



VILLAGE OF VIRGINIA GARDENS, FLORIDA
Financial Section, Required Supplementary Information, and
Supplementary Financial Reports Compliance Section
September 30, 2019
With Independent Auditor's Report

Village of Virginia Gardens, Florida
Table of Contents
September 30, 2019

Independent Auditor's Report	1-2
Financial Section	
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Governmental Funds	
Balance Sheet	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Proprietary Fund	
Statement of Net Position	13
Statement of Revenues, Expenses, and Changes in Net Position	14
Statement of Cash Flows	15
Notes to Basic Financial Statements	16-27
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds	28
Supplementary Financial Reports Compliance Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	29-30
Status of Prior Year Recommendations	31
Management Letter Required by Section 10.550 of the Rules of the Auditor General of the State of Florida	32-33
Independent Accountant's Report on Compliance With Section 218.415, Florida Statutes	34

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Village Council

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Virginia Gardens, Florida (the "Village") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village'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 auditors consider internal control relevant to the Village'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 Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, and budgetary comparison information on page 28, 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 February 14, 2020, on our consideration of the Village of Virginia Gardens, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Village's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

February 14, 2020

Village of Virginia Gardens, Florida

Management's Discussion and Analysis

September 30, 2019

As management of the Village of Virginia Gardens, Florida (the "Village"), we offer readers of the Village's basic financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the Auditor's report, the basic financial statements, and the notes to basic financial statements.

The Village implemented the Governmental Accounting Standards Board ("GASB") Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" in fiscal year ended September 30, 2004. Under GASB Statement No. 34, retroactive infrastructure reporting for small governments is optional. Village management has reviewed the cost/benefit of the additional reporting requirements and determined not to retroactively apply the infrastructure reporting requirements of GASB Statement No. 34. The Village has capitalized infrastructure assets since implementation of GASB Statement No. 34.

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Village's financial activity, (c) identify changes in the Village'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. The information contained within this section should be considered only a part of a greater whole.

Financial Highlights

- The assets of the Village exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$5,181,928 (net position). Of this amount, \$975,704 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.
- During the fiscal year, the Village's total net position decreased by \$238,260.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund equity of \$612,177, an decrease of \$168,933 in comparison with the prior year. Of this amount, \$442,041 is available for spending at the government's discretion (unassigned fund balance).

Overview of the Financial Statements

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary financial reports compliance section. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide statements.
- The governmental funds statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the water fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information which further explains and supports the information in the financial statements.

Village of Virginia Gardens, Florida

Management's Discussion and Analysis

September 30, 2019

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Village include general government, public safety, physical environment, transportation, human services, and culture and recreation. The business-type activity of the Village includes a water fund.

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

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

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

The Village maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the Village's law enforcement forfeiture fund and public works fund, which are considered to be special revenue funds.

The Village adopts an annual appropriated budget for its general fund and public works fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 11 and 12 of this report.

**Village of Virginia Gardens, Florida
Management's Discussion and Analysis
September 30, 2019**

Proprietary fund. The Village maintains one proprietary or enterprise fund. An *enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses an enterprise fund to account for its water fund.

The basic proprietary fund financial statements can be found on pages 13 through 15 of this report.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 27 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budget to actual comparisons for the Village's general fund and public works fund. Required supplementary information can be found on page 28 of this report.

Government-Wide Financial Analysis

The table below summarizes the statements of net position:

Village of Virginia Gardens, Florida								
Net Position								
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Amount Change</u>	<u>% Change</u>
	September 30,		September 30,		September 30,			
	2019	2018	2019	2018	2019	2018		
Current and other assets	\$ 846,794	\$ 975,884	\$ 682,321	\$ 649,497	\$ 1,529,115	\$ 1,625,381	\$ (96,266)	(5.9) %
Capital assets, net	<u>3,883,453</u>	<u>3,959,667</u>	<u>152,635</u>	<u>161,697</u>	<u>4,036,088</u>	<u>4,121,364</u>	<u>(85,276)</u>	(2.1)
Total assets	<u>4,730,247</u>	<u>4,935,551</u>	<u>834,956</u>	<u>811,194</u>	<u>5,565,203</u>	<u>5,746,745</u>	<u>(181,542)</u>	(3.2)
Long-term liabilities								
outstanding	61,516	48,857	-	-	61,516	48,857	12,659	25.9
Other liabilities	<u>204,662</u>	<u>161,669</u>	<u>87,142</u>	<u>82,926</u>	<u>291,804</u>	<u>244,595</u>	<u>47,209</u>	19.3
Total liabilities	<u>266,178</u>	<u>210,526</u>	<u>87,142</u>	<u>82,926</u>	<u>353,320</u>	<u>293,452</u>	<u>59,868</u>	20.4
Deferred inflows	<u>29,955</u>	<u>33,105</u>	<u>-</u>	<u>-</u>	<u>29,955</u>	<u>33,105</u>	<u>(3,150)</u>	(9.5)
Net position								
Investment in capital assets, net of related debt	3,883,453	3,959,667	152,635	161,697	4,036,088	4,121,364	(85,276)	(2.1)
Restricted	170,136	334,805	-	-	170,136	334,805	(164,669)	(49.2)
Unrestricted	<u>380,525</u>	<u>397,448</u>	<u>595,179</u>	<u>566,571</u>	<u>975,704</u>	<u>964,019</u>	<u>11,685</u>	1.2
Total net position	<u>\$ 4,434,114</u>	<u>\$ 4,691,920</u>	<u>\$ 747,814</u>	<u>\$ 728,268</u>	<u>\$ 5,181,928</u>	<u>\$ 5,420,188</u>	<u>\$ (238,260)</u>	(4.4) %

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities and deferred inflows by \$5,181,928 at the close of the most recent fiscal year and total net position decreased by \$238,260 from the prior fiscal year.

Village of Virginia Gardens, Florida
Management's Discussion and Analysis
September 30, 2019

The largest portion of the Village's net position (\$4,036,088 or 78%) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, machinery, equipment, and vehicles) less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position, \$170,136, represents resources that are subject to external restrictions as to how they may be used.

The balance of *unrestricted net position*, \$975,704, may be used to meet the government's ongoing obligations to residents and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in the three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The table below summarizes the statements of activities:

Village of Virginia Gardens, Florida
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total		Amount Change	% Change
	Year Ended		Year Ended		Year Ended			
	September 30, 2019	2018	September 30, 2019	2018	September 30, 2019	2018		
Revenues								
Program revenues								
Fees, fines, and charges for services	\$ 605,212	\$ 400,767	\$ 356,518	\$ 350,456	\$ 961,730	\$ 751,223	\$ 210,507	28.0 %
General revenues								
Ad valorem taxes	1,295,203	1,312,586	-	-	1,295,203	1,312,586	(17,383)	(1.3)
Utility taxes and franchise fees	470,839	487,429	-	-	470,839	487,429	(16,590)	(3.4)
Intergovernmental	599,819	990,988	-	-	599,819	990,988	(391,169)	(39.5)
Investment earnings	5	10	-	-	5	10	(5)	(50.0)
Miscellaneous	24,852	116,533	-	-	24,852	116,533	(91,681)	(78.7)
Total revenues	<u>2,995,930</u>	<u>3,308,313</u>	<u>356,518</u>	<u>350,456</u>	<u>3,352,448</u>	<u>3,658,769</u>	<u>(306,321)</u>	<u>(8.4)</u>
Expenses								
General government	1,022,425	985,617	-	-	1,022,425	985,617	36,808	3.7
Public safety	1,373,081	1,243,392	-	-	1,373,081	1,243,392	129,689	10.4
Physical environment	287,006	262,348	-	-	287,006	262,348	24,658	9.4
Transportation	288,535	302,254	-	-	288,535	302,254	(13,719)	(4.5)
Human services	44,281	34,472	-	-	44,281	34,472	9,809	28.5
Culture and recreation	238,408	304,729	-	-	238,408	304,729	(66,321)	(21.8)
Water	-	-	336,972	347,625	336,972	347,625	(10,653)	(3.1)
Total expenses	<u>3,253,736</u>	<u>3,132,812</u>	<u>336,972</u>	<u>347,625</u>	<u>3,590,708</u>	<u>3,480,437</u>	<u>110,271</u>	<u>3.2</u>
Increase (Decrease) in net position	(257,806)	175,501	19,546	2,831	(238,260)	178,332	(416,592)	233.6
Net position, beginning of year	<u>4,691,920</u>	<u>4,516,419</u>	<u>728,268</u>	<u>725,437</u>	<u>5,420,188</u>	<u>5,241,856</u>	<u>178,332</u>	<u>3.4</u>
Net position, end of year	<u>\$ 4,434,114</u>	<u>\$ 4,691,920</u>	<u>\$ 747,814</u>	<u>\$ 728,268</u>	<u>\$ 5,181,928</u>	<u>\$ 5,420,188</u>	<u>\$ (238,260)</u>	<u>(4.4) %</u>

Village of Virginia Gardens, Florida

Management's Discussion and Analysis

September 30, 2019

Governmental activities. Governmental activities decreased net position \$257,806 due mainly to decreases in intergovernmental and ad valorem taxes revenues during the fiscal year ended September 30, 2019.

Business-type activities. Business-type activities increased the Village's net position by \$19,546 due mainly to decreased operating expenses during the fiscal year ended September 30, 2019.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$612,177, an decrease of \$168,933.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$442,041. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents approximately 15% of total general fund expenditures.

Proprietary fund. The Village's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

The total increase in net position for the enterprise fund was \$19,546.

General Fund Budgetary Highlights

The following information is presented to assist the reader in comparing actual results with budgetary amounts:

- General fund revenues were \$7,470 higher than budgeted amounts, and expenditures were \$146,680 lower than budgeted amounts.
- Additional information on budgetary comparisons between the final budget and actual results can be found on page 28 of this report.

Capital Assets and Debt Administration

Capital assets. The Village's investment in capital assets for its governmental and business-type activities at September 30, 2019, amounts to \$4,036,088.

**Village of Virginia Gardens, Florida
Management's Discussion and Analysis
September 30, 2019**

The table below summarizes the capital assets of the Village:

**Village of Virginia Gardens, Florida
Capital Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Amount Change</u>	<u>% Change</u>
	<u>September 30,</u>		<u>September 30,</u>		<u>September 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>		
Land	\$ 77,311	\$ 77,311	\$ -	\$ -	\$ 77,311	\$ 77,311	\$ -	- %
Buildings and improvements	2,663,255	2,535,578	-	-	2,663,255	2,535,578	127,677	5.0
Transportation equipment	580,674	535,642	57,486	57,486	638,160	593,128	45,032	7.6
Machinery and equipment	975,394	890,981	100,183	84,398	1,075,577	975,379	100,198	10.3
Infrastructure	2,917,752	2,917,752	-	-	2,917,752	2,917,752	-	-
Water systems	-	-	792,911	792,911	792,911	792,911	-	-
Total	7,214,386	6,957,264	950,580	934,795	8,164,966	7,892,059	272,907	3.5
Accumulated depreciation	(3,330,933)	(2,997,597)	(797,945)	(773,098)	(4,128,878)	(3,770,695)	(358,183)	(9.5)
	<u>\$ 3,883,453</u>	<u>\$ 3,959,667</u>	<u>\$ 152,635</u>	<u>\$ 161,697</u>	<u>\$ 4,036,088</u>	<u>\$ 4,121,364</u>	<u>\$ (85,276)</u>	(2.1) %

Additional information on the Village's capital assets can be found in Note 4 on page 23 of this report.

Long-term obligations. At year end, the Village had \$61,516 in long-term obligations outstanding versus \$48,857 last year. There were additions to compensated absences in the current year of \$12,659. Additional information on the Village's long-term obligations can be found in Note 9 on page 25 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Maritza Fernandez, Village Clerk, Village of Virginia Gardens, Florida.

Village of Virginia Gardens, Florida
Government-Wide Statement of Net Position
September 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 884,398	\$ -	\$ 884,398
Receivables, net	86,122	65,776	151,898
Due from other governments	373,550	24,496	398,046
Internal balances	(530,674)	530,674	-
Prepaid items	33,398	-	33,398
Restricted assets – cash and cash equivalents	-	61,375	61,375
Total current assets	<u>846,794</u>	<u>682,321</u>	<u>1,529,115</u>
Capital assets, net of accumulated depreciation	<u>3,883,453</u>	<u>152,635</u>	<u>4,036,088</u>
Total assets	<u>4,730,247</u>	<u>834,956</u>	<u>5,565,203</u>
Liabilities			
Accounts payable	108,423	25,767	134,190
Accrued liabilities	33,465	-	33,465
Compensated absences	62,774	-	62,774
Customer deposits	-	61,375	61,375
Long-term obligations			
Due in more than one year	<u>61,516</u>	<u>-</u>	<u>61,516</u>
Total liabilities	<u>266,178</u>	<u>87,142</u>	<u>353,320</u>
Deferred Inflows			
Deferred revenue	<u>29,955</u>	<u>-</u>	<u>29,955</u>
Total deferred inflows	<u>29,955</u>	<u>-</u>	<u>29,955</u>
Net Position			
Investment in capital assets, net of related debt	3,883,453	152,635	4,036,088
Restricted	170,136	-	170,136
Unrestricted	<u>380,525</u>	<u>595,179</u>	<u>975,704</u>
Total net position	<u>\$ 4,434,114</u>	<u>\$ 747,814</u>	<u>\$ 5,181,928</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Village of Virginia Gardens, Florida
Government-Wide Statement of Activities
Year Ended September 30, 2019

Functions/Programs	Total Expenses	Program Revenues		Net Revenues (Expenses) and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities						
General government	\$ 1,022,425	\$ 596,311	\$ -	\$ (426,114)	\$ -	\$ (426,114)
Public safety	1,373,081	8,901	-	(1,364,180)	-	(1,364,180)
Physical environment	287,006	-	-	(287,006)	-	(287,006)
Transportation	288,535	-	-	(288,535)	-	(288,535)
Human services	44,281	-	-	(44,281)	-	(44,281)
Culture and recreation	238,408	-	-	(238,408)	-	(238,408)
Total governmental activities	3,253,736	605,212	-	(2,648,524)	-	(2,648,524)
Business-type activity						
Water fund	336,972	356,518	-	-	19,546	19,546
	<u>\$ 3,590,708</u>	<u>\$ 961,730</u>	<u>\$ -</u>	<u>(2,648,524)</u>	<u>19,546</u>	<u>(2,628,978)</u>
		General revenues				
		Ad valorem taxes		1,295,203	-	1,295,203
		Utility taxes and franchise fees		470,839	-	470,839
		Intergovernmental		599,819	-	599,819
		Investment earnings		5	-	5
		Miscellaneous		24,852	-	24,852
		Total general revenues		<u>2,390,718</u>	<u>-</u>	<u>2,390,718</u>
		Changes in net position		(257,806)	19,546	(238,260)
		Net position, beginning of year		<u>4,691,920</u>	<u>728,268</u>	<u>5,420,188</u>
		Net position, end of year		<u>\$ 4,434,114</u>	<u>\$ 747,814</u>	<u>\$ 5,181,928</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Village of Virginia Gardens, Florida
Balance Sheet
Governmental Funds
September 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Law Enforcement Forfeiture Fund	Public Works Fund	
Assets				
Cash and cash equivalents	\$ 884,398	\$ -	\$ -	\$ 884,398
Receivables	86,122	-	-	86,122
Due from other governments	298,523	-	75,027	373,550
Due from other funds	3,604	37,011	108,667	149,282
Prepaid items	33,398	-	-	33,398
Total assets	<u>1,306,045</u>	<u>37,011</u>	<u>183,694</u>	<u>1,526,750</u>
Liabilities				
Liabilities				
Accounts payable	78,471	-	29,952	108,423
Accrued liabilities	33,465	-	-	33,465
Compensated absences	62,774	-	-	62,774
Due to other funds	625,941	-	54,015	679,956
Total liabilities	<u>800,651</u>	<u>-</u>	<u>83,967</u>	<u>884,618</u>
Deferred Inflows				
Deferred revenue	29,955	-	-	29,955
Total deferred inflows	<u>29,955</u>	<u>-</u>	<u>-</u>	<u>29,955</u>
Fund Equity				
Fund balance				
Nonspendable	33,398	-	-	33,398
Restricted	-	37,011	99,727	136,738
Unassigned	442,041	-	-	442,041
Total fund equity	<u>\$ 475,439</u>	<u>\$ 37,011</u>	<u>\$ 99,727</u>	<u>\$ 612,177</u>

Reconciliation of the balance sheet of governmental funds to the statement of net position

Total fund balance - total governmental funds	\$ 612,177
Amounts reported for governmental activities in the statement of net position are different because:	
<ul style="list-style-type: none"> • Capital assets of \$7,214,386, net of accumulated depreciation of \$3,330,933, are not financial resources and, therefore, are not reported in the funds. 	3,883,453
<ul style="list-style-type: none"> • Long-term liabilities of \$61,516 are not due and payable in the current period and are not reported in the funds. 	<u>(61,516)</u>
Net position of governmental activities	<u>\$ 4,434,114</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Village of Virginia Gardens, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2019

	<u>Major Funds</u>			Total Governmental Funds
	<u>General Fund</u>	<u>Law Enforcement Forfeiture Fund</u>	<u>Public Works Fund</u>	
Revenues				
Ad valorem taxes	\$ 1,295,203	\$ -	\$ -	\$ 1,295,203
Utility taxes and franchise fees	470,839	-	-	470,839
Charges for services	493,638	-	-	493,638
Intergovernmental	424,608	-	175,211	599,819
Licenses, permits, and fees	102,673	-	-	102,673
Fines and forfeitures	8,901	-	-	8,901
Miscellaneous	<u>24,852</u>	<u>5</u>	<u>-</u>	<u>24,857</u>
Total revenues	<u>2,820,714</u>	<u>5</u>	<u>175,211</u>	<u>2,995,930</u>
Expenditures				
Current operating				
General government	964,947	-	-	964,947
Public safety	1,260,218	-	-	1,260,218
Physical environment	170,297	-	-	170,297
Transportation	-	-	288,535	288,535
Human services	35,201	-	-	35,201
Culture and recreation	188,543	-	-	188,543
Capital outlay	<u>257,122</u>	<u>-</u>	<u>-</u>	<u>257,122</u>
Total expenditures	<u>2,876,328</u>	<u>-</u>	<u>288,535</u>	<u>3,164,863</u>
Excess (deficiency) of revenues over expenditures	(55,614)	5	(113,324)	(168,933)
Other financing sources (uses) – interfund transfers	(139,900)	-	139,900	-
Fund balances, beginning of year	<u>670,953</u>	<u>37,006</u>	<u>73,151</u>	<u>781,110</u>
Fund balances, end of year	<u>\$ 475,439</u>	<u>\$ 37,011</u>	<u>\$ 99,727</u>	<u>\$ 612,177</u>

Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities

Net change in fund balances - total governmental funds	\$ (168,933)
Amounts reported for governmental activities in the statement of activities are different because:	
<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$333,336 exceeded capital outlays of \$257,122 in the current period. 	(76,214)
<ul style="list-style-type: none"> Change in long-term portion of compensated absences. 	<u>(12,659)</u>
Change in net position of governmental activities	<u>\$ (257,806)</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Village of Virginia Gardens, Florida
Statement of Net Position
Proprietary Fund
September 30, 2019

	Water Fund
Assets	
Current assets	
Receivables, net	\$ 65,776
Due from other governments	24,496
Due from other funds	534,277
Restricted assets – cash and cash equivalents	<u>61,375</u>
Total current assets	685,924
Capital assets, net	<u>152,635</u>
Total assets	<u>838,559</u>
Liabilities	
Current liabilities	
Accounts payable	25,767
Due to other funds	3,603
Payable from restricted assets – customer deposits	<u>61,375</u>
Total current liabilities	90,745
Net Position	
Investment in capital assets, net of related debt	152,635
Unrestricted	<u>595,179</u>
Total net position	<u>\$ 747,814</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Village of Virginia Gardens, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
September 30, 2019

	Water Fund
Operating revenues	
User charges	\$ 333,775
Service and hook-up charges	14,753
Miscellaneous	<u>7,990</u>
Total operating revenues	<u>356,518</u>
Operating expenses	
Salaries, wages, and employee benefits	121,950
Contractual services, materials, and supplies	190,175
Depreciation	<u>24,847</u>
Total operating expenses	<u>336,972</u>
Operating income	19,546
Net position, beginning of year	<u>728,268</u>
Net position, end of year	<u>\$ 747,814</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Village of Virginia Gardens, Florida
Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2019

	Water Fund
Operating activities	
Receipts from customers and users	\$ 350,025
Payments to suppliers	(185,018)
Payments to employees	<u>(121,950)</u>
Net cash provided by operating activities	<u>43,057</u>
Capital and related financing activities	
Acquisition of capital assets	<u>(15,785)</u>
Net cash used in capital and related financing activities	<u>(15,785)</u>
Noncapital financing activities	
Change in due to or from other funds	(27,272)
Change in customer deposits	<u>(940)</u>
Net cash used in noncapital financing activities	<u>(28,212)</u>
Net change in cash and cash equivalents	(940)
Cash and cash equivalents	
Beginning of year	<u>62,315</u>
End of year	<u>\$ 61,375</u>
Recorded in the statement of net position as follows	
Restricted assets – cash and cash equivalents	<u>\$ 61,375</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 19,546
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	24,847
Changes in	
Receivables	2,499
Due from other governments	(8,992)
Accounts payable	<u>5,157</u>
Net cash provided by operating activities	<u>\$ 43,057</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Village of Virginia Gardens, Florida (the "Village") was incorporated in 1953 under Chapter 29576 of the laws of Florida. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture, recreation, public works, improvements, planning and zoning, and general administrative services.

The Village complies with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Village's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accounting and reporting framework and the more significant accounting principles are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Village's financial activities for the fiscal year ended September 30, 2019.

Financial Reporting Entity

The Village is a Florida municipal corporation with a five-member Village Council which acts as the legislative branch and a Mayor who is the chief executive officer of the Village. As required by U.S. GAAP, these financial statements present the Village (the primary government). Using applicable GASB criteria, management has determined that the Village has no component units.

Reporting Model

GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" allows small governments to elect not to retroactively record infrastructure. Management has decided not to retroactively implement the recording of infrastructure assets.

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 nonfiduciary activities of the primary government. 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and one proprietary fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 revenues 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures for claims and judgments, are recorded only when payments are due.

Property taxes, franchise taxes, 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 revenues are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

Special revenue funds are used to account for the proceeds of a specific revenue source that is legally restricted to expenditures for specific purposes. The Village uses these funds to account for the activities of the law enforcement forfeiture fund and the public works fund.

The *law enforcement forfeiture fund* accounts for funds received under the provisions of the Florida Contraband Forfeiture Act, which are to be expended for unbudgeted law enforcement purposes.

The *public works fund* accounts for funds received under Chapters 336.021(1)(a) and 206.605(3), Florida Statutes, which are to be expended for establishment, purchase, and maintenance of transportation systems and facilities and road and street rights of way.

The government reports the following major proprietary fund:

The *water fund* accounts for the activities of the Village's water services.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Village has elected not to follow subsequent private-sector guidance.

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for sales and services. The Village also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Assets, Liabilities, Deferred Inflows, and Net Position or Equity

(1) Deposits – Cash and Cash Equivalents

Florida Statutes provide for risk sharing collateral pools by banks and savings and loan associations. These collateral pools collateralize local government deposits and certificates of deposit with the participating depositories. The Village's demand deposits and certificates of deposit are placed in such authorized depositories.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned or the Village will not be able to recover collateral securities in the possession of an outside party. At September 30, 2019, the carrying amount of the Village's deposits was \$945,773, and the bank balances of the Village's deposits were \$1,050,380. Bank balances were covered by certain levels of federal deposit insurance and the remainder was covered by pledged collateral as required by Florida Statutes. All collateral is pledged in the Village's name and is held by a third-party financial institution.

Highly liquid financial instruments with an original maturity of three months or less at the time they are purchased by the Village are considered to be cash equivalents.

(2) Village of Virginia Gardens' Investment Policies

(a) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Investing is performed in accordance with investing policies prescribed by State Statutes, Village Charter, and Village Policies. Funds may be invested in (1) direct obligations of the United States Government, its agencies, or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, (2) Florida State Board of Administration local government surplus funds trust fund, and (3) collateralized or insured certificates of deposit and other evidence of deposits in financial institutions.

All of the Village's nonpension investments are certificates of deposit in regional or national financial institutions.

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

(b) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Village's policy provides that to the extent practical investments are to be matched to cash flow requirements. The Village manages interest rate risks by purchasing certificates of deposit with maturities of 180 days or less.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investments in a single issuer.

(3) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to or from other funds" (i.e., the current portion of interfund loans) or "advances to or from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." See Note 12 for details of interfund transactions and balances, including receivables and payables, at September 30, 2019.

Management has determined that no allowance for bad debt is required for the general fund receivables.

Management evaluates the collectability of its user charges receivable in the water fund based on a combination of factors, including analysis of historical trends, aging of receivables, write-off experience, amounts held as deposit, and identification of specific accounts known as collection problems. The results of the evaluation are used to estimate the allowance amount, which management determined to be \$22,085 at September 30, 2019. An account is charged off when management determines a customer's inability to meet their financial obligations. This will occur after the water is shut off and the deposit is forfeited. There was no bad debt expense for the year ended September 30, 2019.

(4) Capital Assets

Capital assets, which include land, buildings and improvements, transportation equipment, machinery and equipment, infrastructure, and water systems, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two 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 ordinary maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

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 assets constructed.

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

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

Assets	Governmental Activities	Business-Type Activities
Buildings and improvements	7 – 40 years	N/A
Transportation equipment	3 – 7 years	5 years
Machinery and equipment	7 – 10 years	5 – 10 years
Infrastructure	25 years	N/A
Water systems	N/A	50 years

(5) Deferred Inflows of Resources

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 represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The amounts are deferred and recognized as an inflow of resources in the period that amounts become available. The general fund reports unavailable revenues from local business taxes and grant monies collected in advance.

(6) Compensated Absences

The policy of the Village is to allow vesting of employee leave benefits with the right to receive compensation under certain conditions. The liability for accrued compensated absences in the enterprise fund is accrued in that fund. The liability for employees of governmental funds is reported in the general fund.

(7) Fund Balances – Governmental Funds

As of September 30, 2019, fund balances of the governmental funds are classified as follows:

- Nonspendable fund balance – amounts that cannot be spent because of their nature (such as prepaid items) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Village Council). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the Village intends to use for a specific purpose. Intent can be expressed by the Village Council or by an official or body to which the Village Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

The Village Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Village Council through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the Village strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 25% of the actual U.S. GAAP basis expenditures and other financing sources and uses.

Stewardship, Compliance, and Accountability

Budgetary Information – The following procedures are used by the Village in legally adopting the budget for the general fund:

Legally Adopted Appropriated Budgets:

- Prior to August 1, the Mayor submits to the Village Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are held to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Council.
- The budgets for the general fund and the public works fund are adopted on a basis consistent with U.S. GAAP.

There are no encumbrances outstanding at year end. All outstanding purchase orders are canceled and appropriations lapse at that time. Therefore, the Village did not report any fund balances reserved for encumbrances at year end.

The Village does not budget for the law enforcement forfeiture fund.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Village Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. For the year ended September 30, 2019, actual expenditures were lower than the final budgeted amounts by \$146,680 in the General Fund.

Legally Authorized Nonappropriated Budget:

- A legally authorized nonappropriated budget is prepared for the enterprise fund. The Mayor is authorized to transfer budget amounts between line items of the authorized budget.

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

Estimates

The preparation of basic financial statements in accordance with the bases of accounting described in the previous paragraphs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets or liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Village has evaluated subsequent events through February 14, 2020, the date which the financial statements were available to be issued. Based upon this evaluation, the Village has determined that no subsequent events have occurred which would require disclosure in the financial statements.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2019, consist of the following:

	Governmental Fund Types		Proprietary Fund Type	Total All Funds	Financial Institution Balance
	General Fund	Special Revenue Funds	Enterprise Fund		
Cash and cash equivalents					
Unrestricted					
Demand deposits	\$ 884,398	\$ -	\$ -	\$ 884,398	\$ 1,000,099
Restricted					
Demand deposits	-	-	61,375 ⁽¹⁾	61,375	50,281
Total cash and cash equivalents	<u>\$ 884,398</u>	<u>\$ -</u>	<u>\$ 61,375</u>	<u>\$ 945,773</u>	<u>\$ 1,050,380</u>

¹ Restricted for customer utility deposits

3. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

Receivables and due from other governments consist of the following at September 30, 2019:

	General Fund	Water Fund	Public Works Fund	Total
Receivables				
Utility taxes	\$ 22,360	\$ -	\$ -	\$ 22,360
Franchise fees	50,227	-	-	50,227
User charges	-	87,811	-	87,811
Other	13,535	50	-	13,585
Total receivables	86,122	87,861	-	173,983
Less allowance for doubtful accounts	-	(22,085)	-	(22,085)
Total receivables, net	<u>\$ 86,122</u>	<u>\$ 65,776</u>	<u>\$ -</u>	<u>\$ 151,898</u>
Due from other governments				
Miami-Dade County	1,464	24,496	24,999	50,959
State of Florida	131,808	-	7,539	139,347
United States Government-FEMA	165,251	-	42,489	207,740
Total due from other governments	<u>\$ 298,523</u>	<u>\$ 24,496</u>	<u>\$ 75,027</u>	<u>\$ 398,046</u>

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	<u>Balance, October 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance, September 30, 2019</u>
Governmental activities					
Capital assets not being depreciated					
Land	\$ 77,311	\$ -	\$ -	\$ -	\$ 77,311
Total capital assets not being depreciated	<u>77,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,311</u>
Capital assets being depreciated					
Buildings and improvements	2,535,578	127,677	-	-	2,663,255
Transportation equipment	535,642	45,032	-	-	580,674
Machinery and equipment	890,981	84,413	-	-	975,394
Infrastructure	2,917,752	-	-	-	2,917,752
Total capital assets being depreciated	<u>6,879,953</u>	<u>257,122</u>	<u>-</u>	<u>-</u>	<u>7,137,075</u>
Accumulated depreciation per capital asset group					
Buildings and improvements	(813,164)	(95,824)	-	-	(908,988)
Transportation equipment	(325,104)	(78,215)	-	-	(403,319)
Machinery and equipment	(730,180)	(42,587)	-	-	(772,767)
Infrastructure	(1,129,149)	(116,710)	-	-	(1,245,859)
Total accumulated depreciation per capital asset group	<u>(2,997,597)</u>	<u>(333,336)</u>	<u>-</u>	<u>-</u>	<u>(3,330,933)</u>
Capital assets being depreciated, net	<u>3,882,356</u>	<u>(76,214)</u>	<u>-</u>	<u>-</u>	<u>3,806,142</u>
Governmental activities – capital assets, net	<u>\$ 3,959,667</u>	<u>\$ (76,214)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,883,453</u>
Business-type activities					
Capital assets being depreciated					
Water systems	\$ 792,911	\$ -	\$ -	\$ -	\$ 792,911
Transportation equipment	57,486	-	-	-	57,486
Machinery and equipment	84,398	15,785	-	-	100,183
Total capital assets being depreciated	<u>934,795</u>	<u>15,785</u>	<u>-</u>	<u>-</u>	<u>950,580</u>
Accumulated depreciation per capital asset group					
Water systems	(645,575)	(12,665)	-	-	(658,240)
Transportation equipment	(57,486)	-	-	-	(57,486)
Machinery and equipment	(70,037)	(12,182)	-	-	(82,219)
Total accumulated depreciation per capital asset group	<u>(773,098)</u>	<u>(24,847)</u>	<u>-</u>	<u>-</u>	<u>(797,945)</u>
Capital assets being depreciated, net	<u>161,697</u>	<u>(9,062)</u>	<u>-</u>	<u>-</u>	<u>152,635</u>
Business-type activities – capital assets, net	<u>\$ 161,697</u>	<u>\$ (9,062)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,635</u>

Depreciation expense was charged to functions of the primary government for the year ended September 30, 2019, as follows:

General government	\$ 57,478
Public safety	100,204
Physical environment	116,709
Human services	9,080
Culture and recreation	49,865
	<u>\$ 333,336</u>

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following at September 30, 2019:

	Governmental Activities			Business- Type Activities	Government- Wide
	General	Public Works	Total	Enterprise	
	Fund	Fund	Governmental	Fund	
Accounts payable					
Vendors	\$ 78,471	\$ 29,952	\$ 108,423	\$ -	\$ 108,423
DERM taxes	-	-	-	25,767	25,767
	<u>\$ 78,471</u>	<u>\$ 29,952</u>	<u>\$ 108,423</u>	<u>\$ 25,767</u>	<u>\$ 134,190</u>
Accrued liabilities					
Salaries and benefits	<u>\$ 33,465</u>	<u>\$ -</u>	<u>\$ 33,465</u>	<u>\$ -</u>	<u>\$ 33,465</u>

6. AD VALOREM TAX REVENUES

The Village levied a millage rate of \$5.1500 per \$1,000 of assessed value for the fiscal years 2019 and 2018. The County of Miami-Dade, Florida, bills and receives payments for all property taxes levied by the Village. Payments are then remitted to the Village.

Ad valorem taxes are levied on property values as of January 1 as assessed on July 1 with the millage rate established during September. The fiscal year for which taxes are levied begins October 1. Taxes are billed in October with a maximum discount available through November 30, and become delinquent April 1. Tax certificates are issued for delinquent taxes by May 31.

7. EMPLOYEE BENEFIT PLANS

A. Money Purchase Pension Plan

The Village participates in a single-employer defined contribution money purchase pension plan for full-time police officers and certain Village administrative personnel. The benefits to be received by a participant are based solely on the amount contributed to the participant's account, the returns earned on the investment of those contributions, and forfeitures of nonvested terminated participants' accounts that may be allocated to remaining participants.

Since this plan qualifies as a defined contribution plan which is administered in its entirety under a pool arrangement by ICMA Retirement Corporation (a private sector plan administrator), the assets, liabilities, fund balances, and operations are not recorded within these basic financial statements.

Funding Provisions – Employees are required to contribute 5% of their compensation subject to certain limitations. The Village contributes an amount equal to 8% of participating employees' compensation. Total contributions were \$28,376 and \$17,734 for the Village and participants, respectively. Total eligible employees and participating employees were 11 and 8, respectively.

Plan provisions and contribution requirements are established and may be amended by the Village Council.

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

Vesting Provisions of Village's Contributions – An employee who leaves the employment of the Village is entitled to all of his or her contributions and a portion of the Village's contributions as follows:

Years of Service	Percentage of Balance Vested
0 years but less than 3	0%
3 years but less than 4	25%
4 years but less than 5	50%
5 years or more	100%

B. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen non-reimbursed emergency. The plan assets have been placed in a trust with a third-party trustee and, as such, are not recorded in the basic financial statements.

8. OPERATING LEASES AS LESSOR

The Village leases land that is used for cellular phone towers under various operating leases. The leases are renewable for terms of five years each. The current term expires during fiscal year 2021. For the fiscal year ended September 30, 2019, the Village received \$75,800 in rental income under these agreements. The amount of minimum rentals to be received is as follows:

2020	\$ 80,347
2021	<u>29,126</u>
	<u>\$ 109,473</u>

9. LONG-TERM OBLIGATIONS

Governmental Fund Type Long-Term Obligations

Changes in governmental fund type long-term obligations for the year ended September 30, 2019, were as follows:

	<u>Balance, October 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, September 30, 2019</u>
Compensated absences	<u>\$ 48,857</u>	<u>\$ 12,659</u>	<u>\$ -</u>	<u>\$ 61,516</u>

The maturities for compensated absences are indeterminable.

Disclosure of Legal Debt Margin

The Village has no legal debt margin requirements set forth by either State Statute or Village ordinance.

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

10. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has obtained insurance from commercial underwriters for all the aforementioned risks, including workers' compensation for the year ended September 30, 2019.

The Village has not paid any settlements in excess of insurance coverage for each of the past three years. Furthermore, the Village has no significant reduction in insurance coverage from the prior year.

11. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

A. Litigation

During the ordinary course of its operations, the Village is party to various claims, legal actions, and complaints. Some of these matters are covered by the Village's insurance program. Those which are not covered are handled by various law firms retained by the Village. Management does not believe that any such matters would have a material impact on the Village's basic financial statements.

B. Grant Expenditures

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

C. Annexation

The Village is currently pursuing the annexation of additional lands which it believes will assist in the long-term growth by an increased tax base and job creation but will cost the Village additional monies for public safety and other services.

12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

U.S. GAAP requires disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

A. Interfund Transactions and Balances

Individual fund interfund receivable and payable balances at September 30, 2019, were:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds		
General fund	\$ 3,604	\$ 625,941
Law enforcement forfeiture fund	37,011	-
Public works fund	108,667	54,015
Enterprise fund – water fund	<u>534,277</u>	<u>3,603</u>
	<u>\$ 683,559</u>	<u>\$ 683,559</u>

The general fund collects revenues and pays expenditures/expenses for the water fund and the public works fund. These interfund accounts arise as a result of this net activity.

Village of Virginia Gardens, Florida
Notes to Basic Financial Statements
September 30, 2019

B. Fund Balances

The Village's fund balances are as follows at September 30, 2019:

	<u>General Fund</u>	<u>Law Enforcement Forfeiture Fund</u>	<u>Public Works Fund</u>	<u>Total</u>
Nonspendable				
Prepays	\$ 33,398	-	-	\$ 33,398
Restricted				
Law enforcement	-	37,011	-	37,011
Transportation	-	-	99,727	99,727
Total restricted	-	37,011	99,727	136,738
Unassigned	442,041	-	-	442,041
Total fund balances	<u>\$ 475,439</u>	<u>\$ 37,011</u>	<u>\$ 99,727</u>	<u>\$ 612,177</u>



REQUIRED SUPPLEMENTARY INFORMATION

Village of Virginia Gardens, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Governmental Funds
Year Ended September 30, 2019

	General Fund					Public Works Fund				
	Original Budget	Budget Amendments	Final Budget	Actual	Variance	Original Budget	Budget Amendments	Final Budget	Actual	Variance
Revenues										
Ad valorem taxes	\$ 1,376,104	\$ (80,800)	\$ 1,295,304	\$ 1,295,203	\$ (101)	\$ -	\$ -	\$ -	\$ -	\$ -
Utility taxes and franchise fees	446,100	14,400	460,500	470,839	10,339	-	-	-	-	-
Charges for services	368,100	111,900	480,000	493,638	13,638	-	-	-	-	-
Intergovernmental	316,900	133,300	450,200	424,608	(25,592)	492,156	(121,300)	370,856	175,211	(195,645)
Licenses, permits, and fees	105,000	(10,000)	95,000	102,673	7,673	-	-	-	-	-
Fines and forfeitures	14,400	(7,000)	7,400	8,901	1,501	-	-	-	-	-
Miscellaneous	65,524	(40,684)	24,840	24,852	12	-	-	-	-	-
Total revenues	<u>2,692,128</u>	<u>121,116</u>	<u>2,813,244</u>	<u>2,820,714</u>	<u>7,470</u>	<u>492,156</u>	<u>(121,300)</u>	<u>370,856</u>	<u>175,211</u>	<u>(195,645)</u>
Expenditures										
Current operating										
General government	871,116	147,150	1,018,266	964,947	53,319	-	-	-	-	-
Public safety	1,243,394	98,400	1,341,794	1,260,218	81,576	-	-	-	-	-
Physical environment	191,828	(9,600)	182,228	170,297	11,931	-	-	-	-	-
Transportation	-	-	-	-	-	492,156	131,565	623,721	288,535	335,186
Human services	48,164	(17,570)	30,594	35,201	(4,607)	-	-	-	-	-
Culture and recreation	281,826	(46,500)	235,326	188,543	46,783	-	-	-	-	-
Capital outlay	55,800	159,000	214,800	257,122	(42,322)	-	-	-	-	-
Total expenditures	<u>2,692,128</u>	<u>330,880</u>	<u>3,023,008</u>	<u>2,876,328</u>	<u>146,680</u>	<u>492,156</u>	<u>131,565</u>	<u>623,721</u>	<u>288,535</u>	<u>335,186</u>
Excess (deficiency) of revenues over expenditures	-	(209,764)	(209,764)	(55,614)	154,150	-	(252,865)	(252,865)	(113,324)	139,541
Other financing sources (uses) interfund transfers	-	(179,900)	(179,900)	(139,900)	40,000	-	179,900	179,900	139,900	(40,000)
Fund balances, beginning of year	<u>670,953</u>	<u>-</u>	<u>670,953</u>	<u>670,953</u>	<u>-</u>	<u>73,151</u>	<u>-</u>	<u>73,151</u>	<u>73,151</u>	<u>-</u>
Fund balances, end of year	<u>\$ 670,953</u>	<u>\$ (389,664)</u>	<u>\$ 281,289</u>	<u>\$ 475,439</u>	<u>\$ 194,150</u>	<u>\$ 73,151</u>	<u>\$ (72,965)</u>	<u>\$ 186</u>	<u>\$ 99,727</u>	<u>\$ 99,541</u>

See Independent Auditor's Report.



**SUPPLEMENTARY FINANCIAL REPORTS
COMPLIANCE SECTION**

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

Honorable Mayor and Village Council
Village of Virginia Gardens, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Virginia Gardens, Florida (the "Village") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated February 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Withum Smith + Brown, PC

February 14, 2020

Village of Virginia Gardens, Florida
Status of Prior Year Recommendations

Prior Year Recommendations:

<u>Prior Year Findings</u>	<u>Prior Year Reference Number</u>	<u>Current Year Status</u>	<u>Present in Second Preceding Year Report</u>
----------------------------	------------------------------------	----------------------------	--

None

MANAGEMENT LETTER REQUIRED BY SECTION 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Mayor and Village Council
Village of Virginia Gardens, Florida

Report on the Financial Statements

We have audited the financial statements of the Village of Virginia Gardens, Florida (the "Village") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 14, 2020.

Auditor's Responsibility

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, and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant'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 February 14, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements. There are no component units related to the Village.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the Village has met one or more condition(s) described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report of the Village for the fiscal year ended September 30, 2019, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2019. In connection with our audit, we determined that these two reports are in agreement.

Additional Matters

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

Purpose of This Letter

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

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

February 14, 2020

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

Honorable Mayor and Village Council
Village of Virginia Gardens, Florida

We have examined the Village of Virginia Gardens, Florida's (the "Village") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance with those requirements 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 Village complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village 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 Village's compliance with specified requirements.

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the Village and the Auditor General, State of Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

WithumSmith+Brown, PC

February 14, 2020