



WEST MIAMI *Florida*

**Basic Financial Statements
and
Independent Auditor's Report
September 30, 2019**



Serving our Citizens and
the Community since 1947

CITY OF WEST MIAMI, FLORIDA

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT DISCUSSION AND ANALYSIS (Required Supplementary Information)	3-10
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	13
Statement of Revenues, Expenditures and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Enterprise Fund Financial Statements	
Statement of Net Position	16
Statement of Revenues, Expenses and Changes in Net Position	17
Statement of Cash Flows	18
Notes to Basic Financial Statements	19-45
REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)	
Budgetary Comparison Schedules – General Fund	46-56
Budgetary Comparison Schedule – Recreation Fund	57
Notes to Budgetary Comparison Schedules	58
Pension Schedules	
Schedule of Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	59
Schedule of Contributions – Florida Retirement System Pension Plan	60
Schedule of Proportionate Share of the Net Pension Liability – Florida Retirement System Health Insurance Subsidy Pension Plan	61
Schedule of Contributions – Florida Retirement System Health Insurance Subsidy Plan	62
COMBINING FINANCIAL STATEMENTS	
Combining Balance Sheet - Nonmajor Governmental Funds	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	64

CITY OF WEST MIAMI, FLORIDA

TABLE OF CONTENTS

	<u>PAGE</u>
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>	65-66
Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes in Accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida	67
Management Letter Required by Section 10.550 of the Rules of the Auditor General of the State of Florida	68-69
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	70-71
Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Expenditures of Federal Awards	73
Schedule of Findings and Questioned Costs	74

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



GARCIA | ESPINOSA | MIYARES | RODRIGUEZ | TRUEBA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Commission of the
City of West Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Miami, Florida (the "City"), as of and for the year ended September 30, 2019, 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 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, each major fund, and the aggregate remaining fund information of the City of West Miami, Florida, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

GARCIA, ESPINOSA, MIYARES, RODRIGUEZ, TRUEBA & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

2600 Douglas Road, Suite 800 Coral Gables, FL 33134 | P 305 529 5440 | F 305 529 5441 | www.gemrtcpa.com

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 10, the budgetary comparison information on pages 46 through 58, and the pension schedules on pages 59 through 62 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.

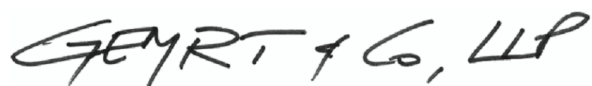
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Miami, Florida's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2020, on our consideration of the City of West Miami, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Miami, Florida's internal control over financial reporting and compliance.



Coral Gables, Florida

May 11, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
MD&A

CITY OF WEST MIAMI, FLORIDA
Management Discussion and Analysis
For the Year Ended September 30, 2019

As management of the City of West Miami, Florida (the City”), we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019.

Financial Highlights

The assets of the City of West Miami exceeded its liabilities at the close of the fiscal years ended September 30, 2019 and 2018 by \$17,002,196 and \$15,215,170 (net position), respectively. Of this amount, unrestricted net position, which may be used to meet the ongoing obligations to citizens and creditors, were \$(4,207,337) and \$(5,423,220), respectively. During the fiscal years ended September 30, 2019 and 2018, the City's net position increased (decreased) by \$1,787,026 and \$(69,791), respectively.

As of the close of the fiscal years ended September 30, 2019 and 2018, the City of West Miami's governmental funds reported combined ending fund balances of \$4,516,870 and \$3,402,663, an increase of \$1,114,207 and \$287,033 in comparison with the prior year, respectively.

At the end of the fiscal years ended September 30, 2019 and 2018, unassigned fund balance for governmental funds was \$975,256 and \$718,019, or 10.6% and 9.5% of total governmental fund expenditures and 13.2% and 12.0% of general fund expenditures, respectively.

The City's financial indicators have remained stable over the last several years. Improvements in previous years were achieved through rate increases in the business-type activities, increases in red light camera revenues, passport revenues and property tax revenues, and reduction of costs where possible. The City has continued to be proactive in finding new revenue sources while attempting to reduce expenses without eliminating services. Other points of interest are as follows.

- **Real Estate Development in the City** – The City of West Miami has been able to attract new real estate development projects that increased its tax base and continues to add revenue through 2020. These projects included multifamily residential properties and additional commercial properties with important anchor tenants such as a Publix Super Market and a CVS. The City must continue to secure these opportunities as the Miami-Dade demographics relating to real estate continue to change favorably in increasing City property values.
- **Financial Conditions** – The financial conditions are stable as a result of rate increases made in previous years to cover expenses for services in the business-type and business-like activities, recurring income from red-light camera revenues and passport revenues, and increases in property tax revenues. However, the City has restricted and assigned amounts for various capital improvements and for contingencies related to insurance and retirement, which reduce the fund balances available to be used for operating expenditures. The City has proposed alternatives to increase revenues and reduce costs in order to continue to improve financial conditions. As real estate development decreases and winds down, certain revenues such as building permits will decrease. Management and the Commission continue to search for new sources of revenues.
- **Water and Sewer Systems** – The City's water and sewer systems are in need of significant improvements due to its age and deterioration. There is also concern for potential liability in the event there are repairs, improvements, and/or replacement needed to the shared storm/sewer line (Interlocal Agreement with the City of Miami). The general fund has subsidized losses that have accumulated over the years. The City will continue to explore federal, state, and/or local funding in an effort to improve the aging water and sewer systems, as well as other options. Estimated costs relating to repairing the water lines approximate \$6 - \$8 million.

CITY OF WEST MIAMI, FLORIDA
Management Discussion and Analysis
For the Year Ended September 30, 2019

- **Leadership Transition / Succession Plan** – The City should continue discussing and formalizing a long-term succession plan in its top management personnel. The succession plan should consider emergency, temporary, and permanent possibilities for changes in leadership.
- **Fund Balances** – At September 30, 2019, the City has positive fund balances in all its governmental funds. The existing unassigned fund balance in the general fund represents approximately two months, or less, of budgeted expenditures for the City. Acceptable levels average approximately three months; consequently, one of the City’s main objectives is to continue to increase fund balances during the next several years. At September 30, 2019, the City has negative unrestricted net position balances in one of its enterprise funds (Sewer System Fund). This has been caused by increases in operating expenses to the sewer system, and the City continues to incur significant repair expenditures to its aging water and sewer systems. An effort is being made to develop a long-term plan and provide solutions in order to reduce interfund balances and increase fund balances and net position.
- **Pandemic** – The City will evaluate and consider the effects of COVID-19, a viral disease that has been classified as a pandemic by various health organizations. Based on information from the Miami-Dade County Property Appraiser, the City’s tax rolls are stable and the market values on home sales have not been adversely affected; however, the City has experienced a significant decrease in red-light camera revenues as a result of stay-at-home orders, and occupancy will rely on businesses being open. Management will further evaluate the estimated loss of revenues and will recommend measures as needed to mitigate the effects the pandemic may have on the City.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of West Miami’s basic financial statements. The City of West Miami’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) and notes to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* were designed to provide readers with a broad overview of the City of West Miami’s finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of the City of West Miami’s assets and liabilities, with the difference between the two 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 City is improving or deteriorating.

CITY OF WEST MIAMI, FLORIDA
Management Discussion and Analysis
For the Year Ended September 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 2,407,664	\$ 2,125,525	\$ 158,269	\$ 24,944	\$ 2,565,933	\$ 2,150,469
Restricted assets	2,866,782	1,895,412	402,787	402,210	3,269,569	2,297,622
Capital assets	10,717,910	10,460,445	10,061,258	10,823,868	20,779,168	21,284,313
Total assets	\$ 15,992,356	\$ 14,481,382	\$10,622,314	\$ 11,251,022	\$ 26,614,670	\$ 25,732,404
Deferred outflows of resources related to pension	\$ 2,340,466	\$ 2,763,641	\$ -	\$ -	\$ 2,340,466	\$ 2,763,641
Current and other liabilities	\$ 757,576	618,274	\$ 613,696	\$ 674,330	\$ 1,371,272	\$ 1,292,604
Long-term liabilities	8,991,628	10,135,216	963,009	1,225,065	9,954,637	11,360,281
Total liabilities	\$ 9,749,204	\$ 10,753,490	\$ 1,576,705	\$ 1,899,395	\$ 11,325,909	\$ 12,652,885
Deferred inflows of resources related to pension	\$ 627,031	\$ 627,990	\$ -	\$ -	\$ 627,031	\$ 627,990
Net position	\$ 7,956,587	\$ 5,863,543	\$ 9,045,609	\$ 9,351,627	\$ 17,002,196	\$ 15,215,170
Net investment in capital assets	\$ 9,358,048	\$ 8,938,738	\$ 9,098,249	\$ 9,598,803	\$ 18,456,297	\$ 18,537,541
Restricted	2,805,876	1,930,248	306,464	170,601	3,112,340	2,100,849
Unrestricted	(4,207,337)	(5,005,443)	(359,104)	(417,777)	(4,566,441)	(5,423,220)
Total net position	\$ 7,956,587	\$ 5,863,543	\$ 9,045,609	\$ 9,351,627	\$ 17,002,196	\$ 15,215,170

The *statement of activities* presents information showing how the City'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 2,745,243	\$ 2,690,446	\$ 2,877,642	\$ 2,823,535	\$ 5,622,885	\$ 5,513,981
Operating grants and contributions	1,841,610	440,269	-	-	1,841,610	440,269
Capital grants and contributions	67,011	47,048	-	-	67,011	47,048
General revenues:						
Taxes	5,878,262	5,364,995	-	-	5,878,262	5,364,995
Other	322,352	250,806	8,271	6,207	330,623	257,013
Total revenues	10,854,478	8,793,564	2,885,913	2,829,742	13,740,391	11,623,306
Expenses:						
General government	2,077,648	2,301,058	-	-	2,077,648	2,301,058
Public safety	3,589,875	3,177,178	-	-	3,589,875	3,177,178
Parks and recreational	1,446,664	1,381,689	-	-	1,446,664	1,381,689
Transportation, roads and streets	1,088,147	892,059	-	-	1,088,147	892,059
Interest on long-term debt	62,472	43,832	-	-	62,472	43,832
Water	-	-	864,317	999,717	864,317	999,717
Sewer	-	-	1,065,312	1,042,997	1,065,312	1,042,997
Stormwater	-	-	710,348	721,771	710,348	721,771
Sanitation	-	-	689,547	682,654	689,547	682,654
Building/Code Compliance	-	-	359,035	450,142	359,035	450,142
Total expenses	8,264,806	7,795,816	3,688,559	3,897,281	11,953,365	11,693,097
Excess (deficiency) before transfers	2,589,672	997,748	(802,646)	(1,067,539)	1,787,026	(69,791)
Transfers	(496,628)	(925,000)	496,628	925,000	-	-
Increase (decrease) in net position	\$ 2,093,044	\$ 72,748	\$ (306,018)	\$ (142,539)	\$ 1,787,026	\$ (69,791)

CITY OF WEST MIAMI, FLORIDA
Management Discussion and Analysis
For the Year Ended September 30, 2019

Both of the government-wide financial statements distinguish functions of the City of West Miami that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of West Miami include general government, public safety, parks and recreational, and transportation, roads and streets. The business-type activities of the City of West Miami include water, sewer, stormwater, sanitation, and building/code compliance operations. The government-wide financial statements can be found on pages 11-12 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 City of West Miami, 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 City of West Miami 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 government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of West Miami maintains two governmental fund types. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and recreation fund, which are the two governmental funds considered to be major funds. All of the remaining special revenue funds have been combined and are presented as non-major funds.

The City of West Miami adopts an annual appropriated budget for its general fund and most of the special revenue funds. A budgetary comparison statement has been provided for the general fund and recreation fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 13-15 of this report.

Proprietary funds. The City of West Miami maintains one type of proprietary fund referred to as an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements and are used to account for water, sewer, sanitation, and code compliance operations.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, stormwater, sanitation, and building/code compliance operations, which are considered to be major funds of the City of West Miami. The basic proprietary fund financial statements can be found on pages 16-18 of this report.

CITY OF WEST MIAMI, FLORIDA
Management Discussion and Analysis
For the Year Ended September 30, 2019

Notes to the 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 basic financial statements can be found on pages 19-45 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of West Miami, total net position exceeded liabilities by \$17,002,196 and \$15,215,170 at the close of September 30, 2019 and 2018, respectively.

The largest portion of the City of West Miami's net position reflects its net investment in capital assets (e.g., land, buildings, infrastructure, and machinery and equipment). The City of West Miami uses these capital assets to provide services to citizens; consequently, they are not available for future spending.

An additional portion of the City of West Miami's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2019 and 2018, the City of West Miami has positive balances in all categories of net position, except for unrestricted net position in its governmental activities and business-type activities. The deficit in governmental activities is directly caused by the net pension liability and related pension amounts for the multiple-employer cost sharing pension plan that is required to be recorded in accordance with governmental accounting standards. The deficit in business-type activities is caused by repairs and other expenses incurred as related to the City's aging water and sewer system. The City's net position increased (decreased) by \$1,787,026 and \$(69,791) during the fiscal years ended September 30, 2019 and 2018, respectively.

Governmental activities. Governmental activities increased the net position of the City of West Miami by \$2,093,044 and \$72,748 thereby accounting for a 35.7% and 1.3% increase in the governmental activities net position in 2019 and 2018, respectively. In fiscal year ended September 30, 2019, the increase in net position was attributed to increases in property tax revenues and red-light camera revenues, and receipt of grant reimbursements related to Hurricane Irma. In fiscal year ended September 30, 2018, the increase in net position was attributed to increases in property tax revenues.

Business-type activities. Business-type activities decreased the net position of the City of West Miami by \$(306,018) and \$(142,539) in 2019 and 2018, respectively. The net decreases were related to expenses incurred for depreciation and repairs.

Financial Analysis of the City's Funds

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

As of the end of the fiscal years ended September 30, 2019 and 2018, the City of West Miami's *governmental funds* reported combined ending fund balances of \$4,516,870 and \$3,402,663, an increase of \$1,114,207 and \$287,033 in comparison with the prior year, respectively. Approximately 21.6% and 21.1%

CITY OF WEST MIAMI, FLORIDA
Management Discussion and Analysis
For the Year Ended September 30, 2019

of this total amount, \$975,256 and \$718,019, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *non-spendable, restricted, committed, or assigned* to indicate it is not available for new spending because it has already been restricted or committed for a variety of reasons, such as by external sources (creditors, grantors, laws or regulations, etc.) or the City Commission, or assigned for specific projects, capital improvements, and contingencies.

The general fund is the chief operating fund of the City. At the end of the fiscal years ended September 30, 2019 and 2018, unassigned fund balance of the general fund in the fund financial statements was \$975,256 and \$718,019, respectively. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.2% and 12.0% of total general fund expenditures at the end of each year, respectively.

The fund balance of the City of West Miami's general fund in the fund financial statements increased by \$906,495 and \$287,033 during the fiscal years ended in 2019 and 2018, respectively. The increase in 2019 was attributed to increases in property tax revenues and red-light camera revenues, and receipt of grant reimbursements related to Hurricane Irma. The increase in 2018 was attributed to increases in property tax revenues and increases in fines and forfeitures.

Proprietary funds. The City of West Miami's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary funds at the end of fiscal years ended September 30, 2019 and 2018 amounted to \$9,045,609 and \$9,351,627, respectively. The proprietary fund financial statements can be found on pages 16-18 of the financial statements.

Capital Assets and Debt Administration

Capital Assets. The City's capital assets, less accumulated depreciation, for its governmental and business-type activities as of September 30, 2019 and 2018 amounted to \$10,717,910 and \$10,460,445, and \$10,061,258 and \$10,823,868, respectively, and consist of land, land improvements, construction in progress, buildings, building improvements, infrastructure, and machinery and equipment. A more detailed schedule can be found on page 31 of the notes to the financial statements.

Significant capital asset events during the current fiscal year included improvements to parks for approximately \$360,000, and acquisition of police vehicles and equipment for approximately \$130,000.

Debt. The City's debt totaled approximately \$9.9 million and \$11.3 million at September 30, 2019 and 2018, respectively. The overall decrease is attributable to the City's principal payments on notes payable and the payoff of the City National Bank hurricane line of credit. Although a more detailed schedule can be found on page 33 of the notes to the financial statements, outstanding debt as of September 30, 2019 and 2018 consisted of the following:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Notes from direct borrowings and direct placements	\$ 1,361,634	\$ 3,023,479	\$ 963,009	\$ 1,225,065	\$ 2,324,643	\$ 4,248,544
Other liabilities						
Compensated absences	334,527	401,109	-	-	334,527	401,109
Workmen's comp claims	401,574	300,584	-	-	401,574	300,584
Net pension liability	6,893,893	6,410,044	-	-	6,893,893	6,410,044
Total	\$ 8,991,628	\$ 10,135,216	\$ 963,009	\$ 1,225,065	\$ 9,954,637	\$ 11,360,281

CITY OF WEST MIAMI, FLORIDA
Management Discussion and Analysis
For the Year Ended September 30, 2019

Budget Amendments

The City provides in its Charter for the City Commission to authorize changes and transfers between departmental budgets as long as no appropriations are required from unassigned fund balances or unrestricted net position. During the fiscal years ended September 30, 2019 and 2018, all budget amendments were approved by the City Commission in accordance with the City Code.

During the fiscal year ended September 30, 2019 the City exceeded its law enforcement expenditure appropriations in the general fund due to capital outlay reclassification adjustments. These expenditures were approved by the City Commission. In the recreation fund there were no expenditures over appropriations. The general fund and recreation fund are the only governmental fund being reported as major funds.

During the fiscal year ended September 30, 2018 the City slightly exceeded its law enforcement and streets expenditure appropriations due to reclassification adjustments. The City exceeded its non-departmental expenditure appropriations due to unbudgeted expenditures incurred as a result of higher costs than expected from a natural disaster (Hurricane Irma). These expenditures were approved by the City Commission and were funded by loan proceeds. The loan was repaid during 2019 with grant funding from the Federal Emergency Management Agency. The general fund was the only governmental fund being reported as a major fund in 2018.

General Fund Budgetary Highlights

- Overall revenues received were higher than amounts budgeted, predominantly due to increases in property tax revenues, red-light camera revenues, and revenues earned from impact fees.
- Ad Valorem taxes are, by law, projected at a 95% rate of actual anticipated revenue to provide an allowance for uncollected taxes; however, the City of West Miami frequently collects in excess of 100% of the budgeted amount.
- Expenditures were lower than amounts budgeted; predominantly due to anticipated expenditures for capital outlays other costs not being incurred and realized by year-end. The City was able to minimize costs where feasible.
- Budget amendments for expenditures were approved by the City Commission for the purpose of transferring amounts between departmental budgets; however, the total budgeted expenditure amount did not increase.

Economic Factors and Next Year's Budgets and Rates

The City of West Miami's main source of revenues are obtained from a combination of tax receipts from ad-valorem property taxes, state revenue sharing and other taxes, franchise fees, fines and forfeitures, and grant revenues. The budget for fiscal year ended September 30, 2020 is based on the City's best expectations of revenues from these sources and other smaller sources, and expenditures are based on historical data and known increases and expectations for the September 30, 2020 fiscal year.

CITY OF WEST MIAMI, FLORIDA
Management Discussion and Analysis
For the Year Ended September 30, 2019

The City will continue to propose alternatives to increase and/or obtain new sources of revenues in an effort to increase operating cash flow. An evaluation will also be made as to the effects the pandemic (COVIC-19) may have on the City's finances and revenues.

Additional factors were considered in preparing the City's budget for the fiscal year ended September 30, 2020:

- As of September 2019, the unemployment rate for Miami-Dade County was approximately 3.1 percent, which is a decrease from a rate of 3.8 percent a year ago. This compares unfavorably to the state's average unemployment rate of 3.0 percent and favorably to the national average rate of 3.5 percent.
- The occupancy rate of the government's central business district and residential areas are expected to continue to increase as related to new construction and development of properties.

Requests for Information

This financial report is designed to provide a general overview of the City of West Miami's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, City of West Miami, 901 SW 62nd Avenue, West Miami, FL, 33144.

BASIC FINANCIAL STATEMENTS

City of West Miami, Florida
Statement of Net Position
September 30, 2019

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 624,755	\$ 298,635	\$ 923,390
Certificates of deposit	106,569	619,858	726,427
Receivables, net	396,631	487,700	884,331
Internal balances	1,279,709	(1,279,709)	-
Notes receivable	-	31,785	31,785
Restricted assets:			
Cash and cash equivalents	2,866,782	289,080	3,155,862
Certificates of deposit	-	113,707	113,707
Capital assets not being depreciated:			
Land	236,605	171,591	408,196
Construction in progress	104,623	-	104,623
Capital assets, net of accumulated depreciation	<u>10,376,682</u>	<u>9,889,667</u>	<u>20,266,349</u>
Total Assets	<u>15,992,356</u>	<u>10,622,314</u>	<u>26,614,670</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	<u>2,340,466</u>	<u>-</u>	<u>2,340,466</u>
Total Deferred Outflows of Resources	<u>\$ 2,340,466</u>	<u>\$ -</u>	<u>\$ 2,340,466</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 604,606	\$ 391,661	\$ 996,267
Customer deposits	-	222,035	222,035
Unearned revenue	152,970	-	152,970
Non-current liabilities:			
Due within one year	410,976	172,390	583,366
Due in more than one year	<u>8,580,652</u>	<u>790,619</u>	<u>9,371,271</u>
Total Liabilities	<u>9,749,204</u>	<u>1,576,705</u>	<u>11,325,909</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	<u>627,031</u>	<u>-</u>	<u>627,031</u>
Total Deferred Inflows of Resources	<u>\$ 627,031</u>	<u>\$ -</u>	<u>\$ 627,031</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 9,358,048	\$ 9,098,249	\$ 18,456,297
Restricted for:			
Transportation	458,435	-	458,435
Conservation Project	79,883	-	79,883
Public Safety Initiatives	206,777	-	206,777
Parks and Recreation	19,208	-	19,208
Capital Improvements	2,041,573	304,982	2,346,555
Stormwater	-	1,482	1,482
Unrestricted	<u>(4,207,337)</u>	<u>(359,104)</u>	<u>(4,566,441)</u>
Total Net Position	<u>\$ 7,956,587</u>	<u>\$ 9,045,609</u>	<u>\$ 17,002,196</u>

The notes to the financial statements are an integral part of this statement.

City of West Miami, Florida
Statement of Activities
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ (2,077,648)	\$ 1,592,543	\$ 1,446,462	\$ 2,952	\$ 964,309	\$ -	\$ 964,309
Public safety	(3,589,875)	969,630	-	-	(2,620,245)	-	(2,620,245)
Parks and recreational	(1,446,664)	183,070	355,148	64,059	(844,387)	-	(844,387)
Transportation, roads and streets	(1,088,147)	-	40,000	-	(1,048,147)	-	(1,048,147)
Interest on long-term debt	(62,472)	-	-	-	(62,472)	-	(62,472)
Total governmental activities	(8,264,806)	2,745,243	1,841,610	67,011	(3,610,942)	-	(3,610,942)
Business-type activities:							
Water	(864,317)	754,717	-	-	-	(109,600)	(109,600)
Sewer	(1,065,312)	997,315	-	-	-	(67,997)	(67,997)
Stormwater	(710,348)	83,397	-	-	-	(626,951)	(626,951)
Sanitation	(689,547)	625,197	-	-	-	(64,350)	(64,350)
Building/Code Compliance	(359,035)	417,016	-	-	-	57,981	57,981
Total business-type activity	(3,688,559)	2,877,642	-	-	-	(810,917)	(810,917)
Total government	\$ (11,953,365)	\$ 5,622,885	\$ 1,841,610	\$ 67,011	\$ (3,610,942)	\$ (810,917)	\$ (4,421,859)
General revenues:							
Property taxes					\$ 3,626,254	\$ -	\$ 3,626,254
Franchise, utility and other taxes					1,282,346	-	1,282,346
Intergovernmental taxes					969,662	-	969,662
Interest earnings and investment income					25,527	8,271	33,798
Miscellaneous					296,825	-	296,825
Transfers					(496,628)	496,628	-
					5,703,986	504,899	6,208,885
Change in net position					2,093,044	(306,018)	1,787,026
Net position - beginning					5,863,543	9,351,627	15,215,170
Net position - ending					\$ 7,956,587	\$ 9,045,609	\$ 17,002,196

The notes to the financial statements are an integral part of this statement.

City of West Miami, Florida

Balance Sheet

Governmental Funds

September 30, 2019

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 567,245	\$ 19,201	\$ 38,309	\$ 624,755
Cash - Restricted	2,249,205	-	617,577	2,866,782
Certificates of Deposit	106,569	-	-	106,569
Receivables	208,598	64,655	123,378	396,631
Due from Other Funds	2,289,354	323,101	252,186	2,864,641
Total Assets	<u>\$ 5,420,971</u>	<u>\$ 406,957</u>	<u>\$ 1,031,450</u>	<u>\$ 6,859,378</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Expenses	\$ 439,895	\$ 96,686	\$ 68,025	\$ 604,606
Due to Other Funds	1,279,058	26,869	279,005	1,584,932
Unearned Revenue	147,933	5,037	-	152,970
Total Liabilities	<u>1,866,886</u>	<u>128,592</u>	<u>347,030</u>	<u>2,342,508</u>
Fund Balances				
Restricted				
Restricted for Transportation	-	-	458,435	458,435
Restricted for Conservation Project	-	79,883	-	79,883
Restricted for Public Safety Initiatives	-	-	206,777	206,777
Restricted for Community Center	-	-	19,208	19,208
Restricted for Capital Improvements	2,041,573	-	-	2,041,573
Committed				
Committed for Parks and Recreation	-	131,382	-	131,382
Assigned				
Assigned for Capital Outlay	-	67,100	-	67,100
Assigned for Specific Projects	3,350	-	-	3,350
Assigned for Comprehensive Plan	9,000	-	-	9,000
Assigned for Future Contingencies	275,000	-	-	275,000
Assigned for Improvements	249,906	-	-	249,906
Unassigned				
General Fund	975,256	-	-	975,256
Total Fund Balances	<u>3,554,085</u>	<u>278,365</u>	<u>684,420</u>	<u>4,516,870</u>
Total Liabilities and Fund Balances	<u>\$ 5,420,971</u>	<u>\$ 406,957</u>	<u>\$ 1,031,450</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	10,717,910
Deferred outflows related to pension	2,340,466
Deferred inflows related to pension	(627,031)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	<u>(8,991,628)</u>
Net position of governmental activities	<u>\$ 7,956,587</u>

The notes to the financial statements are an integral part of this statement.

City of West Miami, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2019

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes				
Property	\$ 3,103,688	\$ 522,566	\$ -	\$ 3,626,254
Franchise	340,020	-	-	340,020
Excise, Utility Service and Other	663,919	-	278,407	942,326
Licenses, Permits and Fees	1,087,492	-	-	1,087,492
Intergovernmental	969,662	-	-	969,662
Fines and Forfeitures	842,147	-	127,483	969,630
Grant Revenues/Contributions	1,449,414	64,059	395,148	1,908,621
Rent	225,705	40,072	-	265,777
Investment Earnings	25,348	-	179	25,527
Other	409,697	276,280	33,192	719,169
Total Revenues	<u>9,117,092</u>	<u>902,977</u>	<u>834,409</u>	<u>10,854,478</u>
Expenditures				
Current				
City Council	141,047	-	-	141,047
Legal	205,362	-	-	205,362
Executive	347,802	-	-	347,802
Finance and Administration	417,145	-	-	417,145
Law Enforcement	3,153,777	-	25,647	3,179,424
Transportation	-	-	248,831	248,831
Community Center	-	-	567,609	567,609
Streets	618,167	-	-	618,167
Garage	96,426	-	-	96,426
Recreation	-	670,227	-	670,227
Parks	81,365	-	-	81,365
Facilities Maintenance	175,737	-	-	175,737
Non-Departmental	88,290	-	-	88,290
Capital Outlay	386,203	179,657	116,034	681,894
Debt Service				
Principal Retirement	1,640,044	-	21,801	1,661,845
Interest	59,485	-	2,987	62,472
Total Expenditures	<u>7,410,850</u>	<u>849,884</u>	<u>982,909</u>	<u>9,243,643</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,706,242</u>	<u>53,093</u>	<u>(148,500)</u>	<u>1,610,835</u>
Other Financing Sources (Uses)				
Operating Transfers In	50,000	-	303,119	353,119
Operating Transfers Out	(849,747)	-	-	(849,747)
Total Other Financing Sources (Uses)	<u>(799,747)</u>	<u>-</u>	<u>303,119</u>	<u>(496,628)</u>
Net Change in Fund Balances	906,495	53,093	154,619	1,114,207
Fund Balances at Beginning of Year	<u>2,647,590</u>	<u>225,272</u>	<u>529,801</u>	<u>3,402,663</u>
Fund Balances at End of Year	<u>\$ 3,554,085</u>	<u>\$ 278,365</u>	<u>\$ 684,420</u>	<u>\$ 4,516,870</u>

The notes to the financial statements are an integral part of this statement.

City of West Miami, Florida
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2019

Net change in fund balances - total governmental funds (Page 14) \$ 1,114,207

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

The details of the difference are as follows:

Capital outlay	681,894	
Depreciation expense	(424,429)	
	<u>257,465</u>	257,465

Loan proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.

The details of the differences are as follows:

Principal payments	1,661,845	
Net adjustment		1,661,845

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

The details of the difference are as follows:

Change in long-term compensated absences	66,582	
Change in long-term workers' compensation claims	(100,990)	
Net pension liability	(906,065)	
	<u>(940,473)</u>	(940,473)

Change in net position of governmental activities (Page 12) \$ 2,093,044

City of West Miami, Florida
Statement of Net Position
Enterprise Funds
September 30, 2019

	Business-Type Activities - Enterprise Funds					
	Sewer System Fund	Water System Fund	Stormwater Utility Fund	Sanitation Fund	Building Department / Code Compliance Fund	Total
Assets						
Current Assets						
Cash and Cash Equivalents	\$ 247,156	\$ -	\$ -	\$ 21,113	\$ 30,366	\$ 298,635
Cash - Restricted	191,683	92,254	5,143	-	-	289,080
Certificates of Deposit	619,858	-	-	-	-	619,858
Certificates of Deposit - Restricted	-	113,707	-	-	-	113,707
Receivables	127,981	113,695	14,206	231,818	-	487,700
Due From Other Funds	425,363	1,046,397	295,509	415,234	378,628	2,561,131
Total Current Assets	<u>1,612,041</u>	<u>1,366,053</u>	<u>314,858</u>	<u>668,165</u>	<u>408,994</u>	<u>4,370,111</u>
Notes Receivable - Non Current	31,785	-	-	-	-	31,785
Capital Assets	2,593,584	147,692	7,138,514	181,468	-	10,061,258
Total Assets	<u>\$ 4,237,410</u>	<u>\$ 1,513,745</u>	<u>\$ 7,453,372</u>	<u>\$ 849,633</u>	<u>\$ 408,994</u>	<u>\$ 14,463,154</u>
Liabilities						
Current Liabilities						
Current Portion of Notes and Loans Payable	\$ 159,300	\$ -	\$ -	\$ 13,090	\$ -	\$ 172,390
Accounts Payable and Accrued Expenses	21,709	206,140	-	29,798	134,014	391,661
Due To Other Funds	1,960,098	925,928	313,376	635,378	6,060	3,840,840
Total Current Liabilities	<u>2,141,107</u>	<u>1,132,068</u>	<u>313,376</u>	<u>678,266</u>	<u>140,074</u>	<u>4,404,891</u>
Customer Deposits	-	222,035	-	-	-	222,035
Notes and Loans Payable - Long-Term Portion	790,619	-	-	-	-	790,619
Total Liabilities	<u>2,931,726</u>	<u>1,354,103</u>	<u>313,376</u>	<u>678,266</u>	<u>140,074</u>	<u>5,417,545</u>
Net Position						
Net Investment in Capital Assets	1,643,665	147,692	7,138,514	168,378	-	9,098,249
Restricted - for Stormwater	-	-	1,482	-	-	1,482
Restricted - for Capital Improvements	304,982	-	-	-	-	304,982
Unrestricted	(642,963)	11,950	-	2,989	268,920	(359,104)
Total Net Position	<u>1,305,684</u>	<u>159,642</u>	<u>7,139,996</u>	<u>171,367</u>	<u>268,920</u>	<u>9,045,609</u>
Total Liabilities and Net Position	<u>\$ 4,237,410</u>	<u>\$ 1,513,745</u>	<u>\$ 7,453,372</u>	<u>\$ 849,633</u>	<u>\$ 408,994</u>	<u>\$ 14,463,154</u>

The notes to the financial statements are an integral part of this statement.

City of West Miami, Florida
Statement of Revenues, Expenses
and Changes in Net Position
Enterprise Funds
For the Year Ended September 30, 2019

	Business-Type Activities - Enterprise Funds					
	Sewer System Fund	Water System Fund	Stormwater Utility Fund	Sanitation Fund	Building Department / Code Compliance Fund	Total
Operating Revenues						
Water Sales	\$ -	\$ 753,285	\$ -	\$ -	\$ -	\$ 753,285
Sewer Service	789,788	-	-	-	-	789,788
Sanitation Fees	-	-	-	623,529	-	623,529
Licenses, Permits and Fees	203,983	-	83,397	-	412,261	699,641
Other	2,794	1,432	-	1,668	4,755	10,649
Total Operating Revenues	<u>996,565</u>	<u>754,717</u>	<u>83,397</u>	<u>625,197</u>	<u>417,016</u>	<u>2,876,892</u>
Operating Expenses						
Water Purchased	-	499,203	-	-	-	499,203
Salaries and Wages	71,599	175,404	45,532	182,952	42,325	517,812
Waste Disposal and Recycling	-	-	-	264,540	-	264,540
Drain Cleaning	-	-	14,863	-	-	14,863
Sewer Processing	608,195	-	-	-	-	608,195
Depreciation	199,840	3,933	591,648	16,116	-	811,537
Other	148,597	185,777	58,305	224,224	316,710	933,613
Total Operating Expenses	<u>1,028,231</u>	<u>864,317</u>	<u>710,348</u>	<u>687,832</u>	<u>359,035</u>	<u>3,649,763</u>
Operating Income (Loss)	(31,666)	(109,600)	(626,951)	(62,635)	57,981	(772,871)
Non-Operating Revenues (Expenses)						
Investment Income	7,646	625	-	-	-	8,271
Hook-Up Fees	750	-	-	-	-	750
Interest Expense	(37,081)	-	-	(1,715)	-	(38,796)
Total Non-Operating Revenues (Expenses)	<u>(28,685)</u>	<u>625</u>	<u>-</u>	<u>(1,715)</u>	<u>-</u>	<u>(29,775)</u>
Other Financing Sources (Uses)						
Operating Transfers In	409,995	108,000	55,000	69,572	14,056	656,623
Operating Transfers Out	(159,995)	-	-	-	-	(159,995)
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>108,000</u>	<u>55,000</u>	<u>69,572</u>	<u>14,056</u>	<u>496,628</u>
Change in Net Position	<u>189,649</u>	<u>(975)</u>	<u>(571,951)</u>	<u>5,222</u>	<u>72,037</u>	<u>(306,018)</u>
Net Position at Beginning of Year	1,116,035	160,617	7,711,947	166,145	196,883	9,351,627
Net Position at End of Year	<u>\$ 1,305,684</u>	<u>\$ 159,642</u>	<u>\$ 7,139,996</u>	<u>\$ 171,367</u>	<u>\$ 268,920</u>	<u>\$ 9,045,609</u>

The notes to the financial statements are an integral part of this statement.

City of West Miami, Florida
Statement of Cash Flows
Enterprise Funds
For the Year Ended September 30, 2019

	Business-Type Activities - Enterprise Funds					Total
	Sewer System	Water System	Stormwater Utility	Sanitation	Building Department / Code Compliance	
Cash Flows from Operating Activities						
Operating Income (Loss)	\$ (31,666)	\$ (109,600)	\$ (626,951)	\$ (62,635)	\$ 57,981	\$ (772,871)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	199,840	3,933	591,648	16,116	-	811,537
Change in Assets and Liabilities:						
Decrease (Increase) in Receivables	(4,547)	9,857	1,282	(26,336)	-	(19,744)
Decrease (Increase) in Due To/From Other Funds	327,842	72,697	52,367	18,650	(127,761)	343,795
Decrease in Notes Receivable	2,468	-	-	-	-	2,468
Increase (Decrease) in Accounts Payable and Accrued Expenses	(1,979)	(42,302)	-	17,709	(42,872)	(69,444)
Increase in Customer Deposits	-	8,810	-	-	-	8,810
Net Cash Provided by (Used for) Operating Activities	<u>491,958</u>	<u>(56,605)</u>	<u>18,346</u>	<u>(36,496)</u>	<u>(112,652)</u>	<u>304,551</u>
Cash Flows from Noncapital Financing Activities						
Operating Transfers In (Out)	<u>(50,000)</u>	<u>58,000</u>	<u>-</u>	<u>59,572</u>	<u>14,056</u>	<u>81,628</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets	(29,138)	(1,395)	(18,394)	-	-	(48,927)
Hook-Up Fees	750	-	-	-	-	750
Interest Paid on Capital Debt	(37,081)	-	-	(1,715)	-	(38,796)
Principal Payments of Long-Term Debt	<u>(242,049)</u>	<u>-</u>	<u>-</u>	<u>(20,007)</u>	<u>-</u>	<u>(262,056)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(307,518)</u>	<u>(1,395)</u>	<u>(18,394)</u>	<u>(21,722)</u>	<u>-</u>	<u>(349,029)</u>
Cash Flows From Investing Activities						
Redemption and Interest on Investments	<u>1,266</u>	<u>591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,857</u>
Net Increase (Decrease) in Cash and Cash Equivalents	135,706	591	(48)	1,354	(98,596)	39,007
Cash and Cash Equivalents at Beginning of Year	<u>303,133</u>	<u>91,663</u>	<u>5,191</u>	<u>19,759</u>	<u>128,962</u>	<u>548,708</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 438,839</u></u>	<u><u>\$ 92,254</u></u>	<u><u>\$ 5,143</u></u>	<u><u>\$ 21,113</u></u>	<u><u>\$ 30,366</u></u>	<u><u>\$ 587,715</u></u>
Non-Cash Transactions						
Transfers - Forgiveness of Interfund Balances, Net	\$ 300,000	\$ 50,000	\$ 55,000	\$ 10,000	\$ -	\$ 415,000

The notes to the financial statements are an integral part of this statement.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

I. Summary of Significant Accounting Policies

The financial statements of the City of West Miami, Florida (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The City was established under the laws of the State of Florida as a municipal corporation during 1947 and is governed by an elected mayor and a four-member commission. The City, under a Commission-Manager form of government, provides its residents with services including, but not be limited to, public safety (police), parks and recreation, public works, water, sanitation, sewer service and stormwater management, building, zoning and code enforcement.

A. Reporting Entity

In accordance with GASB pronouncements, the City's financial statements include all funds, departments, agencies, boards, and other organizations over which City officials are considered to be financially accountable.

Financial accountability includes such aspects as the appointment of a component unit's governing body members, budget review, and approval of property tax levies, whether any of the component unit's outstanding debt is secured by the full faith credit of the City or its revenue stream, and the City's responsibility for funding deficits.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board. Based upon the application of these criteria, the City has no funds, agencies, boards, commissions and authorities considered potential component units.

B. 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. 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 identifiable activity. 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 identifiable activity 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 that are not deemed to be program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

I. Summary of Significant Accounting Policies - (continued)

C. Basis of Presentation and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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 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 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 all revenues available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred as required by accrual accounting, except for debt service expenditures and compensated absences, which are recorded when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major *governmental* funds:

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 ***recreation fund*** is one of the City's special revenue funds. It accounts for the City's recreational facilities and related activities, as well as recreational grant funds awarded to the City.

The City also reports the following major *proprietary* funds:

The ***water and sewer funds*** are used to account for water and sewer utility operations, which are financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The ***stormwater fund*** is used to account for stormwater utility operations, which are financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs (expenses excluding depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The City also accounts for grants related to stormwater drainage improvements through this fund.

The ***sanitation fund*** is used to account for waste operations and the collection and removal of garbage and recycling items, which are financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

I. Summary of Significant Accounting Policies - (continued)

C. Basis of Presentation and Measurement Focus - (continued)

The ***building department and code compliance fund*** is used to account for the City's code enforcement and permitting operations, which are financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs (expenses excluding depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through fees.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the City follow the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for both the government-wide and proprietary fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Interfund services provided and used are not eliminated in the process of consolidation.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds 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 City's policy to use restricted resources first, then unrestricted resources as they are needed.

Implementation of Governmental Accounting Standards Board Statements

The City implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). This statement improves consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and provides financial statement users with additional essential information about debt. The statement requires that additional information related to debt be disclosed in notes to financial statements, including lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default and termination events with financial-related consequences, and significant acceleration clauses. This statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The City implemented GASB 88 and the adoption resulted in additional disclosures to the financial statement notes.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

I. Summary of Significant Accounting Policies - (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City's cash and cash equivalents and deposits include cash on hand, demand deposits, and investments consisting of Certificates of Deposit with banking institutions (Note IV – A).

For the purpose of the statement of cash flows for the proprietary funds, cash equivalents mean short-term, highly liquid investments with an original maturity of three months or less.

2. Interfund Receivables and Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received, as of September 30th, balances of interfund amounts receivable or payable have been reflected. As the City does not have any lending or borrowing arrangements between funds, all outstanding balances between funds are reported as "due to/from other funds". All amounts receivable from or payable to other funds are to be settled with expendable, available financial resources. Transactions which are recurring annual transfers between two or more funds are recorded as transfers in and out. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

3. Receivables

Property Taxes

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mils. The tax rate to finance general governmental services for the fiscal year ended September 30, 2019 was \$6.8858 per \$1,000 of assessed taxable property value. The rate of \$6.8858 is allocated to the General Fund and Recreation Fund, with the General Fund receiving \$5.8858, and the Recreation Fund receiving \$1.00.

The tax levy of the City is established by the City Council prior to October 1 each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board, and special taxing districts. All property is reassessed according to its fair market value as of January 1 each year, at which time taxes become an enforceable lien on property. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. State of Florida Amendment #10 to the Florida Constitution known as "Save Our Homes" limits assessment increases on homestead property to the lesser of 3% or the Consumer Price Index.

All real and tangible personal property taxes are due and payable on November 1 each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of the taxes due and Miami-Dade County

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

I. Summary of Significant Accounting Policies - (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance - (cont.)

3. Receivables - (continued)

also collects the taxes for the City. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at a rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property became delinquent and liens are placed on April 1 of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of Florida. State law provides for enforcement of collection of personal property taxes by seizure of the property or by the sale of the property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Components of Accounts Receivable

The following are the significant components of the accounts receivable due to the City at September 30, 2019. The City considers all receivable amounts fully collectible; consequently, no allowance for doubtful accounts was estimated.

1. Water, Sewer and Waste Fees - This amount represents the unpaid, billed charges for various fines and municipal services;
2. Fines and Assessments - This amount represents the unpaid, billed charges for various fines and assessments levied for violations of various City code provisions;
3. Notes Receivable - This amount represents amounts due for sewer hookup fees as evidenced by loan agreements with users;
4. Delinquent Taxes and Other Taxes Receivable - This amount represents the amount of levied but uncollected delinquent property taxes outstanding at September 30, 2019 and amounts due from governmental agencies at year end; and
5. Government Grants/Contributions - This amount represents amounts due from grantor agencies and/or governmental agencies at year end.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements using the consumption method. Amounts, if any, reported in the governmental funds are offset by an equal nonspendable classification of fund balance in the fund financial statements. This is an indication that these components of current assets do not constitute available spending resources.

5. Restricted Assets

Resources set aside for the repayment of certain debt and for capital improvements are classified as restricted assets on the statements of net position or the balance sheet because they are retained in separate bank accounts and/or their use is limited by applicable loan covenants or grantor restrictions.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

I. Summary of Significant Accounting Policies - (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance - (cont.)

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., sidewalks and other similar items), 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back-trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at acquisition value of the item at the date of its donation.

Land and construction in progress are not depreciated. The capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Governmental Activities:	
Land Improvements	15-25
Buildings	40
Building Improvements	25-40
Infrastructure - Drainage	25-40
Infrastructure - Roads	25-40
Machinery and Equipment	5-10
Business-type Activities:	
Sewer Systems	40
Water - Main and Extensions	40
Stormwater Improvements	25
Machinery and Equipment	5-10

7. Unearned Revenues

Resources that do not meet revenue recognition requirements (effectively “not earned”) are recorded as unearned revenue in the government-wide and fund financial statements. In addition, amounts related to governmental fund receivables that are measurable, but not available, are recorded as unearned revenue in the governmental fund financial statements (e.g., grant related reimbursements not yet collected).

I. Summary of Significant Accounting Policies - (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance - (cont.)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet/statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of fund balance/net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pension benefits in this category in the statement of net position.

The deferred outflows of pensions arise from differences between projected and actual earnings on pension plan investments and are amortized to pension expense using a systematic and rational method over a closed five year period, and also include differences between expected and actual experience with regard to economic or demographic factors that are amortized over the average expected remaining service lives of all employees that are provided with pensions through the pension plan. Employer contributions to the pension plan made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the balance sheet/statement of net 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 fund balance/net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources related to pensions in this category in the statement of net position.

Deferred inflows on pensions are recorded when investment return on pension plan assets exceeds actuarial assumptions and are amortized using a systematic and rational method over a closed five-year period. Deferred inflows of pensions also include the difference between expected and actual experience with regard to economic or demographic factors and changes of assumptions or other inputs. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through the pension plan.

Net pension is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflow of resources and (b) liabilities and deferred inflows of resources.

9. Compensated Absences

The City's vacation and sick leave policies grant a specific number of days of vacation and sick leave with pay. In some instances, these policies also provide for paying an employee for accumulated, unused leave upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements and reported as a fund liability. Vacation that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the applicable governmental fund.

I. Summary of Significant Accounting Policies - (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance - (cont.)

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or propriety fund type statement of net position. Loan discounts are deferred and amortized over the life of the loans using the effective interest method. Loan issuance costs, if any, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Payments of principal and interest are reported as debt service expenditures.

11. Net Position

Net position represents the residual interest in the City's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of three components: net investment in capital assets, restricted, and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct, or improve those capital assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

12. Fund Balance

In the fund financial statements, governmental funds report fund balance in classifications based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are to be used, it is the City's policy to use the committed amounts first, followed by assigned and unassigned amounts.

The non-spendable fund balance classification, if any, includes amounts not spendable in form, such as inventories or prepaid amounts.

The restricted fund balance classification includes amounts with constraints imposed by external sources such as creditors, grantors, contributors, laws, or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The committed fund balance classification includes amounts limited to specific purposes by formal action imposed by the City Commission. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation remains in place until a similar action is taken to remove or revise the limitation.

The assigned fund balance classification includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission, City Manager, and Finance Director are authorized to assign fund balance. All remaining governmental fund balances, except negative fund balances, which are reported in Special Revenue Funds that are not classified as non-spendable, restricted, or committed, are assigned.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

I. Summary of Significant Accounting Policies - (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance - (cont.)

12. Fund Balance - (continued)

The unassigned fund balance classification includes General Fund positive fund balances that are not otherwise classified. The General Fund is the only fund that reports a positive unassigned fund balance.

13. 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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current, events and actions it may undertake in the future, actual results could differ from estimates.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this \$10,717,910 difference are as follows:

Land	\$	236,605
Land Improvements		1,994,286
Construction in Progress		104,623
Buildings		3,489,545
Building Improvements		1,094,961
Infrastructure - Drainage		4,070,983
Infrastructure - Roads		8,665,051
Machinery and Equipment		2,362,607
		<u>22,018,661</u>
Less: Accumulated Depreciation		<u>11,300,751</u>
	\$	<u>10,717,910</u>

Another element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this \$8,991,628 difference are as follows:

Promissory note payable -		
City National Bank	\$	1,335,000
Compensated absences		334,527
Workmen's comp. claims		401,574
Equipment installment obligations		26,634
Net pension liability		<u>6,893,893</u>
	\$	<u>8,991,628</u>

Other elements of the reconciliation are amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions. The details of those amounts are included in Note IV – G.

II. Reconciliation of Government-Wide and Fund Financial Statements - (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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. Another element that requires reconciliation is the principal payment of long-term liabilities, including notes payable, which are in part a reduction of notes payable in the government-wide financial statements, and not a use of financing resources in the current period. The details of the \$978,837 differences are in page 15 of the financial statements.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. Budgets are legally adopted for the General Fund and most of the Special Revenue Funds. The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States. The City has no material violations of finance-related legal and contractual obligations, except as disclosed directly below.

B. Excess of Expenditures over Appropriations

The General Fund law enforcement expenditures exceeded appropriations by \$38,172. These unfavorable variances were caused by financial statement reclassification adjustments and were covered by budgeted capital outlay expenditures and excess revenues. The General Fund debt service expenditures exceeded appropriations by a combined \$1,426,286. This unfavorable variance was caused by the repayment of the entire principal balance and outstanding interest owed on the revenue note obtained for purposes of funding costs related to Hurricane Irma, and was covered by grant reimbursements received from the Federal Emergency Management Agency during 2019. The negative variances are disclosed in the Budgetary Comparison Statements and Schedules – General Fund - pages 46-56. The overall budget variance for the General Fund and Recreation Fund ends with a positive variance of \$906,495 and \$53,093, respectively, when combined with revenue and interfund transfer variances.

C. Deficit Fund Equity

The City's governmental activities is reporting a deficit in unrestricted net position. This is directly caused by the net pension liability for the multiple-employer cost sharing pension plan as recorded in accordance with GASB standards.

The City's Sewer System Fund is reporting a deficit in unrestricted net position which has been caused by continued increases in operating expenses and repairs to the sewer system.

The City's business-type activities is reporting a deficit in unrestricted net position as directly related to the unrestricted deficit in the Sewer System Fund.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds

A. Deposits and Investments

Generally accepted accounting principles are designed to inform financial statement users about deposit and investment risk that could affect a government's ability to provide services and meet its obligations as they become due. Accordingly, the City addresses common deposit and investment risks related to credit risk, custodial credit risk, concentrations of credit risk, interest rate risk, and foreign currency risk and discloses deposit and investment policies related to the risk as follows.

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires every qualified public depository to deposit with the Treasurer, or another institution, eligible collateral equal to or in excess of the required collateral of the depository. The Treasurer, by rule, shall establish minimum required collateral pledging levels and shall notify each qualified public depository of its required pledging level. Each qualified public depository shall calculate the amount of its required collateral based upon any one or any combination of the formulas allowable under this Chapter. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized. The City's deposits include cash and cash equivalents with a total reported amount of \$4,079,252 and a bank balance of \$4,415,545, and certificates of deposit with a balance of \$840,134. The difference between the City's reported amount and the bank balance is due to outstanding checks and deposits in transit in these demand accounts.

Restricted Cash and Deposits

The City maintains separate bank accounts within the General Fund and for certain Special Revenue Funds. The City also maintains cash and deposit reserves required by the long-term debt covenants in the proprietary fund.

Restricted cash and deposit reserves at September 30, 2019 were as follows:

Note payable - State of Florida	\$ 191,683
Stormwater utility improvements	5,143
Federal and local forfeiture funds	212,690
Capital projects and improvements	2,035,240
Utility deposits	205,961
Building deposits and other miscellaneous	181,364
Transportation and other grantor restrictions	<u>437,488</u>
Total restricted cash and deposit reserves	<u>\$ 2,297,622</u>

Investments

The City has adopted an ordinance designating the investments which are allowable of its cash management activities. The authorized investments include US obligations, fully insured or collateralized certificates of deposit, Security Exchange Commission ("SEC") Registered Money Market Funds, Local Government Investment Pools and certain Mutual Funds registered with the SEC and the Local Government Surplus Trust Fund (administered by the State of Florida Board of Administration). The investments follow the investment rules defined in Florida Statutes, Chapter 215. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

A. Deposits and Investments – (continued)

Credit risk and concentration of credit risk

Credit risk and concentration of credit risk disclosures exclude investments issued or explicitly guaranteed by the U.S. government. The City has no assets classified as investments; therefore, these disclosures are not applicable.

Interest Rate Risk

The City purchases investments with maturities of less than or equal to twelve months in length. This policy reduces the City's exposure to fluctuations in interest rates over the life of the investments. In addition, it is the City's policy to hold investments to maturity.

At year end, the City's deposits balances were as follows:

	<u>Maturity Less Than 1 Year</u>	<u>Fair Value</u>
Deposits:		
Cash and cash equivalents	x	\$ 4,079,252
Certificates of deposit	x	840,134
		<u>\$ 4,919,386</u>

B. Receivables

Accounts receivable at September 30, 2019 are summarized as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Franchise and other taxes	\$ 208,598	\$ 98,675	\$ -	\$ 307,273
Government grants/contributions	-	89,358	-	89,358
Customers and other	-	-	487,700	487,700
	<u>\$ 208,598</u>	<u>\$ 188,033</u>	<u>\$ 487,700</u>	<u>\$ 884,331</u>

Notes Receivable

The City's notes receivable at September 30, 2019 are unsecured notes from commercial enterprises and residents that elected to finance the hook-up fees on the sewer system over periods ranging from twelve months to 15-year periods. The City receives monthly installments of principal and interest, ranging from 2% to 5%. As of September 30, 2019, the total balance remaining to be collected amounted to \$31,785.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 236,605	\$ -	\$ -	\$ 236,605
Construction in progress	76,851	27,772	-	104,623
Total capital assets not being depreciated	<u>313,456</u>	<u>27,772</u>	<u>-</u>	<u>341,228</u>
Capital Assets, being depreciated				
Land improvements	1,634,176	360,110	-	1,994,286
Buildings	3,489,545	-	-	3,489,545
Building improvements	1,089,140	5,821	-	1,094,961
Infrastructure - Drainage	4,045,083	25,900	-	4,070,983
Infrastructure - Roads	8,607,384	57,667	-	8,665,051
Machinery and equipment	2,287,181	204,624	129,197	2,362,608
Total capital assets being depreciated	<u>21,152,508</u>	<u>654,122</u>	<u>129,197</u>	<u>21,677,433</u>
Less accumulated depreciation for:				
Land improvements	371,611	84,645	-	456,256
Buildings	691,960	87,862	-	779,822
Building improvements	757,574	19,764	-	777,338
Infrastructure - Drainage	3,694,813	4,728	-	3,699,541
Infrastructure - Roads	3,536,018	73,716	-	3,609,734
Machinery and equipment	1,953,543	153,714	129,197	1,978,060
Total accumulated depreciation	<u>11,005,519</u>	<u>424,429</u>	<u>129,197</u>	<u>11,300,751</u>
Total capital assets, being depreciated, net	<u>10,146,989</u>	<u>229,693</u>	<u>-</u>	<u>10,376,682</u>
Governmental activities capital assets, net	<u>\$ 10,460,445</u>	<u>\$ 257,465</u>	<u>\$ -</u>	<u>\$ 10,717,910</u>
Business-type Activities:				
Capital Assets, not being depreciated				
Land	\$ 171,591	\$ -	\$ -	\$ 171,591
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>171,591</u>	<u>-</u>	<u>-</u>	<u>171,591</u>
Capital Assets, being depreciated				
Sewer systems	7,833,465	-	-	7,833,465
Water - main and extensions	637,982	-	-	637,982
Stormwater improvements	14,699,261	-	-	14,699,261
Machinery and equipment	987,271	48,927	-	1,036,198
Total capital assets being depreciated	<u>24,157,979</u>	<u>48,927</u>	<u>-</u>	<u>24,206,906</u>
Less accumulated depreciation for:				
Sewer systems	5,141,318	195,836	-	5,337,154
Water - main and extensions	487,748	3,933	-	491,681
Stormwater improvements	7,159,081	587,969	-	7,747,050
Machinery and equipment	717,555	23,799	-	741,354
Total accumulated depreciation	<u>13,505,702</u>	<u>811,537</u>	<u>-</u>	<u>14,317,239</u>
Total capital assets, being depreciated, net	<u>10,652,277</u>	<u>(762,610)</u>	<u>-</u>	<u>9,889,667</u>
Business-type activities capital assets, net	<u>\$ 10,823,868</u>	<u>\$ (762,610)</u>	<u>\$ -</u>	<u>\$ 10,061,258</u>

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

C. Capital Assets - (continued)

Depreciation expense for the fiscal year ended September 30, 2019 was charged to functions/programs as follows:

Governmental Activities:

General Government	\$	114,151
Public Safety		80,992
Parks and Recreational		125,971
Transportation, Roads and Streets		103,315
Total depreciation expense - governmental activities	\$	<u>424,429</u>

Business-type Activities:

Sewer System	\$	199,840
Water System		3,933
Sanitation		16,116
Stormwater Utility		591,648
Total depreciation expense - business-type activities	\$	<u>811,537</u>

D. Interfund Receivables, Payables, and Transfers

Amounts due from and due to other funds at September 30, 2019 are summarized as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 2,289,354	\$ 1,279,058
Special Revenue Funds:		
Recreation	323,101	26,869
Community Center	205,421	232,002
Transportation Surtax	46,734	43,524
Law Enforcement Grant	31	-
Police Law Forfeiture	-	3,479
Enterprise Funds:		
Sewer System	425,363	1,960,098
Water System	1,046,397	925,928
Stormwater Utility	295,509	313,376
Sanitation	415,234	635,378
Building Dept./Code Compliance	378,628	6,060
	<u>\$ 5,425,772</u>	<u>\$ 5,425,772</u>

Interfund balances are resulting from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended September 30, 2019 consisted of transfers used to move revenues or expenditures based on the City budget, and forgiveness of interfund balances.

It is the City's practice to maintain interfund balances outstanding for more than a year. An analysis is prepared at year end to determine if any fund is unable to repay its interfund liabilities. If such determination is made, the City prepares the necessary adjustments to eliminate the interfund balance, if feasible.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

E. Long-Term Debt

Long-term debt activity for the year ended September 30, 2019 was as follows:

	October 1, 2018	Additions	Payments	September 30, 2019	Due Within One Year
Governmental Activities:					
Notes from direct borrowings and direct placements	\$ 3,023,479	\$ -	\$ 1,661,845	\$ 1,361,634	\$ 110,976
Other liabilities					
Compensated absences	401,109	274,885	341,467	334,527	200,000
Workmen's comp. claims	300,584	149,467	48,477	401,574	100,000
Net pension liability	6,410,044	1,630,471	1,146,622	6,893,893	-
Total other liabilities	7,111,737	2,054,823	1,536,566	7,629,994	300,000
Total governmental activities long-term debt	10,135,216	2,054,823	3,198,411	8,991,628	410,976
Business-Type Activities					
Notes from direct borrowings and direct placements	1,225,065	-	262,056	963,009	172,390
Total Long-Term Debt	\$ 11,360,281	\$ 2,054,823	\$ 3,460,467	\$ 9,954,637	\$ 583,366

Combined aggregate maturities for all notes from direct borrowings and direct placements, for each of the next five years and to maturity, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total	
	Notes from Direct Borrowings and Direct Placements		Notes from Direct Borrowings and Direct Placements			
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 110,976	\$ 30,333	\$ 172,390	\$ 33,183	\$ 283,366	\$ 63,516
2021	113,658	26,708	165,016	26,667	278,674	53,375
2022	102,000	24,435	170,938	20,745	272,938	45,180
2023	105,000	22,106	177,072	14,611	282,072	36,717
2024	107,000	19,721	183,426	8,257	290,426	27,978
2025 - 2029	574,000	60,862	94,167	1,675	668,167	62,537
2030 - 2031	249,000	5,636	-	-	249,000	5,636
	\$ 1,361,634	\$ 189,801	\$ 963,009	\$ 105,138	\$ 2,324,643	\$ 294,939

The City's total outstanding notes from direct borrowings and direct placements are \$2,324,643, as listed below.

Mortgage Note - State of Florida

The City has a revolving loan agreement with the State of Florida Department of Environmental Regulation for the construction of the Phase II wastewater collection and transmission facilities. The amount of the loan authorized was \$4,366,844 including capitalized interest of \$201,844. In September of 2004, the City Commission adopted a resolution authorizing the City Manager to execute an amendment to the mortgage note agreement with the State of Florida. The amendment and related promissory note was signed in October of 2004. Under the new terms, the existing aggregate principal amount outstanding of \$2,679,314 was to be repaid with semi-annual payments for 20 additional years. Each semi-annual payment shall be in the amount of \$95,842 and shall be received by the department beginning on April 15, 2005, and semiannually thereafter on October 15 and April 15 of each year until all amounts due have been paid. The rate of interest on the unpaid principal balance of the loan continued to be 3.57 percent per annum (except for \$180,000 which would be at the rate of 3.24 percent per annum) and may be adjusted, if appropriate, pursuant to the provisions of Section 17-503.430 of the Florida Administrative Code.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

E. Long-Term Debt - (continued)

Mortgage Note - State of Florida - (continued)

The debt repayment reserve account requirement was changed to a total required deposit of \$191,683. The City is required to pledge revenues equal to 1.15 times the sum of semi-annual payments due in any fiscal year. Revenues pledged, related to rates and charges for services furnished by the Sewer System as well as connection charges, are required to serve as sufficient collateral for purposes of the agreement underlying the mortgage note. The revolving loan debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2020	\$ 159,300	\$ 32,384
2021	165,016	26,667
2022	170,938	20,745
2023	177,072	14,611
2024	183,426	8,257
2025 - 2029	94,167	1,675
	\$ 949,919	\$ 104,339

The amount of long-term debt that can be incurred by the City is limited by state statute. Total outstanding long-term obligations during the year can be no greater than 15% of the assessed value of taxable property as of the beginning of the fiscal year. The City has not incurred debt in excess of the 15%.

Capital Improvement and Infrastructure Refunding Revenue Note, Series 2009 - U.S. Century Bank

In February 2009 the City entered into an agreement with U.S. Century Bank for the purpose of (1) refunding a promissory note payable to the City of Gulf Breeze, a loan payable to Colonial Bank, and the City's obligation under a lease purchase-agreement for a garbage truck; (2) financing the purchase of a tree trimming truck and road curbing and related transportation improvements; and (3) paying the cost of issuing the note. The amount of the Capital Improvement and Infrastructure Refunding Revenue Note, Series 2009 was \$2,250,000. Remaining proceeds and repayment of the note were being allocated to the enterprise fund - Sewer System Fund (78%) and the General Fund (22%). During 2012, the City created a Sanitation Fund and reallocated the repayment of the note to the enterprise funds - Sewer System Fund (78%) and Sanitation Fund (6.78%), and the General Fund (15.22%). Debt in the amount of \$119,085 was transferred accordingly during 2012 to account for the reallocation. Commencing on March 19, 2009, payments of principal and interest at 4.25% are due and payable in equal monthly installments of \$23,119. The remaining unpaid principal and interest was due and paid on February 19, 2019 (maturity date). The note was secured by a covenant to budget and appropriate non-ad valorem revenues for the payment of principal and interest on the note. As such, the City covenanted and agreed to appropriate, in its annual budget, sufficient amounts of non-ad valorem revenues for payments on the note as required until all principal and interest has been budgeted, appropriated and actually paid.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

E. Long-Term Debt - (continued)

Capital Improvement Revenue Note, Series 2016 – City National Bank

In August 2016 the City entered into an agreement with City National Bank for the purpose of financing certain capital improvements consisting of construction of a one-story 2,400 square foot Service Building used to house the Code Enforcement, Building and Zoning Department, and Public Works Department; construction of the Motor Pool Area which serves all departments; enhancement of the Front Office Expansion in City Hall which caters to passport services and all municipal functions of the City; and paying the costs of issuing the note. The amount of the Capital Improvement Revenue Note, Series 2016 was \$1,525,000. Commencing on February 1, 2017, interest accruing at a rate of 2.25% shall be due and payable semiannually on the first day of February and August of each year. Commencing on February 1, 2018, payments of principal shall be due and payable in annual installments through maturity on February 1, 2031. The note is secured by a covenant to budget and appropriate non-ad valorem revenues for the payment of principal and interest on the note. As such, the City covenants and agrees to appropriate, in its annual budget, sufficient amounts of non-ad valorem revenues for payments of the principal and interest on the note as required until all principal and interest has been budgeted, appropriated and actually paid.

An event of default is a failure to make a payment of principal and/or interest when due and payable, if the City becomes insolvent or requests financial assistance or relief from the State of Florida under Section 218.503, Florida Statutes, or if the City is determined to be in a financial emergency under Section 218.503, Florida Statutes. In the event of default, the holder of the note may declare all payments of principal and accrued interest to be immediately due and payable and may pursue any available remedy to enforce the payment of principal and interest then outstanding.

The annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2020	\$ 98,000	\$ 28,935
2021	100,000	26,708
2022	102,000	24,436
2023	105,000	22,106
2024	107,000	19,722
2025 - 2029	574,000	60,863
2030 - 2031	249,000	5,636
	\$ 1,335,000	\$ 188,404

Revenue Note, Series 2017 – City National Bank

In September 2017 the City entered into an agreement with City National Bank for the purpose of funding costs for repairs, replacements, and other restoration expenditures caused by Hurricane Irma and its aftermath. The amount of the Revenue Note, Series 2017 was \$1,500,000. Commencing on November 1, 2017, interest accruing at a rate of 2.25% shall be due and payable on the first day of each calendar month. The principal amount of this note was originally due and payable in full on September 29, 2018, but the maturity date was extended to September 30, 2019. The remaining unpaid principal and interest was paid on July 18, 2019. The note was secured by a covenant to budget and appropriate non-ad valorem revenues for the payment of principal and interest on the note, and a covenant to apply all monies received from the Federal Emergency Management Agency (FEMA) and other governmental sources specifically designated to pay project costs. As such, the City covenanted and agreed to appropriate, in its annual budget, sufficient amounts of non-ad valorem revenues for payments of the principal and interest on the note as required until all principal and interest has been budgeted, appropriated and actually paid.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

E. Long-Term Debt - (continued)

Equipment Installment Obligations

During fiscal year ended September 30, 2013, the City entered into an equipment lease-purchase agreement for the amount of \$56,013. The purpose of the lease was to finance the cost of a tractor loader. The debt was secured by the vehicle acquired with the proceeds of the lease. Commencing in December 2012, the lease was payable in annual installments of \$9,318. After the initial payment, interest accrued at a rate of 5.40% per annum. The final installment was due and paid in December 2018.

During fiscal year ended September 30, 2014, the City entered into an equipment lease-purchase agreement for the amount of \$81,792. The purpose of the lease was to finance the cost of a new trash truck. The debt is secured by the vehicle acquired with the proceeds of the lease. Commencing in May 2014, the lease is payable in annual installments of \$13,889. After the initial payment, interest accrues at a rate of 6.10% per annum. The final installment is due in May 2020. The outstanding principal balance of the lease-purchase agreement at September 30, 2019 amounted to \$13,090.

During fiscal year ended September 30, 2015, the City entered into an equipment lease-purchase agreement for the amount of \$86,755. The purpose of the lease was to finance the cost of a Jitney Bus. The debt is secured by the vehicle acquired with the proceeds of the lease. Commencing in April 2015, the lease is payable in annual installments of \$14,374. After the initial payment, interest accrues at a rate of 5.25% per annum. The final installment is due in April 2021. The outstanding principal balance of the lease-purchase agreement at September 30, 2019 amounted to \$26,634.

During fiscal year ended September 30, 2016, the City entered into an equipment lease-purchase agreement for the amount of \$105,111. The purpose of the lease was to purchase three police vehicles. The debt was secured by the vehicles acquired with the proceeds of the lease. Commencing in September 2016, the lease was payable in annual installments of \$30,079. After the initial payment, interest accrued at a rate of approximately 5% per annum. The final installment was due and paid in September 2019.

F. Segment Information for Enterprise Funds

The City maintains five enterprise funds. Segment information for the year ended September 30, 2019 is as follows:

	Sewer System Fund	Water System Fund	Stormwater Utility Fund	Sanitation Fund	Building Dept. / Code Compliance Fund	Total
Operating revenues	\$ 996,565	\$ 754,717	\$ 83,397	\$ 625,197	\$ 417,016	\$ 2,876,892
Depreciation and amortization	199,840	3,933	591,648	16,116	-	811,537
Operating income (loss)	(31,666)	(109,600)	(626,951)	(62,635)	57,981	(772,871)
Operating transfers						
In	409,995	108,000	55,000	69,572	14,056	656,623
(Out)	(159,995)	-	-	-	-	(159,995)
Change in net position	189,649	(975)	(571,951)	5,222	72,037	(306,018)
Capital assets						
Additions	29,138	1,395	18,394	-	-	48,927
Deletions	-	-	-	-	-	-
Net working capital	(529,066)	233,985	1,482	(10,101)	268,920	(34,780)
Total assets	4,237,410	1,513,745	7,453,372	849,633	408,994	14,463,154
Long-term debt payable from						
operating revenues	949,919	-	-	13,090	-	963,009
Total net position	\$ 1,305,684	\$ 159,642	\$ 7,139,996	\$ 171,367	\$ 268,920	\$ 9,045,609

IV. Detailed Notes on all Funds - (continued)

G. Employee Retirement Plans

Florida Retirement System Plan

All budgeted City employees are eligible to participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple-employer defined benefit pension plans administered by the Florida Department of Management Services, Division of Retirement, including the Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature establishes and may amend the contribution requirements and benefit terms of all FRS plans.

The plan administrator for the FRS prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications or at the Division's website.

Pension Plan

Plan Description and Benefits Provided

The Pension Plan is a multiple-employer cost sharing Public Employee Retirement System ("PERS"). All budgeted City employees are eligible to participate in the Pension Plan. The City's covered payroll for employees covered by the System for the year ended September 30, 2019 was approximately \$3.854 million.

Normal retirement for members initially enrolled before July 1, 2011 is at 6 years of credited service and age 62 or at 30 years of credited service regardless of age for regular members. Normal retirement for special risk members (police) initially enrolled before July 1, 2011 is at 6 years of special risk service and age 55 or at 25 or 30 years of special risk or any creditable service regardless of age; these individuals are entitled to an annual retirement benefit equal to 2 to 3 percent for each year of credited service times their average final compensation.

Normal retirement for members initially enrolled on or after July 1, 2011 is at 8 years of credited service and age 65 or at 33 years of credited service regardless of age for regular members. Normal retirement for special risk members (police) initially enrolled on or after July 1, 2011 is at 8 years of special risk service and age 60 or at 30 or 33 years of special risk or any creditable service regardless of age; these individuals are entitled to an annual retirement benefit equal to 2 to 3 percent for each year of credited service times their average final compensation.

Benefits vest after six or eight years of credited service. Early retirement may be taken any time after vesting; however, there is a five percent benefit reduction for each year prior to normal retirement age or date. The System also provides disability and survivor benefits. Benefits are established by State statute.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

G. Employee Retirement Plans - (continued)

Contributions and Funding Policy

The City required contribution rates are established by the Florida Legislature. Employees within 5 years of retirement may elect to participate in the DROP. The City contributes 12.94% of salaries for participants of the DROP. During 2019 the City had four employees participating in this program.

Commencing on July 1, 2011, employees are required to contribute 3% of salaries to the System. Prior to that date, employees could not contribute to the System. The employer contribution rates for regular employees, senior management, and special risk members applicable to the last three fiscal years are as follows:

Employer Contribution Rates	Regular Employees	Senior Management	Special Risk Members
Effective 7/1/17	6.20%	20.99%	32.91%
Effective 7/1/18	6.54%	22.34%	33.26%
Effective 7/1/19	6.75%	23.69%	36.87%

The City's contribution to the FRS for the last three years are as follows:

	2019	2018	2017
Employer contribution	\$ 672,501	\$ 629,615	\$ 584,053
Percentage contributed	100%	100%	100%

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2019, the City reported a liability of \$5,622,982 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was approximately 0.0163%, which was a decrease of approximately 0.0009% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the City recognized pension expense of \$1,362,147. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 333,515	\$ 3,490
Changes of assumptions	1,444,225	-
Net difference between projected and actual earnings on pension plan investments	-	311,093
Changes in proportion and differences between City contributions and proportionate share of contributions	166,689	182,830
City contributions subsequent to the measurement date	132,408	-
	<u>\$ 2,076,837</u>	<u>\$ 497,413</u>

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

G. Employee Retirement Plans - (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions - (cont.)

The \$132,408 reported as deferred outflows of resources related to the Pension Plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended September 30:	
2020	\$ 538,710
2021	\$ 182,908
2022	\$ 386,392
2023	\$ 277,351
2024	\$ 53,867
Thereafter	\$ 7,788

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Actuarial cost method	Individual entry age
Salary increases	3.25% average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense

Mortality rates were based on the Generational RP-2000 Mortality Table, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used to determine the total pension liability as of June 30, 2019 were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013. Differences between assumptions used for June 30, 2019 measurement date calculations and June 30, 2018 measurement date calculations are limited to the new mortality tables for those in active employment, and the change in the discount rate for the Pension Plan from 7.00% as of June 30, 2018 to 6.90% for June 30, 2019. The 6.90% rate of return assumption used in the June 30, 2019 calculations was deemed reasonable and appropriate by the actuary per Actuarial Standards of Practice Number 27 (ASOP 27).

The long-term expected rate of return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Each asset class assumption is based on a consistent set of underlying assumptions. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

G. Employee Retirement Plans - (continued)

Actuarial Assumptions - (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1%	3.3%	3.3%
Fixed income	18%	4.1%	4.1%
Global equity	54%	8.0%	6.8%
Real estate (property)	11%	6.7%	6.1%
Private equity	10%	11.2%	8.4%
Strategic investments	6%	5.9%	5.7%
Total	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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 6.90%, 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 one percentage-point lower (5.90%) or one percentage-point higher (7.90%) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability	\$ 9,720,263	\$ 5,622,982	\$ 2,201,059

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

G. Employee Retirement Plans - (continued)

HIS Plan

Plan Description and Benefits Provided

The HIS Plan is a multiple-employer cost-sharing defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. 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 Florida Department of Management Services, Division of Retirement. For the fiscal year ended September 30, 2019, 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. To be eligible to receive these benefits, a retiree under a State administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions and Funding Policy

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. The employer contributions are a percentage of gross compensation for all active FRS members. The employer contribution rates for all classes through September 30, 2019 were 1.66%. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy to all participants, benefits may be reduced or cancelled.

The City's contribution to the HIS Plan for the last three years are as follows:

	2019	2018	2017
Employer contribution	\$ 65,787	\$ 61,592	\$ 57,135
Percentage contributed	100%	100%	100%

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2019, the City reported a liability of \$1,270,911 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was approximately 0.0114%, which was a decrease of approximately 0.0002% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the City recognized pension expense of \$115,199. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

G. Employee Retirement Plans - (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions - (cont.)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,437	\$ 1,556
Changes of assumptions	147,157	103,874
Net difference between projected and actual earnings on pension plan investments	820	-
Changes in proportion and differences between City contributions and proportionate share of contributions	83,276	24,188
City contributions subsequent to the measurement date	16,939	-
	<u>\$ 263,629</u>	<u>\$ 129,618</u>

The \$16,939 reported as deferred outflows of resources related to the HIS Plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ended September 30:		
2020	\$	42,435
2021	\$	35,370
2022	\$	24,619
2023	\$	175
2024	\$	7,969
Thereafter	\$	6,504

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Actuarial cost method	Individual entry age
Salary increases	3.25% average, including inflation
Investment rate of return	3.50%

Mortality rates were based on the Generational RP-2000 Mortality Table, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used to determine the total pension liability as of June 30, 2019 were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013. Differences between assumptions used for June 30, 2019 measurement date calculations and June 30, 2018 measurement date calculations are limited to the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index used in the valuation of the HIS Plan (municipal rate decreased from 3.87% to 3.50%), and the new mortality tables for those in active employment.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

G. Employee Retirement Plans - (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.50%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate 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 HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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 3.50%, 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 one percentage-point lower (2.50%) or one percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
City's proportionate share of the net pension liability	\$ 1,450,810	\$ 1,270,911	\$ 1,121,076

Section 457 Deferred Compensation Plan

The City established a deferred compensation plan for the employees and elected officials of the City. The adopted deferred compensation plan was created in accordance with Internal Revenue Code Section 457. The plan is available for all employees and officials who elect to participate. The purpose of the plan is to provide additional benefits to City employees and officials who elect to voluntarily set aside and invest portions of their current income to meet future financial requirements and to supplement existing retirement programs. The plan is administered by an independent plan administrator through an administrative service agreement. The City’s administrative involvement is limited to transmitting amounts withheld from payroll to the Plan Administrator, who performs investing functions. Plan assets are held in trust for the benefit of the participants and their beneficiaries. The assets will not be diverted for any other purpose.

H. Fund Equity

Restrictions/Commitments/Assignments of Fund Balance include the following:

1. Restricted for Transportation - This amount represents the amount of fund equity in the transportation surtax fund which is to be used (externally imposed) only for specific transportation related expenditures.
2. Restricted for Conservation Project - This amount represents the amount of fund equity in the recreation fund which is to be used (externally imposed) for a land and water conservation project.
3. Restricted for Public Safety Initiatives - This amount represents the amount of fund equity in the law enforcement grant fund and the police law forfeiture fund which is to be used (externally imposed) only for specific expenditures.

IV. Detailed Notes on all Funds - (continued)

H. Fund Equity - (continued)

4. Restricted for Community Center - This amount represents the amount of fund equity in the community center fund which is to be used (externally imposed) only for specific expenditures at the City's community center.
5. Restricted for Capital Improvements - This amount represents the amount of fund equity, including unspent impact fees, in the general fund which is to be used (externally imposed) only for specific capital related improvements and projects.
6. Committed for Parks and Recreation - This amount represents the amount of fund equity in the recreation fund which is to be used (commission imposed) only for specific expenditures for the parks and recreation department.
7. Assigned for Capital Outlay - This amount represents the amount of fund equity in the recreation fund which is to be used, as assigned by management, for specific capital outlay expenditures.
8. Assigned for Future Contingencies - This amount represents the amount of fund equity in the general fund, as assigned by management, for general liability and pending claims which the City believes may not be covered by its insurance policies, and other amounts assigned by management for insurance premiums.
9. Assigned for Specific Projects - This amount represents the amount of fund equity in the general fund which is to be used, as assigned by management, for records destruction.
10. Assigned for Comprehensive Plan - This amount represents the amount of fund equity in the general fund which is to be used, as assigned by management, for the City's comprehensive plan.
11. Assigned for Improvements - This amount represents the amount of fund equity in the general fund, as assigned by management, for construction and improvements to the passport office and restroom facilities.

Restrictions of Net Position include the following:

1. Restricted for Stormwater - This amount represents the amount of earnings accumulated in the stormwater utility fund which is to be used (externally imposed) only for stormwater and drainage improvements.
2. Restricted for Capital Improvements - This amount represents the amount of unspent impact fees in the sewer system fund which is to be used (externally imposed) only for capital improvements.

I. Risk Management

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There were no significant reductions in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2019

IV. Detailed Notes on all Funds - (continued)

I. Risk Management - (continued)

The City is self-insured for workers' compensation claims. The total liability for reported claims and the incurred but not reported claims (IBNR), is accrued when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated based on estimates provided by the claims administrator, Miami-Dade County. During fiscal years ended September 30, 2019 and 2018, the City estimated a portion of the liability for reported claims as long-term debt.

	<u>2019</u>	<u>2018</u>
Unpaid Claims, beginning	\$ 300,584	\$ 267,570
Incurred Claims (including IBNR)	149,467	83,082
Estimated Claim Reductions	<u>(48,477)</u>	<u>(50,068)</u>
Unpaid Claims, ending	<u>\$ 401,574</u>	<u>\$ 300,584</u>

J. Commitments and Contingencies

1. The City is involved in various proceedings involving certain claims which the City believes not to be covered by its general liability insurance policies. In the opinion of management and its legal counsel, the outcome of these claims should not have a significant impact on the City's financial condition. Proceedings involving several workmen's compensation claims are also closely monitored by the City's management and legal counsel. The City has assigned \$275,000 of fund balance for various possible future contingencies including retirement, of which \$50,000 is for potential general liability claims.
2. The City receives several grants from governmental agencies that require compliance with certain provisions stated in the grant agreements. Failure to comply with the provisions could result in the return of funds to the grantors. Although that is a possibility, the City deems the contingency remote since, in management's opinion, the City has complied in all material respects with the provisions of the grants.
3. At September 30, 2019, the City had various construction projects in progress with remaining balances totaling approximately \$175,000.

K. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern". The outbreak of COVID-19 is having negative effects on local, regional and global economies. The extent to which COVID-19 will impact the City's operations is highly uncertain and cannot be predicted with confidence at this time. It is probable that it will adversely impact the City's revenue sources such as red-light camera revenues, permit fees, certain tax revenues, and impact fees among others.

REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)

City of West Miami, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2019

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Real Estate Taxes	\$ 3,075,718	\$ 3,075,718	\$ 3,103,688	\$ 27,970
Franchise Taxes	332,400	332,400	340,020	7,620
Excise, Utility Service and Other Taxes	626,200	626,200	663,919	37,719
Licenses, Permits and Fees	828,000	828,000	1,087,492	259,492
Intergovernmental Revenue	853,590	853,590	969,662	116,072
Fines and Forfeitures	472,000	466,000	842,147	376,147
Grant Revenues	-	-	1,449,414	1,449,414
Rent	200,405	200,405	225,705	25,300
Interest	2,000	2,000	25,348	23,348
Other	334,556	334,556	409,697	75,141
Total Revenues	<u>6,724,869</u>	<u>6,718,869</u>	<u>9,117,092</u>	<u>2,398,223</u>
Expenditures				
Current				
City Council	146,967	147,412	141,047	6,365
Legal	209,631	207,881	205,362	2,519
Executive	348,734	349,234	347,802	1,432
Finance and Administration	411,289	417,359	417,145	214
Law Enforcement	2,961,635	3,115,605	3,153,777	(38,172)
Streets	605,885	618,406	618,167	239
Garage	104,634	104,614	96,426	8,188
Parks	82,177	82,177	81,365	812
Facilities Maintenance	192,875	186,575	175,737	10,838
Non-Departmental	1,237,054	833,759	88,290	745,469
Capital Outlay	320,200	452,725	386,203	66,522
Balance Carried Forward	<u>\$ 6,621,081</u>	<u>\$ 6,515,747</u>	<u>\$ 5,711,321</u>	<u>\$ 804,426</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2019
(Continued)

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Balance Brought Forward	6,621,081	6,515,747	5,711,321	804,426
Debt Service				
Principal Retirement	142,791	242,125	1,640,044	(1,397,919)
Interest	31,118	31,118	59,485	(28,367)
Total Expenditures	6,794,990	6,788,990	7,410,850	(621,860)
Excess (Deficiency) of Revenues and Over (Under) Expenditures	(70,121)	(70,121)	1,706,242	1,776,363
Other Financing Sources (Uses)				
Operating Transfers In	550,868	550,868	50,000	(500,868)
Operating Transfers (Out)	(480,747)	(480,747)	(849,747)	(369,000)
Total Other Financing Sources (Uses)	70,121	70,121	(799,747)	(869,868)
Net Change in Fund Balances	\$ -	\$ -	\$ 906,495	\$ 906,495

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Real Estate Taxes	\$ 3,075,718	\$ 3,103,688	\$ 27,970
Franchise Taxes			
Electricity	317,000	322,470	5,470
Gas	9,800	11,950	2,150
Bus Benches	5,600	5,600	-
	<u>332,400</u>	<u>340,020</u>	<u>7,620</u>
Excise, Utility Service and Other Taxes			
Excise	406,200	451,953	45,753
Utility Service	193,000	174,496	(18,504)
BED	6,000	5,494	(506)
Local Business Tax	21,000	31,976	10,976
	<u>626,200</u>	<u>663,919</u>	<u>37,719</u>
Licenses, Permits, and Fees			
Building Permits	15,000	15,445	445
Alarm Permits	12,000	9,105	(2,895)
Impact Fees	800,000	1,060,942	260,942
Miscellaneous Permits	1,000	2,000	1,000
	<u>828,000</u>	<u>1,087,492</u>	<u>259,492</u>
Intergovernmental			
Sales Tax	500,750	574,190	73,440
Revenue Sharing	238,000	272,252	34,252
Fuel Tax	114,540	123,118	8,578
Mobile Homes	300	102	(198)
	<u>853,590</u>	<u>969,662</u>	<u>116,072</u>
Fines and Forfeitures			
Red Light Camera	429,000	724,597	295,597
Collected by Metro-Dade	35,000	117,550	82,550
Performance Bonds Forfeitures	2,000	-	(2,000)
	<u>466,000</u>	<u>842,147</u>	<u>376,147</u>
Grant Revenues	-	1,449,414	1,449,414
Rent	200,405	225,705	25,300
Interest	2,000	25,348	23,348
Other			
Accident Reports	6,000	2,958	(3,042)
False Alarms	500	70	(430)
Zoning Fees and Certificates of Use	11,000	11,114	114
Passport	175,000	265,204	90,204
Miscellaneous	142,056	130,351	(11,705)
	<u>334,556</u>	<u>409,697</u>	<u>75,141</u>
Total Revenues	<u>\$ 6,718,869</u>	<u>\$ 9,117,092</u>	<u>\$ 2,398,223</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
City Council			
Salaries	\$ 2,640	\$ 2,640	\$ -
Medical and Life Insurance	107,646	107,646	-
Council Expense	6,200	6,200	-
Other Insurance Costs	500	500	-
Telephone	1,000	1,000	-
Postage	1,500	1,500	-
Office Supplies	5,650	5,567	83
Computer Service	2,871	2,871	-
Commission Representation	18,840	12,559	6,281
Contingency	565	564	1
	<u>\$ 147,412</u>	<u>\$ 141,047</u>	<u>\$ 6,365</u>
Legal			
Salaries	\$ 158,551	\$ 156,175	\$ 2,376
Medical and Life Insurance	20,669	20,669	-
Legal Advertising	13,290	13,285	5
Office Supplies	600	600	-
Telephone Services	1,000	1,000	-
Postage	1,500	1,500	-
General Liability	8,500	8,500	-
Computer Service	2,571	2,571	-
Miscellaneous	100	35	65
Fuel and Lubricants	400	385	15
Vehicle Repairs	700	642	58
	<u>\$ 207,881</u>	<u>\$ 205,362</u>	<u>\$ 2,519</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Executive			
Salaries	\$ 212,848	\$ 212,211	\$ 637
Payroll Taxes	16,304	16,304	-
Retirement	37,349	37,349	-
Workers' Compensation	1,572	1,572	-
Medical and Life Insurance	32,100	32,100	-
Conferences and Training	2,750	2,339	411
Printed Forms	600	545	55
Car Allowance	4,030	4,000	30
Telephone Service	2,560	2,558	2
City Manager's Expenses	1,200	1,138	62
Other Insurance Costs	500	500	-
Other Miscellaneous	5,600	5,515	85
Postage	2,600	2,600	-
Computer Service	4,571	4,571	-
General Liability Insurance	7,000	7,000	-
ICMA	17,500	17,500	-
	<u>\$ 349,234</u>	<u>\$ 347,802</u>	<u>\$ 1,432</u>
Finance and Administration			
Salaries	\$ 267,665	\$ 267,638	\$ 27
Payroll Taxes	21,318	21,318	-
Retirement	23,570	23,570	-
Workers' Compensation	1,900	1,900	-
Medical and Life Insurance	71,865	71,865	-
Office Supplies	4,200	4,200	-
Telephone Service	2,310	2,292	18
Postage	6,000	5,912	88
Printed Forms	4,190	4,179	11
General Liability	5,000	5,000	-
Other Insurance Costs	500	500	-
Repairs to Equipment	450	440	10
Rental of Equipment	2,885	2,826	59
Other Miscellaneous	335	334	1
Computer Service	5,171	5,171	-
	<u>\$ 417,359</u>	<u>\$ 417,145</u>	<u>\$ 214</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Law Enforcement			
Salaries	\$ 1,987,048	\$ 1,987,016	\$ 32
Other Personal Services	40,700	40,670	30
Payroll Taxes	142,716	142,716	-
Retirement	423,282	423,282	-
Workers' Compensation	35,798	35,798	-
Medical and Life Insurance	285,459	285,459	-
Printed Forms	2,135	2,130	5
Fuel and Lubricants	71,400	71,305	95
Vehicle Repair Parts and Labor	45,086	45,086	-
Operating Equipment Repair Parts	4,900	4,828	72
Uniform Purchases	12,665	12,660	5
Telephone Services	3,000	3,000	-
General Liability Insurance	31,345	31,345	-
Other Insurance Costs	1,000	1,000	-
Repairs to Equipment	500	495	5
Other Miscellaneous	2,665	2,637	28
Office Supplies	4,400	4,400	-
Building and Maintenance Supplies	800	787	13
Small Tools and Minor Equipment	1,800	1,799	1
Postage	600	600	-
Dues and Subscriptions	1,610	1,610	-
Plaques, Awards, Recognition	735	735	-
Other Professional Services	7,000	8,879	(1,879)
Computer Service	8,571	8,571	-
Information Expense	390	310	80
Rental Machine and Equipment	-	36,659	(36,659)
	<u>\$ 3,115,605</u>	<u>\$ 3,153,777</u>	<u>\$ (38,172)</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Streets			
Salaries	\$ 299,240	\$ 299,241	\$ (1)
Payroll Taxes	27,024	27,022	2
Retirement	34,872	34,872	-
Workers' Compensation	20,800	20,800	-
Medical and Life Insurance	57,568	57,568	-
Fuel and Lubricants	8,720	8,718	2
Protective Clothing	2,210	2,208	2
Building Materials and Supplies	12,400	12,396	4
Small Tools and Minor Equipment	3,300	3,279	21
Vehicle Repair Parts and Labor	11,000	10,990	10
Operating Equipment Repair Parts	15,871	15,721	150
Telephone Service	2,000	2,000	-
General Liability Insurance	25,915	25,915	-
Street Lighting Electricity	61,000	61,000	-
Computer Service	3,521	3,521	-
Rental of Equipment	200	190	10
Landscape Maintenance	21,130	21,108	22
Other Miscellaneous	620	613	7
Office Supplies	3,300	3,300	-
Postage	800	800	-
Conference and Training Costs	515	515	-
Uniform Rental	6,400	6,390	10
	<u>\$ 618,406</u>	<u>\$ 618,167</u>	<u>\$ 239</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Garage			
Salaries	\$ 58,295	\$ 58,260	\$ 35
Payroll Taxes	4,169	4,169	-
Retirement	4,419	4,419	-
Workers' Compensation	3,696	3,696	-
Medical and Life Insurance	9,605	9,605	-
Cleaning Supplies	300	-	300
Fuel and Lubricants	400	300	100
Protective Clothing	400	-	400
Small Tools and Minor Equipment	4,000	1,982	2,018
Vehicle Repair Parts	3,830	3,828	2
Operating Equipment Repair Parts	1,250	-	1,250
Uniform Rental	1,170	1,008	162
Hazardous Waste Disposal	1,000	108	892
General Liability Insurance	9,000	9,000	-
Other Miscellaneous	1,080	51	1,029
Special Permit Fees	2,000	-	2,000
	<u>\$ 104,614</u>	<u>\$ 96,426</u>	<u>\$ 8,188</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Parks			
Salaries	\$ 40,937	\$ 40,837	\$ 100
Payroll Taxes	3,082	3,078	4
Retirement	1,915	1,915	-
Workers' Compensation	3,652	3,652	-
Medical and Life Insurance	301	301	-
Horticultural Supplies	5,640	5,633	7
Fuel and Lubricants	900	887	13
Small Tools and Minor Equipment	100	87	13
General Liability Insurance	9,000	9,000	-
Other Insurance	200	200	-
Other Miscellaneous	12,720	12,524	196
Uniform Rental	1,500	1,021	479
Electricity	2,230	2,230	-
	<u>\$ 82,177</u>	<u>\$ 81,365</u>	<u>\$ 812</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Facilities Maintenance			
Salaries	\$ 60,945	\$ 60,877	\$ 68
Payroll Taxes	4,548	4,548	-
Retirement	4,861	4,861	-
Workers' Compensation	5,511	5,511	-
Medical and Life Insurance	19,210	19,210	-
Horticultural Supplies	575	575	-
Cleaning and Sanitation Supplies	4,600	4,588	12
Fuel and Lubricants	300	277	23
Household and Institutional Supplies	4,900	4,856	44
Protective Clothing	650	229	421
Building Material and Supplies	28,625	28,603	22
Small Tools and Minor Equipment	1,000	190	810
Vehicle Repair Parts	2,500	1,570	930
Operating Equipment Repair Parts	100	-	100
Installed Building Equipment Repair Parts	2,000	-	2,000
Other Repairs and Maintenance Supplies	200	-	200
General Liability Insurance	10,000	10,000	-
Electricity	23,700	21,321	2,379
Water	5,000	4,580	420
Repairs to Building	1,500	-	1,500
Other Miscellaneous	750	504	246
Uniform Rental	2,600	1,737	863
Telephone Service	1,000	1,000	-
Other Insurance Building	500	500	-
Repairs to Equipment	500	-	500
Rental of Equipment	500	200	300
	<u>\$ 186,575</u>	<u>\$ 175,737</u>	<u>\$ 10,838</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Non-Departmental			
Payroll Taxes	\$ 305,618	\$ 305,617	\$ 1
Retirement	636,452	636,451	1
Unemployment Compensation	3,730	3,300	430
Workers' Compensation	87,072	85,831	1,241
Medical and Life Insurance	746,652	710,972	35,680
Allowance to Board Members	1,000	645	355
Auditing Services	26,500	26,500	-
Engineer Services	2,400	2,200	200
Other Professional Services	66,700	53,320	13,380
Code Enforcement Allowance	1,000	615	385
General Liability Insurance	282,250	282,136	114
Other Insurance Costs	5,000	1	4,999
Dues and Subscriptions	2,500	2,492	8
Contingency Fund	39,842	25,643	14,199
Real Estate Taxes	15,000	13,846	1,154
Office Supplies	25,000	22,916	2,084
Telephone	35,620	35,885	(265)
Postage	30,000	24,060	5,940
Recodification of Ordinances	2,000	1,947	53
Computer Service	80,000	67,102	12,898
Retirement Deferred Payment	27,500	27,500	-
Reserve	649,801	32,410	617,391
Hurricane National Disaster	50,000	14,777	35,223
Interdepartmental Allocations	(2,287,878)	(2,287,876)	(2)
	<u>\$ 833,759</u>	<u>\$ 88,290</u>	<u>\$ 745,469</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Recreation Fund
For the Year Ended September 30, 2019

	Recreation Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Real Estate Taxes	\$ 522,566	\$ 522,566	\$ 522,566	\$ -
Grant Revenues	104,000	104,000	64,059	(39,941)
Other	254,000	254,000	316,352	62,352
Total Revenues	880,566	880,566	902,977	22,411
Expenditures				
Current				
Recreation	802,079	802,079	690,227	111,852
Capital Outlay	332,487	332,487	159,657	172,830
Total Expenditures	1,134,566	1,134,566	849,884	284,682
Excess (Deficiency) of Revenues and Over (Under) Expenditures	(254,000)	(254,000)	53,093	307,093
Other Financing Sources (Uses)				
Operating Transfers In	254,000	254,000	-	(254,000)
Total Other Financing Sources (Uses)	254,000	254,000	-	(254,000)
Net Change in Fund Balances	\$ -	\$ -	\$ 53,093	\$ 53,093

See accompanying notes to budgetary comparison schedules.

CITY OF WEST MIAMI, FLORIDA
Notes to Budgetary Comparison Schedules
September 30, 2019

Note 1. Budgets and Budgetary Accounting

The City legally adopts annual budgets for the General Fund and most of the Special Revenue Funds. The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States. The following procedures are used by the City in establishing the budgetary data reflected in the financial statements.

- a) At least 45 days prior to the close of the fiscal year, the City Commission is presented with a proposed budget including proposed expenditures and the means of financing them.
- b) After Commission review and public hearings, the budget is adopted prior to October 1st of each year.
- c) Budgets are approved on a fund-by-fund basis and management may transfer amounts between line items or departments as long as the transfer does not result in an increase in total fund budget. Expenditures may not legally exceed appropriations at the departmental level.

Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the City. Appropriations not encumbered lapse at year-end. The Commission did not make supplemental budgetary appropriations during the year.

Note 2. Excess of Expenditures over Appropriations

The General Fund law enforcement expenditures exceeded appropriations by \$38,172. These unfavorable variances were caused by financial statement reclassification adjustments and were covered by budgeted capital outlay expenditures and excess revenues. The General Fund debt service expenditures exceeded appropriations by a combined \$1,426,286. This unfavorable variance was caused by the repayment of the entire principal balance and outstanding interest owed on the revenue note obtained for purposes of funding costs related to Hurricane Irma, and was covered by grant reimbursements received from the Federal Emergency Management Agency during 2019. The negative variances are disclosed in the Budgetary Comparison Statements and Schedules – General Fund - pages 46-56. The overall budget variance for the General Fund and Recreation Fund ends with a positive variance of \$906,495 and \$53,093, respectively, when combined with revenue and interfund transfer variances.

Note 3. Budget/GAAP Reconciliation

There are no differences to be reconciled between the budgetary comparison schedules and the statement of revenues, expenditures and changes in fund balances - governmental funds.

City of West Miami, Florida
 Required Supplementary Information
 Schedule of the Proportionate Share of the Net Pension Liability
 Florida Retirement System Pension Plan
 Last 6 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.01632755%	0.01719487%	0.01666302%	0.01686092%	0.01493958%	0.01523259%
City's proportionate share of the net pension liability (asset)	\$ 5,622,982	\$ 5,179,185	\$ 4,928,811	\$ 4,257,396	\$ 1,929,647	\$ 929,412
City's covered payroll	\$ 3,833,099	\$ 3,798,323	\$ 3,471,017	\$ 3,367,100	\$ 3,141,772	\$ 3,039,259
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	146.70%	136.35%	142.00%	126.44%	61.42%	30.58%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of 6/30 (measurement date of the collective net pension liability). GASB 68 requires information for 10 years; until a full 10-year trend is compiled, the City is presenting information for only those years for which information is available.

City of West Miami, Florida
 Required Supplementary Information
 Schedule of Contributions
 Florida Retirement System Pension Plan
 Last 6 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 672,501	\$ 629,615	\$ 584,053	\$ 531,919	\$ 430,873	\$ 446,081
Contributions in relation to the contractually required contribution	<u>\$ (672,501)</u>	<u>\$ (629,615)</u>	<u>\$ (584,053)</u>	<u>\$ (531,919)</u>	<u>\$ (430,873)</u>	<u>\$ (446,081)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,854,435	\$ 3,781,302	\$ 3,592,483	\$ 3,392,770	\$ 3,226,000	\$ 3,170,000
Contributions as a percentage of covered payroll	17.45%	16.65%	16.26%	15.68%	13.36%	14.07%

* GASB 68 requires information for 10 years; until a full 10-year trend is compiled, the City is presenting information for only those years for which information is available.

City of West Miami, Florida
 Required Supplementary Information
 Schedule of the Proportionate Share of the Net Pension Liability
 Florida Retirement System Health Insurance Subsidy Pension Plan
 Last 6 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.01135858%	0.01162931%	0.01088950%	0.01087716%	0.01035583%	0.01022926%
City's proportionate share of the net pension liability (asset)	\$ 1,270,911	\$ 1,230,859	\$ 1,164,356	\$ 1,267,687	\$ 1,056,132	\$ 956,461
City's covered payroll	\$ 3,833,099	\$ 3,798,323	\$ 3,471,017	\$ 3,367,100	\$ 3,141,772	\$ 3,039,259
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.16%	32.41%	33.55%	37.65%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30 (measurement date of the collective net pension liability). GASB 68 requires information for 10 years; until a full 10-year trend is compiled, the City is presenting information for only those years for which information is available.

City of West Miami, Florida
 Required Supplementary Information
 Schedule of Contributions
 Florida Retirement System Health Insurance Subsidy Pension Plan
 Last 6 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 65,787	\$ 61,592	\$ 57,135	\$ 53,820	\$ 50,552	\$ 47,622
Contributions in relation to the contractually required contribution	<u>\$ (65,787)</u>	<u>\$ (61,592)</u>	<u>\$ (57,135)</u>	<u>\$ (53,820)</u>	<u>\$ (50,552)</u>	<u>\$ (47,622)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,854,435	\$ 3,781,302	\$ 3,592,483	\$ 3,392,770	\$ 3,226,000	\$ 3,170,000
Contributions as a percentage of covered payroll	1.71%	1.63%	1.59%	1.59%	1.57%	1.50%

* GASB 68 requires information for 10 years; until a full 10-year trend is compiled, the City is presenting information for only those years for which information is available.

COMBINING FINANCIAL STATEMENTS

City of West Miami, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	Special Revenue				Total Nonmajor Governmental Funds
	Community Center Fund	Transportation Surtax Fund	Law Enforcement Grant Fund	Police Law Forfeiture Fund	
Assets					
Cash and Cash Equivalents	\$ 38,309	\$ -	\$ -	\$ -	\$ 38,309
Cash - Restricted	-	407,352	-	210,225	617,577
Receivables	25,299	98,079	-	-	123,378
Due From Other Funds	205,421	46,734	31	-	252,186
Total Assets	<u>\$ 269,029</u>	<u>\$ 552,165</u>	<u>\$ 31</u>	<u>\$ 210,225</u>	<u>\$ 1,031,450</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Expenses	\$ 17,819	\$ 50,206	\$ -	\$ -	\$ 68,025
Due To Other Funds	232,002	43,524	-	3,479	279,005
Total Liabilities	<u>249,821</u>	<u>93,730</u>	<u>-</u>	<u>3,479</u>	<u>347,030</u>
Fund Balances					
Restricted for Public Safety Initiatives	-	-	31	206,746	206,777
Restricted for Community Center	19,208	-	-	-	19,208
Restricted for Transportation	-	458,435	-	-	458,435
Total Fund Balances	<u>19,208</u>	<u>458,435</u>	<u>31</u>	<u>206,746</u>	<u>684,420</u>
Total Liabilities and Fund Balances	<u>\$ 269,029</u>	<u>\$ 552,165</u>	<u>\$ 31</u>	<u>\$ 210,225</u>	<u>\$ 1,031,450</u>

The notes to the financial statements are an integral part of this statement.

City of West Miami, Florida
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Community Center Fund	Transportation Surtax Fund	Law Enforcement Grant Fund	Police Law Forfeiture Fund	
Revenues					
Government Grants/Contributions	\$ 355,148	\$ 40,000	\$ -	\$ -	\$ 395,148
Surtax	-	278,407	-	-	278,407
Fines and Forfeitures	-	-	-	127,483	127,483
Interest	-	116	-	63	179
Other	33,192	-	-	-	33,192
Total Revenues	<u>388,340</u>	<u>318,523</u>	<u>-</u>	<u>127,546</u>	<u>834,409</u>
Expenditures					
Salaries and Wages	174,783	61,662	-	-	236,445
Personnel Benefits	57,590	28,765	-	-	86,355
Meals for Seniors	262,026	-	-	-	262,026
Other	73,210	158,404	-	25,647	257,261
Capital Outlay	-	83,567	-	32,467	116,034
Debit Service					
Principal retirement	-	12,329	-	9,472	21,801
Interest	-	2,045	-	942	2,987
Total Expenditures	<u>567,609</u>	<u>346,772</u>	<u>-</u>	<u>68,528</u>	<u>982,909</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(179,269)	(28,249)	-	59,018	(148,500)
Other Financing Sources (Uses)					
Operating Transfers In	174,251	128,868	-	-	303,119
Total Other Financing Sources (Uses)	<u>174,251</u>	<u>128,868</u>	<u>-</u>	<u>-</u>	<u>303,119</u>
Net Change in Fund Balances	(5,018)	100,619	-	59,018	154,619
Fund Balances at Beginning of Year	<u>24,226</u>	<u>357,816</u>	<u>31</u>	<u>147,728</u>	<u>529,801</u>
Fund Balances at End of Year	<u>\$ 19,208</u>	<u>\$ 458,435</u>	<u>\$ 31</u>	<u>\$ 206,746</u>	<u>\$ 684,420</u>

The notes to the financial statements are an integral part of this statement.

COMPLIANCE SECTION



GARCIA | ESPINOSA | MIYARES | RODRIGUEZ | TRUEBA

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and
Members of the City Commission
City of West Miami, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of West Miami, Florida (the “City”), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated May 11, 2020.

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

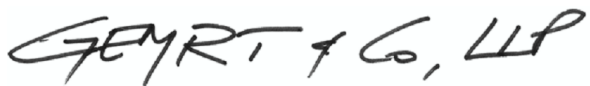
As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

GARCIA, ESPINOSA, MIYARES, RODRIGUEZ, TRUEBA & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

2600 Douglas Road, Suite 800 Coral Gables, FL 33134 | P 305 529 5440 | F 305 529 5441 | www.gemrtcpa.com

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 City'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.

Handwritten signature in black ink that reads "GEMRT & Co, LLP". The letters are cursive and somewhat stylized.

Coral Gables, Florida
May 11, 2020



GARCIA | ESPINOSA | MIYARES | RODRIGUEZ | TRUEBA

**Independent Accountant’s Report on Compliance with the Requirements of
Section 218.415, Florida Statutes in Accordance with Chapter 10.550,
Rules of the Auditor General of the State of Florida**

Honorable Mayor and
Members of the City Commission
City of West Miami, Florida

We have examined the City of West Miami, Florida’s (the “City”) compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2019. Management is responsible for the City’s compliance with those specified requirements. Our responsibility is to express an opinion on the City’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City’s compliance with the specified requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City’s compliance with specified requirements.

In our opinion, the City of West Miami, Florida complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2019.

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

A handwritten signature in black ink that reads "GEMRT & Co, LLP". The signature is written in a cursive, slightly slanted style.

Coral Gables, Florida
May 11, 2020

Management Letter Required by Section 10.550 of the Rules of the Auditor General of the State of Florida

Honorable Mayor, City Commission, and City Manager
City of West Miami, Florida

Report on the Financial Statements

We have audited the financial statements of the City of West Miami, Florida (the “City”), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 11, 2020.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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 and schedule, which are dated May 11, 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 findings or recommendations made in the preceding annual financial 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 City of West Miami was established by Section 14 of Article I, Laws of Florida 1949, Ch. 26301. There were no component units related to the City of West Miami, Florida.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. The assessment was completed as of the fiscal year end. It is management's responsibility to monitor the City'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.

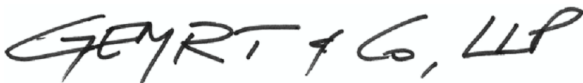
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that us to communicate 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 note any such findings.

Purpose of this Letter

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



Coral Gables, Florida
May 11, 2020



GARCIA | ESPINOSA | MIYARES | RODRIGUEZ | TRUEBA

Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and
Members of the City Commission
City of West Miami, Florida

Report on Compliance for Each Major Federal Program

We have audited City of West Miami, Florida’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2019. The City’s major Federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2019.

GARCIA, ESPINOSA, MIYARES, RODRIGUEZ, TRUEBA & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

2600 Douglas Road, Suite 800 Coral Gables, FL 33134 | P 305 529 5440 | F 305 529 5441 | www.gemrtcpa.com

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Coral Gables, Florida
May 11, 2020

City of West Miami, Florida
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Agency / Pass-through Entity / Federal Program	CFDA Number	Contract/ Grant Number	Expenditures
FEDERAL AWARDS			
U.S. Department of Justice			
Federal Equitable Sharing Program	16.922	N/A	\$ 81,169
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>81,169</u>
U.S. Department of Interior, National Park Service			
<i>Pass-through Florida Department of Environmental Protection</i>			
Land and Water Conservation Fund Program	15.916	LW667	64,059
TOTAL U.S. DEPARTMENT OF INTERIOR, NATIONAL PARK SERVICE			<u>64,059</u>
U.S. Department of Health and Human Services Administration for Community Living			
Aging Cluster			
<i>Pass-through Alliance for the Aging</i>			
Special Programs for the Aging Title III, Part C1	93.045	AA1943	1,079
<i>Pass-through Alliance for the Aging</i>			
Nutrition Services Incentive Program (USDA)	93.053	US1943	41,466
Aging Cluster Total			<u>42,545</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>42,545</u>
U.S. Department of Homeland Security Federal Emergency Management Assistance			
<i>Pass through Florida Division of Emergency Management</i>			
Disaster Grant - Public Assistance	97.036	Z0038	1,357,812
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>1,357,812</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,545,585</u>

The accompanying notes are an integral part of this schedule.

CITY OF WEST MIAMI, FLORIDA
*Notes to Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2019*

Note 1. General

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of the City of West Miami, Florida (the “City”). The City’s reporting entity is defined in Note I-A of the City’s basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in the notes of the City’s basic financial statements.

Note 3. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

Note 4. Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5. Prior Year Expenditures

The current year schedule includes prior fiscal year expenditures for the program noted below. Although the expenditures were incurred in prior fiscal years, the funding approvals for the expenditures were obtained in the current fiscal year.

<u>Federal Agency</u>	<u>CFDA</u>	<u>Contract No.</u>	<u>Prior Year Expenditures Reported in FY19</u>
U.S. Department of Homeland Security FEMA	97.036	Z0038	\$ 1,357,812

CITY OF WEST MIAMI, FLORIDA
*Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2019*

PART I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major Federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)?	No

Identification of major Federal programs:

<u>Federal Program</u>	<u>Federal CFDA No.</u>
Disaster Grant – Public Assistance	97.036

Dollar threshold used to distinguish between Type A and Type B Federal programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	No

PART II. FINDINGS – FINANCIAL STATEMENTS

None.

PART III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

None.

PART IV. OTHER ISSUES

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs.