect interfund transfers and other financial sources, as well as capital expenditures. The reconciliation will eliminate these transactions and incorporate the capital asset and long-term obligations into the Government Activities column (in the Government-wide statements).

Capital Assets

Historically, a government's largest group of assets (infrastructure, buildings, roads, curbs, and sidewalks) have not been reported nor depreciated in government financial statements. Pronouncements in governmental accounting require that these assets be valued and reported within the Government column of the Government-wide Statements. The City has \$78,019,059 of net capital assets. Of that amount, \$54,978,890 represents land and other nondepreciable assets and \$23,040,169 is the net value of depreciable capital assets.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The largest portion of the City's non-capital total assets is cash deposits. The City also holds an estimated \$999,590 (current estimated market value) in property held for resale, all of which is land. The remainder is largely receivables due from other governments for shared revenues. Cash accounted for about 78% of non-capital assets.

The Unrestricted Net Position balance is intended to be a corporate-style measurement of well-being (or a bottom line) for the City and its related governmental activities.

**CITY OF WEST PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

Statement of Net Position - Continued

The following table reflects the condensed Statement of Net Position. The City has no business-type activities.

	<u>Governmental Activities</u>		<u>Percent</u>
	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets			
Cash and Equivalents	\$ 4,302,493	\$ 6,382,444	-32.6%
Restricted Cash	789,136	825,168	-4.4%
Accounts Receivable	1,433,307	942,527	52.1%
Prepaid Expenses	500	1,740	-71.3%
Property Held For Resale	999,590	999,590	0.0%
Capital Assets, Net of Depreciation	78,019,059	77,839,769	0.2%
Total Assets	85,544,085	86,991,238	-1.7%
Deferred Outflows of Resources			
Pension	613,053	552,185	11.0%
Liabilities			
Accounts Payable and other	555,434	1,585,464	-65.0%
Unearned Revenues	83,289	38,076	118.7%
Current Liabilities	91,203	88,920	2.6%
Noncurrent Liabilities	1,563,070	1,663,945	-6.1%
Total Liabilities	2,292,996	3,376,405	-32.1%
Deferred Inflows of resources			
Pension	116,059	61,883	87.5%
Net Position			
Net Investment in Capital Assets	77,856,200	77,597,656	0.3%
Restricted for:			
Equipment	115,992	114,879	1.0%
Law Enforcement	85,297	83,293	2.4%
Water Control District	51,649	43,659	18.3%
Stormwater	581,816	476,787	22.0%
Unrestricted	5,057,129	5,788,861	-12.6%
Total Net Position	\$ 83,748,083	\$ 84,105,135	-0.4%

**CITY OF WEST PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

Current Year Impacts

Statement of Activities

The following schedule presents a comparative Statement of Activities for the current and prior fiscal years. The City has no business-type activities. Further, the significant capital outlay in the General Fund financial statement is not included in the entity-wide full accrual presentation:

	Governmental Activities		
Revenues	<u>2018</u>	<u>2017</u>	<u>Percent Change</u>
Program Revenues			
Charges For Services	\$ 6,019,226	\$ 5,502,477	9%
Operating Grants and Contributions	217,134	341,055	-36%
Capital Grants and Contributions	911,225	1,173,244	-22%
General Revenue			
Taxes	6,480,853	6,001,852	8%
Other	1,568,446	1,754,414	-11%
Total Revenues	15,196,884	14,773,042	3%
Expenses			
General Government	2,427,944	2,971,679	-18%
Public Safety	8,748,270	7,872,375	11%
Public Works	3,315,227	3,513,842	-6%
Parks and Recreation	1,220,719	984,535	24%
Interest in long-term debt	5,328	5,745	-7%
Total Expenses	15,717,488	15,348,176	2%
Change In Net Position	\$ (520,604)	\$ (575,134)	-9%

**CITY OF WEST PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

Conditions and Impacts That Can Affect The City's Financial Operations

Many factors and conditions can influence the current and long-term finances of the City:

Limits On Tax Base Growth. Under Florida's Constitution, residential properties that are owner-occupied and have a homestead exemption are limited to annual assessment increases of 3% or less and other properties to 10% or less. The effect of this limitation burdens the City's tax base by exempting from taxation large portions of residential properties. Typically, municipalities in the South Florida market experience increases in annual expenditures well in excess of this 3% cap. Consequently, the City will be challenged to diversify its tax base while keeping its expenditures under control. The City has the ability to tax property up to 10 mills, or \$10 for each \$1,000 of taxable value. It is likely that the City will edge near this cap unless substantial tax base growth occurs, expenditure growth is slowed, or other revenues are found to cover the growing public safety needs. The City has already used about 87% of its taxing power on property taxes.

Economic Conditions. The City is located in South Florida. Demand for residential and commercial property has historically been very strong, but the effects of the recent recession have sent property tax values to a point less than when the City was first incorporated. Recent valuations have seen this trend start to reverse and activity suggests that more property is being bought and sold, indicating stronger investment in property within the City. The City is largely built-out and its tax base growth will likely need to come from redevelopment. A State of Florida Department of Transportation ("FDOT") road-widening project on the US-441 corridor took some of the frontage of business properties located along this corridor, reducing the City's taxable value. A large portion of the City's housing stock was constructed over 30 years ago. Prior to incorporation, the County had undertaken a program of repairs to the infrastructure in the City and Management believes that the infrastructure that has been inherited is in good shape and should not need any significant capital for many years. The City has undertaken land use and zoning changes to encourage density and development along the City's main traffic corridors with the hope that future development will occur in those areas.

**CITY OF WEST PARK, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued**

Contractual Police and Fire Services. The City contracts with the Broward Sheriff’s Office (BSO) for police and fire services. The interlocal agreement with BSO provides for annual increases, within limits, of certain costs of the contract. BSO provides similar services to the neighboring City of Pembroke Park. Both contracts with BSO contemplate a certain level of shared services, the cost of which are generally equally shared. The two municipalities do not have an interlocal agreement between each party. Consequently, the allocation of shared costs is through a verbal understanding and occasionally conflicts have arisen. The cost of these essential service contracts can account for typically about 60% of the City’s budget and even small changes in the annual costs can have adverse and significant impacts on the City’s finances and its taxes and fees. The City agreed to increase its portion of EMS costs from 50% to 55% of the cost of that service, with the City of Pembroke Park paying the difference. The City anticipates reverting back to the prior cost sharing arrangement in fiscal year 2020.

Introduction of New Programs. One of the impetuses for creating the City was the dearth of responsive services in the Community. Code enforcement and recreational opportunities have been particular areas of local concern and the City has increased its efforts in this area. The additional programs, though increasing fixed costs of City operations, are helping to bolster property values.

Personnel Costs and Stresses. The cost of attracting and keeping experienced and competent personnel in South Florida has dramatically increased over the last two decades. The City will have to compete with the roughly 90 municipalities that exist in Miami-Dade, Broward, and Palm Beach counties. The level and amount of benefits offered to employees in this market is substantial and the employer contributions for these benefits are typically very high. As the City expands its services, it will face continual pressure on these costs. The City currently contracts for many of its services and expects to do so for some time in an effort to hold down

Inflation. While overall inflation continues to be extremely low, the City is and will be exposed to certain costs that have historically been much higher than the consumer price index typically used to measure inflation. Chief among these costs are insurances, wages, and the Public Safety contract with BSO. Reduced inflation rates generally mirror reduced interest rates. Currently, investment options available to the City pay minimal amounts toward investment income. The monetary policy of the federal government may create a situation where interest rates rise, but at a rate below the inflation rate.

**CITY OF WEST PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

THE CITY FUNDS

Governmental Funds

As of the year-end, the Governmental Funds (as presented on the balance sheet) reported a total fund balance of \$6,873,055 of which \$3,969,769 is unassigned.

Business Type Funds

Currently, the City does not have any Business-type funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$78,019,059 in capital assets, net of related depreciation. Of that amount, \$54,978,890 was invested in land and nondepreciable assets and \$23,040,169 was invested in other assets, net of depreciation.

Debt

The City had \$162,859 in outstanding loans (used for an EMS unit); \$105,072 in compensated absences; \$149,611 in net other post employment benefits owed to employees and retirees of the City; \$1,236,731 in net pension liabilities; and a net \$496,994 of deferred outflows over inflows of pension resources.

FINANCIAL INFORMATION CONTACTS

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about the report or need additional financial information, contact the City's Finance Director at 1965 S. SR-7, West Park, Florida 33083.

**CITY OF WEST PARK, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	Governmental Activities
<u>ASSETS</u>	
Cash and equity in pooled cash	\$ 4,302,493
Restricted cash	789,136
Accounts receivable, net	1,433,307
Prepaid items	500
Property held for sale	999,590
Capital assets:	
Nondepreciable capital assets	54,978,890
Depreciable capital assets, net	23,040,169
Total assets	85,544,085
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension	613,053
Total deferred outflows of resources	613,053
<u>LIABILITIES</u>	
Liabilities:	
Accounts payable and other liabilities	555,434
Unearned revenues	83,289
Noncurrent liabilities:	
Due within one year:	
Compensated absences	10,507
Notes payable	80,696
Noncurrent liabilities:	
Due in more than one year:	
Compensated absences	94,565
Notes payable	82,163
Net other post employment benefit (OPEB) liability	149,611
Net pension liability	1,236,731
Total liabilities	2,292,996
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension	116,059
Total deferred outflows of resources	116,059
<u>NET POSITION</u>	
Net investment in capital assets	77,856,200
Restricted for:	
Equipment	115,992
Law enforcement	85,297
Water Control District	51,649
Stormwater	581,816
Unrestricted	5,057,129
Total net position	\$ 83,748,083

See notes to the financial statements

**CITY OF WEST PARK, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 2,427,944	\$ 4,821,802	\$ -	\$ 2,393,858
Public safety	8,748,270	410,296	1,000	(8,336,974)
Public works	3,315,227	761,657	196,147	(2,079,531)
Parks and recreation	1,220,719	25,471	19,987	(541,928)
Interest on long-term debt	5,328	-	-	(5,328)
Total governmental activities	15,717,488	6,019,226	217,134	(8,569,903)
General revenues:				
Property taxes				4,081,741
Franchise taxes and utility taxes				2,154,116
Communications services tax				244,996
Grants and contributions not restricted to specific programs				1,506,260
Unrestricted investment earnings				58,150
Miscellaneous revenues				4,036
Total general revenues and transfers				8,049,299
Change in net position				(520,604)
Net position - beginning				84,105,135
Effect of adoption of GASB No. 75 (Note 1)				163,552
Net position - beginning, as restated				84,268,687
Net position - ending				\$ 83,748,083

See notes to the financial statements

**CITY OF WEST PARK, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Twin Lakes Fund</u>	<u>Stormwater Fund</u>	
<u>ASSETS</u>				
Cash and equity in pooled cash	\$ 4,302,493	\$ 51,649	\$ 536,198	\$ 4,890,340
Restricted cash	201,289	-	-	201,289
Accounts receivable, net	1,282,347	-	150,960	1,433,307
Prepaid items	500	-	-	500
Property held for sale	999,590	-	-	999,590
Total assets	<u>\$ 6,786,219</u>	<u>\$ 51,649</u>	<u>\$ 687,158</u>	<u>\$ 7,525,026</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and other liabilities	\$ 548,621	\$ -	\$ 6,813	\$ 555,434
Unearned revenue	83,289	-	-	83,289
Total liabilities	<u>631,910</u>	<u>-</u>	<u>6,813</u>	<u>638,723</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	13,248	13,248
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>13,248</u>	<u>13,248</u>
Fund balances:				
Nonspendable:				
Prepaid items and property held for sale	1,000,090	-	-	1,000,090
Restricted for:				
Equipment	115,992	-	-	115,992
Law enforcement	85,297	-	-	85,297
Water Control District	-	51,649	-	51,649
Stormwater	-	-	581,816	581,816
Assigned for:				
Contracts	368,509	-	85,281	453,790
Subsequent year's expenditures	614,652	-	-	614,652
Unassigned	3,969,769	-	-	3,969,769
Total fund balances	<u>6,154,309</u>	<u>51,649</u>	<u>667,097</u>	<u>6,873,055</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,786,219</u>	<u>\$ 51,649</u>	<u>\$ 687,158</u>	<u>\$ 7,525,026</u>

See notes to the financial statements

**CITY OF WEST PARK, FLORIDA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Fund balance - governmental funds \$ 6,873,055

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

Capital assets used in governmental activities are not financial assets and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the assets of the government as a whole.

Cost of capital assets	88,206,358	
Accumulated depreciation	<u>(10,187,299)</u>	78,019,059

Revenues that do not meet the availability criteria are reported as unavailable revenue in the governmental fund financial statements; these amounts are reported as revenues in the government-wide financial statements.		13,248
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Deferred outflows of resources related to the pension are recorded in the statement of net position.		613,053
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Deferred inflows of resources related to the pension are recorded in the statement of net position.		(116,059)
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Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Loan payable		(162,859)
Compensated absences		(105,072)
Net pension liability - Florida Retirement System		(1,236,731)
Net OPEB liability		(149,611)

Net position of governmental activities		<u><u>\$ 83,748,083</u></u>
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See notes to the financial statements

CITY OF WEST PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Major Funds</u>			Total Governmental Funds
	General Fund	Twin Lakes Fund	Stormwater Fund	
Revenues:				
Taxes				
Property taxes	\$ 4,081,741	\$ -	\$ -	\$ 4,081,741
Motor fuel taxes	269,892	-	-	269,892
Franchise taxes	1,141,640	-	-	1,141,640
Utility taxes	1,012,476	-	-	1,012,476
Communications services tax	244,996	-	-	244,996
Licenses and permits	584,811	-	-	584,811
Intergovernmental	2,850,483	-	-	2,850,483
Charges for services	591,634	-	-	591,634
Fines and forfeitures	584,728	-	-	584,728
Interest income and related	58,150	-	-	58,150
Special assessments	3,652,263	16,565	319,333	3,988,161
Miscellaneous revenues	4,036	-	-	4,036
Total revenues	15,076,850	16,565	319,333	15,412,748
Expenditures:				
Current:				
General government	2,303,558	-	-	2,303,558
Public safety	8,719,845	-	-	8,719,845
Public works	2,085,056	8,575	194,335	2,287,966
Parks and recreation	1,142,733	-	-	1,142,733
Capital outlay	1,128,364	-	171,462	1,299,826
Debt service:				
Principal	79,254	-	-	79,254
Interest	5,328	-	-	5,328
Total expenditures	15,464,138	8,575	365,797	15,838,510
Excess (deficiency) of revenues over (under) expenditures	(387,288)	7,990	(46,464)	(425,762)
Fund balances, beginning	6,541,597	43,659	713,561	7,298,817
Fund balances, ending	\$ 6,154,309	\$ 51,649	\$ 667,097	\$ 6,873,055

See notes to the financial statements

CITY OF WEST PARK, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - total governmental funds	\$ (425,762)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of certain of those assets are eliminated and capitalized as capital assets.	1,283,538
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense on the statement of activities.	(1,104,248)
Revenues previously recognized in the government-wide financial statements have been recognized in the fund statements during the current year and therefore need to be removed from the government-wide financial statements.	(215,864)
Repayment of long-term liabilities are reported as expenditures in the governmental fund, but such repayments reduce liabilities in the statement of net position and are eliminated from the statement of activities.	79,254
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements.	
The details of the differences are as follows:	
Change in compensated absences	(8,409)
Change in Net OPEB liability	(14,672)
Change in Net Pension liability and related deferred inflows and outflows	(114,441)
Change in net position of governmental activities	<u>\$ (520,604)</u>

See notes to the financial statements

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of West Park, Florida (“the City”), located in Broward County, Florida, is a municipal corporation in the state of Florida. The City, which was incorporated on March 1, 2005, operates under a Commission/Administrator form of government. In addition to the general government function, the City provides its residents and businesses with parks and recreational services. Through contractual arrangements, the City also provides public works, development services (building, planning and zoning, code enforcement) and financial management services. Through interlocal agreements and arrangements, the City also receives Police and Fire/Rescue services from Broward County. Through franchise agreements, a private contractor who pays a franchise fee to the City provides solid waste services. The City sets the rates for solid waste services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting and reporting policies and practices used by the City are described below.

1. Financial Reporting Entity

The financial statements were prepared in accordance with government accounting standards that establish standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization’s governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

1. Financial Reporting Entity – Continued

Blended Component Unit

The Twin Lakes Water Control District (“the District”) provides drainage and waterway management services to select properties located within the City of West Park. Created by Broward County (“the County”) as a special purpose unit of local government, the County transferred control of and responsibility for the District to the City of West Park on October 15, 2007. The District serves 217 properties and levies an annual special assessment to pay for the costs of maintenance within the District. The District is governed by the Board, which is also the City Commission, and is advised by an appointed volunteer group. The City Commission sets the rates and charges to the affected properties and the legal liability for the District remains with the City of West Park. The District is reported within these financial statements as the Twin Lakes Special Revenue Fund.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* which rely, to a significant extent, on fees and charges for support. The City does not have any business-type activities.

The *Statement of Activities* demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges or assessments 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*.

Separate financial statements are provided for governmental funds. The City maintains three funds - the General Fund, the Twin Lakes Special Revenue Fund and the Stormwater Fund.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 the current period or soon enough, thereafter, to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting, with the exception of debt service payments of principal and interest, these amounts are recorded when due.

Property taxes, franchise fees, and other taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash and are recognized as revenue at that time.

The City reports the following major governmental funds. The City also has elected to consider its Twin Lakes Special Revenue Fund as a major fund:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Twin Lakes Special Revenue Fund* accounts for all financial resources associated with the operations of the Twin Lakes Water Control District, a special purpose unit of local government controlled by the City and shown as a blended component unit within the financial statements. The assessments and other revenues collected are legally restricted and can only be used for costs associated with the activities of the District.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The *Stormwater Special Revenue Fund* accounts for all financial resources associated with the operations of the stormwater operations of the City. The activities within this fund are paid for through user charges levied on improved property within the City. The revenues of this fund are legally restricted and can only be used for costs associated with the construction and maintenance of stormwater systems throughout the City.

Amounts reported as *program revenues* include: 1) charges or assessments to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

4. New Accounting Standards Adopted

During fiscal year 2018, the City adopted the following new accounting standards:

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The implementation of GASB 75 had the following effect on beginning net position in fiscal year 2018:

	Governmental Activities
Net Position, previously stated	\$ 84,105,135
Adjustment for net OPEB liability	163,552
Net position, restated	\$ 84,268,687

CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. New Accounting Standards Adopted – Continued

GASB Statement No. 81 - Irrevocable Split-Interest Agreements

The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 85 - Omnibus 2017

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 86 - Certain Debt Extinguishment Issues

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

5. Cash and Equity in Pooled Cash

The City's cash and cash equivalents include cash on hand and demand deposits. Cash of individual funds, except for those funds or accounts that must be segregated for legal or other reasons, is combined to form a pool of cash. Interest earned as a result of pooling is distributed to the appropriate fund based on the average pooled cash balance of each fund during the period. The balances for "cash" reflected in the financial statements of each individual fund represent that fund's allocated share of the pooled cash account.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Receivables and Payables

The City has three funds and there was no interfund activity among these three funds during the fiscal year.

All receivables are shown net of any allowance for uncollectibles and are generally recorded as the amounts actually received subsequent to and for the reported fiscal period. No estimates of the amounts owed at fiscal year-end were required.

All payables are recorded at the amounts that were subsequently paid.

7. Property Held For Resale

The City owns several parcels of land that were granted to it by Broward County. These parcels are located throughout the City and will not be used in the normal course of operations. The City maintains the vacant parcels. The City plans to sell the parcels at some point in the future. The amount reflected on the financial statements is the lower of historical value that was booked when the parcels were conveyed to the City or estimated market value of the sum of all the parcels, as determined by the Broward County Property Appraiser's Office as of January 1, 2017. The City has not yet determined when these parcels will be sold, though it is likely to be more than one year from the Financial Statement date.

8. Capital Assets

Capital assets which include property, plant and equipment, and certain infrastructure assets (e.g., utility plant, roads, bridges, sidewalks, and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost or component of more than \$25,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Capital Assets – Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed when funds are borrowed for projects.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	30-50
Buildings	20-30
Improvements other than buildings	10-30
Furniture and equipment	3-10

9. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

10. Compensated Absences

It is the City's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay is accrued when incurred in the government-wide fund financial statements. In the governmental funds, a liability would be recorded only for vacation and sick leave payouts for employee separations that occurred prior to September 30, 2018, and were subsequently paid with current available financial resources. In the entity-wide financial statements, costs for compensated absences are accrued as expenses and further recorded as liabilities. The liability is further distinguished between short-term and long-term portions.

11. Inventories

Inventories of governmental funds are recorded as expenditure when consumed rather than when purchased.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. Prepaid Amounts

Expenditures for insurance and other administrative expenses extending over more than one accounting period are accounted for as prepaid expenses and allocated between accounting periods.

13. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

14. Deferred Outflows/Inflows of Resources

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

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

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Fund Equity/Net Position

The City has adopted a Fund Balance Policy (“Policy”) in order to implement the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Policy applies only to the General Fund of the City. The Special Revenue Funds will generally reflect only Restricted Fund Balances. Fund Balance shall be composed of restricted, committed, assigned, non-spendable and unassigned amounts. Fund Balance information is used to identify the available resources to provide for emergencies, repay long-term debt, reduce property taxes, add governmental programs, expand existing ones, or enhance the financial position of the City in accordance with policies established by the City Council.

A. Definitions

Non-Spendable Fund Balance - Amounts that are not in a spendable form, such as inventory, or are legally or contractually required to be maintained intact (principal of an endowment fund, for example).

Restricted Fund Balance - Amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action of the City Council, the City’s highest level of decision-making authority. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

Assigned Fund Balance - Amounts that the City intends to use for a specific purpose that are neither considered restricted nor committed. Assignments of fund balance may be made by management based upon the direction of the City Commission annually through the budget process.

Unassigned Fund Balance - Amount of remaining fund balance within the general fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Fund Equity/Net Position – Continued

B. Minimum Level of Unassigned Fund Balance

The unassigned fund balance of the General Fund at each fiscal year end shall not be less than 25% of the following year's projected budgeted expenditures. In any fiscal year where the City is unable to maintain this 25% minimum reservation of fund balance as required in this section, the City shall not budget any amounts of unassigned fund balance for the purpose of balancing the budget. Because the City has recently been created and requires a significant use of its taxing powers, the City Manager should strive to maintain at least six months of reserves.

C. Disbursement of Fund Balance Reserves

Disbursements of funds within the fund balance reserves shall be authorized by an ordinance of the City Council and may be approved by inclusion in the approved annual budget and amendments thereto or shall be authorized pursuant to any ordinances or procedures adopted by the City Council (such as the City's procurement code).

D. Annual Review and Determination of Fund Balance Reserve Amounts

Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process and the amounts of restricted, committed, assigned, non-spendable and the minimum level of unassigned fund balance shall be determined during this process.

E. Additional Information Requirements/Responsibilities

It will be the responsibility of the City's Finance Director to keep this policy current.

16. Pension

In the government-wide statement of net position, liabilities are recognized for the City's proportionate share of the net pension liability for the Florida Retirement System pension plan and Retiree Health Insurance Subsidy Program. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Florida Retirement System defined benefit pension plan (FRS Pension Plan) and the Retiree Health Insurance Subsidy Program defined benefit pension plan (HIS Program), and additions to/deductions from the FRS Pension Plan's and the HIS Program's fiduciary net position have been determined on the same basis as they are reported by the FRS Pension Plan and the HIS Program plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

17. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budgets are adopted and controlled at the fund level. Annual appropriations that are not encumbered at fiscal year-end lapse. Encumbrances are paid from the fiscal year appropriations for which an expenditure was originally made (the “lapse” period).

While controlled ultimately at the fund level, annual budgets are prepared using fund, department, and object of expenditure levels. The City Administrator may make adjustments within the fund level with the City Council approval, but may not exceed the total amount set at the fund level.

Encumbrance accounting is employed in governmental funds. Encumbrances (purchase orders, construction commitments, or other claims against appropriations) outstanding at fiscal year-end are reported as assignments of fund balances. There was \$368,509 and \$85,281 in outstanding encumbrances in the General Fund and Stormwater Fund, respectively, at fiscal year-end.

NOTE 3. DEPOSITS

In addition to insurance provided by the Federal Depository Insurance Corporation, all of the City’s deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 125% of the average monthly balance of public deposits depending upon the depository’s financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity’s name.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. RECEIVABLES

Receivables as of September 30, 2018, including the allowance for uncollectible accounts, are as follows:

	General Fund	Stormwater Fund	Total
Receivables:			
Franchise taxes	\$ 169,604	\$ -	\$ 169,604
Utility taxes	74,859	-	74,859
Intergovernmental	1,018,247	-	1,018,247
Fire inspections	260,628	-	260,628
Excess bulk waste	201,466	-	201,466
Stormwater	-	150,960	150,960
Other	11,612	-	11,612
Gross receivables	1,736,416	150,960	1,887,376
Less allowance for uncollectibles	(454,069)	-	(454,069)
Net total receivables	<u>\$1,282,347</u>	<u>\$ 150,960</u>	<u>\$ 1,433,307</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land and easements	\$ 54,838,969	\$ -	\$ -	\$ 54,838,969
Construction in progress	1,441,304	128,421	(1,429,804)	139,921
Total capital assets, not being depreciated	<u>56,280,273</u>	<u>128,421</u>	<u>(1,429,804)</u>	<u>54,978,890</u>
Capital assets, being depreciated:				
Infrastructure	28,591,903	2,564,921	-	31,156,824
Buildings	344,188	-	-	344,188
Improvements other than buildings	480,074	-	-	480,074
Furniture and equipment	1,226,382	20,000	-	1,246,382
Total capital assets, being depreciated	<u>30,642,547</u>	<u>2,584,921</u>	<u>-</u>	<u>33,227,468</u>
Less accumulated depreciation:				
Infrastructure	7,991,266	958,481	-	8,949,747
Buildings	174,407	19,934	-	194,341
Improvements other than buildings	232,789	35,753	-	268,542
Furniture and equipment	684,589	90,080	-	774,669
Total accumulated depreciation	<u>9,083,051</u>	<u>1,104,248</u>	<u>-</u>	<u>10,187,299</u>
Total capital assets, being depreciated, net	<u>21,559,496</u>	<u>1,480,673</u>	<u>-</u>	<u>23,040,169</u>
Governmental activities capital assets, net	<u>\$ 77,839,769</u>	<u>\$ 1,609,094</u>	<u>\$(1,429,804)</u>	<u>\$ 78,019,059</u>

CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS – Continued

Depreciation expense for the fiscal year ended September 30, 2018, was charged to functions/programs as follows:

General government	\$ 30,937
Public works	989,121
Public safety	28,425
Parks and recreation	55,765
Total depreciation expense	<u>\$ 1,104,248</u>

NOTE 6. PROPERTY TAXES

Property values are assessed on a countywide basis by the Broward County Property Appraiser as of January 1st of each year and are due November 1st of each year. The Property Appraiser certifies taxable value of property within the City and the City levies a tax millage rate upon the taxable value, which will provide revenue required for the fiscal year beginning October 1st. Property taxes and some non ad valorem special assessments levied each November 1st by the City and all other taxing authorities within the County are centrally billed and collected by the County, with remittances to the City of its proportionate share of collected taxes.

Property taxes are levied on October 1 of each year and due as of November 1 of each year. Broward County collects the taxes and remits the funds to the City, less a collection fee. Taxes may be paid upon receipt of such notice by Broward County, with a discount rate of four percent (4%) if paid in November, three percent (3%) if paid in December, two percent (2%) if paid in January, and one percent (1%) if paid in February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Broward County are provided for in the laws of Florida. Non Ad Valorem Special Assessments for Solid Waste, Fire Services, and Twin Lakes Water Control District services are levied on benefited properties and collected in the same manner as property taxes.

The millage rate levied by the City for the fiscal year ended September 30, 2018 was 8.65.

NOTE 7. LONG-TERM LIABILITIES

On April 22, 2015, the City entered into a lease-purchase arrangement with TD Equipment Finance for \$400,000 towards the acquisition of equipment and closing costs. The capital lease is for 5 years maturing on October 1, 2019, and carries a fixed interest rate of 1.82%. Annual debt service payments are \$83,582.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. LONG-TERM LIABILITIES - Continued

In consideration of the execution of the lease agreement, the City deposited \$400,000 with an escrow agent which was classified as restricted assets in the financial statements. The equipment was purchased in the prior fiscal year at a cost of \$285,695. The \$400,000 shall be repaid to TD Equipment Finance as part of the payments due under the agreement. The \$400,000 constitutes the proceeds made available by TD Equipment Finance to the City.

Annual debt service requirements are as follows:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 80,696	\$ 2,886	\$ 83,582
2020	82,163	1,419	83,582
Total	<u>\$ 162,859</u>	<u>\$ 4,305</u>	<u>\$ 167,164</u>

Changes in long-term liability activity for the fiscal year ended September 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
TD Equipment Finance Loan	\$ 242,113	\$ -	\$ (79,254)	\$ 162,859	\$ 80,696
Compensated absences	96,663	11,573	(3,164)	105,072	10,507
Total Long-Term Liabilities	<u>\$ 338,776</u>	<u>\$ 11,573</u>	<u>\$ (82,418)</u>	<u>\$ 267,931</u>	<u>\$ 91,203</u>

For governmental activities, compensated absences are generally liquidated by the General Fund and Stormwater Fund respectively.

NOTE 8. OPERATING LEASE (LESSOR)

The City has a lease agreement, expiring September 30, 2021, with Interstate Pembroke LLC., for 7,800 square feet of office space for City Hall. The lease requires payments of \$135,000 annually, increased by 3% each October 1st. The annual lease payments for fiscal year 2018 total \$161,197 which has been budgeted. The lease is inclusive of all common area maintenance. The lease requires the City to annually appropriate funds for the lease. Should the City not appropriate funds for the lease, an early termination fee designed to recover the unamortized cost of improvements made by the owner of the property will be required. The fee can be as much as \$350,000, declining annually to \$44,862.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. INTERLOCAL AGREEMENT

The City entered into an interlocal agreement in 2011 with Broward County that allows the City to operate McTyre Park for a period of 10 years with options to renew the agreement every 10 years. The State of Florida owns the property upon which the park is located. In turn, the State of Florida leases the property to the School Board of Miami-Dade County. The School Board of Miami-Dade County utilizes the property for a radio and television transmission tower. Under the terms of the agreement, the City must maintain the property during the term of the agreement and Broward County must pay the City \$12,000 annually to assist with the maintenance of the park.

NOTE 10. FLORIDA RETIREMENT SYSTEM

General Information – The City participates in the statewide Florida Retirement System (“FRS”). All of the City’s full-time employees and elected officials who are employed by the City for at least 6 consecutive months are eligible to enroll as members of the FRS. All rates, benefits and amendments are established by the State of Florida through its legislative body. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services (DMS), Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida, 32315-9000; phone 850-488-5706; website (www.dms.myflorida.com).

Plan Description – The FRS Pension Plan (Plan) is a cost-sharing, multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The classes of membership within the City are as follows:

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Senior Management Service Class – Members in senior management level positions.
- Elected Officers’ Class (EOC) – Members who are the elected officers of cities and special districts that choose to place their elected officials in this class.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members initially enrolled during this period. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS Pension Plan (Continued)

Plan Description (Continued) –

- *Regular Class, Senior Management Service Class, and Elected Officers' Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

The DROP is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment (COLA) each July and earn monthly interest equivalent to an annual rate of 1.3%. DROP participants with an effective DROP begin date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.5%. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Basis of Accounting – The FRS fiduciary financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member contributions are recognized in the period of time for which the contributions are assessed. Employer contributions are recognized when due in the period in which employee services are performed and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Benefits Provided – Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the AFC is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS Pension Plan (Continued)

Benefits Provided (Continued) – If the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Senior Management Service Class	2.00
Elected Officers' Class	3.00

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2018 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u> <u>October 1, 2017 to June 30, 2018</u>		<u>Percent of Gross Salary</u> <u>July 1, 2018 to September 30, 2018</u>	
	<u>Employee</u>	<u>Employer (1)</u>	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00%	7.92%	3.00%	8.26%
FRS, Senior Management	3.00%	22.71%	3.00%	24.06%
FRS, Elected Officers	3.00%	45.50%	3.00%	48.70%

(1) Employer rates include .06% for administrative costs of the Investment plan from October 1, 2017 to September 30, 2018. Employer rates also include a postemployment HIS contribution of 1.66%.

The City's contributions to the Plan totaled \$48,247 for the fiscal year ended September 30, 2018. This excludes the HIS defined benefit pension plan contributions.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the City reported a liability of \$856,843 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City’s proportionate share of the net pension liability was based on the City’s contributions for the fiscal year ended June 30, 2018 relative to the contributions made during the fiscal year ended June 30, 2018 of all participating members. At June 30, 2018, the City’s proportionate share was .0028%, which represents a .0002% increase to its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$189,850 related to the Pension Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,587	\$ (2,635)
Change of assumptions	279,975	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(66,202)
Changes in proportion and differences between City's FRS contributions and proportionate share of FRS contributions	109,468	(6,258)
City's FRS contributions subsequent to the measurement	20,901	-
Total	<u>\$ 482,931</u>	<u>\$ (75,095)</u>

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – The deferred outflows of resources related to pensions, totaling \$20,901, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2019	\$152,828
2020	99,403
2021	23,061
2022	62,013
2023	42,210
Thereafter	7,420
Total	<u>\$386,935</u>

Actuarial Assumptions – The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2018
Measurement date	June 30, 2018
Inflation	2.60%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age
Discount rate	7.00%
Long-term expected rate of return, net of investment	7.00%
Municipal bond rate (1)	N/A

(1) The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS Pension Plan (Continued)

Actuarial Assumptions (Continued) – The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric annual rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.8%
Fixed income	18.0%	4.4%	4.3%	4.0%
Global equity	54.0%	7.6%	6.3%	17.0%
Real estate (property)	11.0%	6.6%	6.0%	11.3%
Private equity	10.0%	10.7%	7.8%	26.5%
Strategic investments	6.0%	6.0%	5.7%	8.6%
Total	<u>100.0%</u>			
Assumed inflation - mean		2.6%		1.9%

(1) As outlined in the Plan's investment policy

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of net pension liability	\$ 1,563,774	\$ 856,843	\$ 269,695

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

Retiree Health Insurance Subsidy Program

Plan Description – The Retiree Health Insurance Subsidy Program (HIS Program)) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Program benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the contribution rate was 1.66% of payroll from October 1, 2017 through September 30, 2018 pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Program totaled \$12,282 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the City reported a net pension liability of \$379,888 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the fiscal year ended June 30, 2018 contributions relative to the fiscal year ended June 30, 2018 contributions of all participating members.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

Retiree Health Insurance Subsidy Program (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – At June 30, 2018, the City’s proportionate share was .0036%, which represents a .0004% increase to its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the City recognized a pension expense of \$44,432 related to the HIS Program. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,816	\$ (645)
Change of assumptions	42,248	(40,165)
Net difference between projected and actual earnings on HIS pension plan investments	229	-
Changes in proportion and differences between City's HIS contributions and proportionate share of HIS contributions	76,980	(154)
City's HIS contributions subsequent to the measurement	4,849	-
Total	<u>\$ 130,122</u>	<u>\$ (40,964)</u>

The deferred outflows of resources related to pensions, totaling \$4,849, resulting from City contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2019	\$ 21,391
2020	21,372
2021	17,423
2022	12,342
2023	6,051
Thereafter	<u>5,730</u>
Total	<u>\$ 84,309</u>

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions – The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2018
Measurement date	June 30, 2018
Inflation	2.6%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age
Discount rate	3.87%
Long-term expected rate of return, net of investment expense	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index (1)	3.87%

(1) In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2015.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
City's proportionate share of net pension liability	\$ 432,670	\$ 379,888	\$ 335,891

Pension Plan Fiduciary Net Position – Detailed information about the HIS Plan’s fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS – Defined Contribution Pension Plan

The City contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees and elected officials electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement.

Eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Local Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member’s accounts during the 2018 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30%
FRS, Senior Managemen	7.67%
FRS, Elected Officers	11.34%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll from October 1, 2017 – September 30, 2018 and by forfeited benefits of Investment Plan members.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS – Defined Contribution Pension Plan - Continued

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City’s Investment Plan pension expense totaled \$62,658 for the fiscal year ended September 30, 2018.

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (“OPEB”)

Plan Description – Pursuant to Section 112.081, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City’s health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. These retirees pay 100% of the blended rate for active and retired employees. Because the blended rate is greater than that of a plan including active employees only and less than that of a plan including retirees only, the amount the City expends for active employees includes an implicit subsidy for participating retirees and dependents.

At September 30, 2018, the following employees were covered by benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	26
Total plan members	26

Changes in Net OPEB Liability – Sources of changes in the net OPEB liability were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of September 30, 2017	\$ 134,939	\$ -	\$ 134,939
Changes due to:			
Service cost	21,200	-	21,200
Interest on the Total OPEB Liability	4,840	-	4,840
Changes in assumptions and other inputs	(11,368)	-	(11,368)
Balance as of September 30, 2018	\$ 149,611	\$ -	\$ 149,611

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (“OPEB”) - Continued

Actuarial Methods and Assumptions – Significant actuarial assumptions used to calculate the total OPEB liability were as follows:

Valuation date	October 1, 2017
Measurement date	September 30, 2017
Actuarial valuation method	Entry age normal
Inflation Rate	2.50%
Discount Rate	3.50%
Salary increases	3.00%
Retirement Age	Employees were assumed to retire at age 65.
Mortality	RP-2000 Generational Combined Healthy Participant mortality tables, projected from the year 2000 using Projection Scale AA.
Healthcare Cost Trend Rates	7.00% for fiscal year 2018, 6.50% for fiscal year 2019 and then gradually decreasing to an ultimate trend rate of 4.25%.
Other Information:	Changes in assumptions and other inputs include the change in the discount rate from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017.

Sensitivity of the Net OPEB Liability to changes in the discount rate – The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
\$ 178,664	\$ 149,611	\$ 125,279

Sensitivity of the Net OPEB Liability using alternative healthcare cost trend rates – The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease (6% decreasing to 3.25% over 9 years)	Healthcare Cost Trend Rates (7% decreasing to 4.25% over 9 years)	1% Increase (8% decreasing to 5.25% over 9 years)
\$ 119,100	\$ 149,611	\$ 190,751

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 12. CONTINGENCIES

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the City carries pooled insurance provided by the Florida League of Cities. At and subsequent to fiscal year end, the City was not aware of any claims or risks that would have exposed the City to any liability.

The City is involved in various litigation matters incidental to its operations. Although the outcome of these matters is not presently determinable, it is the opinion of the City Attorney that resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 13. INTERLOCAL AGREEMENT - BROWARD SHERIFF'S OFFICE

Effective October 1, 2007, the City entered in an agreement with the Sheriff of Broward County, Florida ("BSO") whereby the BSO would provide the City with daily law enforcement, fire protection, fire prevention and emergency medical services. The agreement is based on the premise that BSO will provide services and staffing as a whole to a geographic area ("District") that includes the City and the Town of Pembroke Park ("Town"). This arrangement enables such services and staffing to be more effectively and efficiently provided. BSO and the Town have a separate agreement. The agreement originally required the City to pay BSO \$284,722 and \$174,665 per month for Law Enforcement and Fire Rescue Services respectively, and included a provision calling for annual increases based on a percentage of BSO's budgeted costs of providing services to the District as a whole. In the original agreement the City's percentage was 60% of the budgeted costs of the District. Effective fiscal year 2011, the City and BSO amended the agreement to provide that the City's percentage of BSO's budgeted costs of providing services to the District as a whole used to determine annual increases would be 50% going forward. Beginning with fiscal year 2018, the City of West Park's relative contribution of the Fire Rescue Services of the agreement increased from 50% to 55% for the Fire portion. EMS sharing remained at 50%. The agreement between the City and BSO is for seven years with one additional three-year option and then one additional five year option. In 2014 the City and BSO agreed the term of the agreement would be extended on a month to month basis to allow for negotiations on a new agreement. Cancellation of the agreement needs to be in writing and provide for 75 calendar days notice after 30 days notice of an uncured default.

CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 14. PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

GASB Statement No. 83 - Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 84 - Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For reporting periods beginning after December 15, 2019.

CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 14. PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)

GASB Statement No. 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement applies to notes to financial statements of all periods presented. If application for prior periods presented is not practicable, the reason for not applying this Statement to prior periods presented should be disclosed.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. For construction-in-progress, interest cost incurred after the beginning of the first reporting period to which this Statement is applied should not be capitalized.

GASB 90 - Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. Except as discussed in paragraph 11, in the period this Statement is first applied, changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. Also, the reason for not restating prior periods presented should be disclosed. In the first period that this Statement is applied, the notes to financial statements should disclose the nature of the restatement and its effect.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 14. PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

**CITY OF WEST PARK, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– BUDGET AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Property taxes	\$ 4,011,311	\$ 4,081,336	\$ 4,081,741	\$ 405
Motor fuel taxes	272,463	269,719	269,892	173
Franchise taxes	1,069,461	1,116,453	1,141,640	25,187
Utility taxes	989,675	986,958	1,012,476	25,518
Communications services tax	283,406	245,745	244,996	(749)
Licenses and permits	600,189	584,329	584,811	482
Intergovernmental	4,496,506	2,737,869	2,850,483	112,614
Charges for services	504,731	546,757	591,634	44,877
Fines and forfeitures	396,277	578,959	584,728	5,769
Interest income	15,000	59,000	58,150	(850)
Special assessments	3,574,243	3,652,243	3,652,263	20
Miscellaneous revenues	3,400	20,045	4,036	(16,009)
Total revenues	<u>16,216,662</u>	<u>14,879,413</u>	<u>15,076,850</u>	<u>197,437</u>
Expenditures:				
General Government:				
City Commission	118,410	105,070	105,175	(105)
City Administrator	498,617	440,448	431,206	9,242
Finance and City Clerk	223,330	230,749	235,888	(5,139)
City Attorney	122,500	120,000	120,000	-
Development Services	488,038	458,285	457,726	559
Nondepartmental	1,037,982	905,143	953,563	(48,420)
Total general government	<u>2,488,877</u>	<u>2,259,695</u>	<u>2,303,558</u>	<u>(43,863)</u>
Debt service:				
Principal	59,500	79,254	79,254	-
Interest	-	5,328	5,328	-
Total debt service	<u>59,500</u>	<u>84,582</u>	<u>84,582</u>	<u>-</u>
Public safety:				
Police	4,856,204	4,779,506	4,755,222	24,284
Fire	3,516,807	3,495,888	3,495,888	-
Building	302,539	468,354	468,735	(381)
Total public safety	<u>8,675,550</u>	<u>8,743,748</u>	<u>8,719,845</u>	<u>23,903</u>

See notes to Required Supplementary Information

**CITY OF WEST PARK, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– BUDGET AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Public works	1,927,806	2,070,635	2,085,056	(14,421)
Parks and Recreation	1,620,164	1,138,783	1,142,733	(3,950)
Capital outlay	2,074,416	1,179,432	1,128,364	51,068
Total expenditures	16,846,313	15,476,875	15,464,138	12,737
Excess (deficiency) of revenues over (under) expenditures	(629,651)	(597,462)	(387,288)	210,174
Other financing sources (uses):				
Use of fund balance	629,651	597,462	-	(597,462)
Total other financing sources (uses)	629,651	597,462	-	(597,462)
Net change in fund balance	\$ -	\$ -	(387,288)	\$ (387,288)
Fund balances, beginning			6,541,597	
Fund balance, ending			\$ 6,154,309	

See notes to Required Supplementary Information

**CITY OF WEST PARK, FLORIDA
TWIN LAKES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– BUDGET AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 16,666	\$ 16,666	\$ 16,565	\$ (101)
Total revenues	16,666	16,666	16,565	(101)
Expenditures:				
Public works	16,666	16,666	8,575	8,091
Total expenditures	16,666	16,666	8,575	8,091
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	7,990	\$ 7,990
Fund balance, beginning			43,659	
Fund balance, ending			\$ 51,649	

See notes to Required Supplementary Information

**CITY OF WEST PARK, FLORIDA
STORMWATER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– BUDGET AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 309,000	\$ 309,000	\$ 319,333	\$ 10,333
Total revenues	309,000	309,000	319,333	10,333
Expenditures:				
Public works	300,334	300,334	194,335	105,999
Capital outlay	195,591	195,591	171,462	24,129
Total expenditures	495,925	495,925	365,797	130,128
Excess (deficiency) of revenues over (under) expenditures	(186,925)	(186,925)	(46,464)	140,461
Other financing sources (uses):				
Use of fund balance	186,925	186,925	-	(186,925)
Total other financing sources (uses)	186,925	186,925	-	(186,925)
Net change in fund balances	\$ -	\$ -	(46,464)	\$ (46,464)
Fund balance, beginning			713,561	
Fund balance, ending			\$ 667,097	

See notes to Required Supplementary Information

**CITY OF WEST PARK, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The City of West Park (“the City”) prepares an annual operating budget for both the General Fund and the Special Revenue Funds that are reflected in these financial statements. The City’s budgeting process is based on estimates of revenues and expenditures and requires that all budgets be approved by the City of West Park Commissioners (“the Commissioners” or “the Commission”) after a public hearing is held. Subsequent amendments to the budget, if any, are approved by the Commission.

Budgets are prepared on the same basis of accounting as required for Governmental Fund types. Expenditures may exceed the approved budget amounts for individual categories if the total does not exceed the overall approved budget within a fund. Any remaining balances remain with the City each year.

The Original budgets were balanced when adopted and the Commission adopted an amendment after year-end. To balance the General Fund budget, the City originally appropriated \$629,651 of its General Fund reserves but ultimately consumed only \$387,288, a positive \$242,363 variance to the original amount.

Budget Performance

General Fund. For the year, the City received \$197,437 more revenues than expected from the final amended budget. Most of this came from additional intergovernmental revenue, charges for services, and taxes on utilities. The City’s original budget had anticipated \$1,139,812 more in revenue, but that variance was largely due to intergovernmental revenue from grant projects that did not begin during the year. Expenditures were \$1,382,175 less than budgeted, with capital outlay and some operating expenditures related to grants coming in less than anticipated. Savings were realized in almost all departments. Other departments had small or no variances. As noted, the City used \$242,363 less reserves than originally anticipated.

Fund Balance Reserves, Used Versus Actual

Revenues Actually Earned	\$15,076,850
Expenditures Actually Made	<u>15,464,138</u>
Fund Balance Actually Used	<u>(387,288)</u>
Original Appropriation of Fund Balance	629,651
Original Fund Balance planned but not used	<u>\$242,363</u>

**CITY OF WEST PARK, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING - Continued

Budget Performance - Continued

Twin Lakes Special Revenue Fund. This fund doubled the amount of assessment revenue from prior periods with the expectation that additional maintenance of aquatic material would be undertaken. The Fund increased its reserves by \$7,990, largely because of timing issues for the additional maintenance efforts.

Stormwater Special Revenue Fund. This fund used \$46,464 of its reserves, largely for maintenance or capital items that are not done annually. The City had originally planned to use \$186,925 of its reserves in this fund for capital outlay.

**CITY OF WEST PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Florida Retirement System Pension Plan

	2018	2017	2016	2015
City's proportion of the FRS net pension liability	0.0028%	0.0026%	0.0023%	0.0022%
City's proportionate share of the FRS net pension liability	\$ 856,843	\$ 776,149	\$ 593,278	\$ 314,285
City's covered employee payroll	\$ 708,563	\$ 662,726	\$ 538,273	\$ 532,709
City's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	120.93%	117.11%	110.22%	59.00%
FRS plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%

Retiree Health Insurance Subsidy Program

	2018	2017	2016	2015
City's proportion of the HIS net pension liability	0.0036%	0.0032%	0.0028%	0.0028%
City's proportionate share of the HIS net pension liability	\$ 379,888	\$ 339,449	\$ 324,731	\$ 284,444
City's covered employee payroll	\$ 708,563	\$ 662,726	\$ 538,273	\$ 532,709
City's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	53.61%	51.22%	60.33%	53.40%
HIS plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

(1) The amounts presented for each year were determined as of the measurement date, June 30.

(2) Information is only available for the years presented.

**CITY OF WEST PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Florida Retirement System Pension Plan

	2018	2017	2016	2015
Contractually required FRS contribution	\$ 48,247	\$ 39,586	\$ 30,299	\$ 58,959
FRS contributions in relation to the contractually required contribution	(48,247)	(39,586)	(30,299)	(58,959)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 739,805	\$ 668,719	\$ 541,770	\$ 535,851
FRS contributions as a percentage of covered employee payroll	6.52%	5.92%	5.59%	11.00%

Retiree Health Insurance Subsidy Program

	2018	2017	2016	2015
Contractually required HIS contribution	\$ 12,282	\$ 11,102	\$ 8,993	\$ 11,661
HIS contributions in relation to the contractually required contribution	(12,282)	(11,102)	(8,993)	(11,661)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 739,805	\$ 668,719	\$ 541,770	\$ 535,851
HIS contributions as a percentage of covered employee payroll	1.66%	1.66%	1.66%	2.18%

- (1) The amounts presented for each fiscal year were determined as of September 30.
(2) Information is only available for the years presented.

A publicly available financial statement for the Plan can be obtained from the Florida Department of Management Services (DMS), Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida, 32315-9000; phone 850-488-5706; website (www.dms.myflorida.com) which includes additional financial reporting requirements, including the annual money-weighted rate of return on pension plan investments.

**CITY OF WEST PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY
AND RELATED RATIOS
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	2018
Total OPEB Liability	
Beginning balance	\$ 134,939
Service cost	21,200
Interest on the Total OPEB Liability	4,840
Changes in assumptions and other inputs	(11,368)
Ending balance	\$ 149,611
 Plan Fiduciary Net Position	
Beginning balance	\$ -
Ending balance	\$ -
 Net OPEB Liability	 \$ 149,611
 Plan fiduciary net position as a percentage of total OPEB	 0.00%
 Covered payroll	 \$1,667,458
 Net OPEB liability as a percentage of covered payroll	 8.97%



**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, City Commissioners and City Manager
City of West Park, 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 and each major fund of City of West Park, Florida (the “City”) as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our opinion thereon dated October 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters involving the internal control over financial reporting and compliance that we have reported to management of the City in a separate letter dated October 10, 2019.

The City's responses to the findings identified in our audit are described in the accompanying Management Letter. We did not audit the City's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



October 10, 2019



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor, City Commissioners and City Manager
City of West Park, Florida

We have examined City of West Park, Florida (“City”) compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2018. Management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the City’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 District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District’s compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

This report 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, management, and the Board of Supervisors of the City of West Park, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

October 10, 2019



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor, City Commissioners and City Manager
City of West Park, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of the City of West Park, Florida (the “City”) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated October 10, 2019.

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 Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor’s Report on an examination conducted in accordance with *AICPA 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 October 10, 2019, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of the state of Florida. Accordingly, in connection with our audit of the financial statements of the City, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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

We wish to thank the City of West Park, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

October 10, 2019

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2018-01 Internal controls over disbursements:

Observation: During procedures noted several instances where the City manager's approval was not present on invoices or check requests. In addition, there were instances where procurement documentation was not provided to substantiate that the policies were followed. Further, an invoice requested for testing was not provided and had to be requested from the vendor.

Recommendation: We recommend that the City either amend the policy or ensure that the policy is being followed. In addition, supporting documentation should be kept that provides evidence that the procurement policy was followed and ensure that all invoices are kept on file.

Reference Number for Prior Year Finding: 2017-04

Management Response: On August, 7, 2019, the City Commission amended its purchasing code to reflect the current practices. The previous code language was adopted at the City's incorporation and reflected a much smaller operation wherein the City Administrator was able to oversee much of the minutiae of the City's operation. Since that time, the City has grown, matured, and added additional staff. Plus with technological changes such as online approvals, the Code had become outdated. We do not expect this comment to be repeated.

2018-02 Adopted Permit Fee Schedule:

Observation: The permit fee schedule that the Commission has adopted incorrectly states County and State fees that the City is required to charge. The fee schedule currently states there is a Radon fee, a Florida Homeowner Recovery Fund fee, and a Building Code Administrators & Inspectors fund fee each at \$0.005 on every square foot of construction. There should be two fees, the DCA fee and the DBPR fee. The DCA fee should be the greater of \$2 or the permit fee times the current percentage in Florida Statute 468.631. The DBPR fee should be the greater of \$2 or the permit fee times the current percentage in Florida Statute 553.721. The fee schedule currently states that there is an additional educational fee of 0.03% on the cost of construction. Based on Florida Statutes 468.631 and 553.721, the educational funds should be 10% withheld from the DCA and DPBR fees and not an additional fee. The fee schedule should also state that there is a minimum charge on the Board of Rules & Appeals Fee of \$2.

Recommendation: We recommend that the City correct the permit fee schedule.

Management Response: The surcharges from the State and County change with some regularity. The City will update its fee schedule to reflect only those fees charged by the City with a notation that additional State and County charges may apply.

REPORT TO MANAGEMENT (Continued)

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS (Continued)

2018-03 Incorrect Permit Fees Charged:

Observation: During our procedures we noted several instances where incorrect permit fees were charged. The following were the instances noted:

- Charging .03% of the construction cost for Inspector and educational training as an additional fee instead of withholding 10% from the DCA and DPBR fees.
- Charging the BORA fee as the job cost times \$.00068 instead of \$.68 for each \$1,000 or **any fraction thereof**.
- Permits fees for shutters calculated using the structural rate instead of the specific rate for shutters.
- Permits fees for residential pools calculated using the structural rate instead of the specific rate for residential pools.

Recommendation: We recommend that the City identify and implement internal controls over the permit fee calculation process to mitigate the risk that these errors occur in the future.

Management Response: The City has changed vendors and all of the files and information provided to the auditors were in the old system. The City has since migrated to its own system. We will implement practices and internal controls to ensure that the appropriate fees are charged. The City will regularly monitor random files to check that the appropriate fees are charged.

2018-04 Incomplete Permit Documentation Provided:

Observation: By the end of the audit testing timeline we did not receive a copy of a signed permit application for 7 out of 25 permits that we selected.

Recommendation: We recommend that the City identify and implement internal controls over the permit documentation process to ensure that permit documentation is properly produced, stored and retained.

Management Response: Again, as with the similar building department comments above, we would again note that the City's systems for building permitting has changed from the period of time audited. Nonetheless, we will review the processes with the building department staff and evaluate the current system and its controls.

REPORT TO MANAGEMENT (Continued)

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS (Continued)

2018-05 LETF Bank account and transfers:

Observation: The City does not reconcile each bank account individually. As a result, the LETF and operating account are treated as if they were pooled on the bank reconciliation, when in fact they are not pooled. In addition, approximately \$192,000 over the past 2 years has been paid by the operating account for LETF expenditure and the cash has not been transferred from the LETF bank account to the operating account.

Recommendation: The City should immediately transfer the \$192,000 from the LETF to the operating account and going forward should transfer funds periodically throughout the year.

Management Response: We disagree that the bank reconciliation is not done for any bank account. We do not maintain any check stock for this account. The bank reconciliation is done for all accounts each month. It is true that the City's General Fund is owed cash at fiscal year-end from the LETF checking account. We don't consider this an issue. However, we will order some check stock to effect periodic transfers of cash from one account to the other.

2018-06 Statute Compliance:

Finding: Florida Statutes require governmental entities to file an annual financial report and a copy of the financial audit with the State within 9 months of the end of the fiscal year. Both the annual financial report and the annual audit report for the fiscal year ended September 30, 2018 were not filed by June 30, 2019.

Recommendation: The City should take the necessary steps to comply with the Florida Statutes and file both reports within statutory time frames.

Management Response: The annual financial report (AFR) and the annual audit are concurrent filings. One cannot be filed without the other. The audit was begun late and ended late. We do not expect this to recur. We expect the FY2019 audit to start much earlier and be completed much earlier.

REPORT TO MANAGEMENT (Continued)

II. PRIOR YEAR FINDINGS

2015-01, 2016-01, 2017-01 Bank Reconciliations

Current Status: Matter was resolved.

2015-03, 2016-02, 2017-02 Control and Access to Data

Current Status: Matter was resolved.

2015-06, 2016-03, 2017-03 Monitoring of Contractor - Building Permits Revenue

Current Status: Matter was resolved.

2017-04 Internal Controls over disbursements:

Current Status: Matter was not resolved. See finding 2018-01.

2017-05 Unsupported Purchase Card Transactions:

Current Status: Matter was resolved.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2017, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2018, except as noted above.

REPORT TO MANAGEMENT (Continued)

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2018, except as noted above.

4. The name or official title and legal authority of the City are disclosed in the notes to the financial statements.
5. The City has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2018. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.