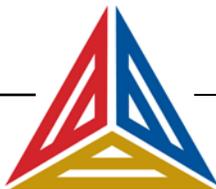


**CITY OF WEST PARK, FLORIDA  
AUDITED FINANCIAL STATEMENTS  
For the Year Ended September 30, 2013**



**S. DAVIS & ASSOCIATES, P.A.**  
Certified Public Accountants & Consultants

**TABLE OF CONTENTS**

|   | <b><u>PAGE</u></b> |
|---|--------------------|
| Independent Auditor’s Report.....   | 1                  |
| Management’s Discussion and Analysis .....  | 4                  |
| Basic Financial Statements:   |                    |
| Statement of Net Position .....   | 15                 |
| Statement of Activities.....  | 16                 |
| Balance Sheet - Governmental Funds.....   | 17                 |
| Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds .....  | 18                 |
| Reconciliation of the Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds<br>to the Statement of Activities.....   | 19                 |
| Notes to Financial Statements.....  | 20                 |
| Required Supplementary Information:   |                    |
| Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Budget and Actual – General Fund.....   | 43                 |
| Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Budget and Actual Twin-Lakes Special Revenue Fund .....   | 44                 |
| Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Budget and Actual Stormwater Special Revenue Fund.....  | 45                 |
| Notes to the Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Budget and Actual – Governmental Funds .....   | 46                 |
| Independent Auditor’s Report on Internal Control over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 48                 |
| State of Florida Reporting Requirements - Management Letter.....  | 50                 |



# S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Commissioners  
City of West Park, Florida

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of West Park, Florida (the "City"), as of and for the year ended September 30, 2013, 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

**HOLLYWOOD**  
2521 Hollywood Boulevard  
Hollywood, Florida 33020  
(954) 927-5900  
(954) 927-5927 Fax

**MIAMI**  
1031 Ives Dairy Road, Suite 228  
Miami, Florida 33179  
(305) 628-1510  
(305) 628-1595 Fax

**PALM BEACH**  
8144 Okeechobee Boulevard, Suite B  
West Palm Beach, Florida 33411  
(561) 547-0545  
(561) 253-2747 Fax

**TALLAHASSEE**  
400 N. Adams Street  
Tallahassee, Florida 32301  
(800) 678-6091

#### MEMBER

Florida Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
American Institute of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT – Continued

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of West Park, Florida, as of September 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 14 and 43 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2014, on our consideration of the City of West Park, 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 City of West Park, Florida's internal control over financial reporting and compliance.

*S. Davis & Associates, P.A.*

Hollywood, Florida  
March 5, 2014

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

**FINANCIAL MANAGEMENT DISCUSSION AND ANALYSIS**

As management of the City of West Park, Florida, we offer readers of the City of West Park's financial statements this narrative overview and analysis of the financial activities of the City of West Park, Florida, for the year ended September 30, 2013. Readers are encouraged to consider all of the information presented in this report. The responsibility of preparing this report is the responsibility of the management of the City of West Park, Florida.

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements (beginning on page 15).

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

**Financial Highlights**

- The assets of the City of West Park exceeded its liabilities and deferred inflows of resources at September 30, 2013, by \$85,406,330 (the "net position"). Of this amount, \$6,984,309 (the "unrestricted net position") may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$122,013. Of that amount, \$715,234 was depreciation expense in excess of capital outlay for the year, with nearly all of the depreciation being for infrastructure. An additional \$659,831 resulted from an excess of revenues over expenditures in the City's operating funds, resulting from a combination of extra revenues and savings in budgeted expenditures. The balance of \$66,610 resulted from increased long-term liabilities, of which \$46,648 was booked for other postemployment benefits. Compensated absences liabilities increased by \$19,962.

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

**Financial Highlights - Continued**

- At the close of fiscal year 2013, the City's General Fund reported \$7,531,763 in fund balance, an increase over the previous year of \$476,004. Of the total fund balance, \$1,012,460 represents non-spendable assets; mostly property held for resale of \$1,010,720, and should be considered illiquid. The City's Twin Lakes Water Control District special revenue fund ended with a fund balance of \$61,960 an increase of \$764 over 2012. The City's Stormwater Utility Fund had a final fund balance of \$422,526, an increase over the prior year of \$183,064.
- The City's General Fund Committed Fund Balance was \$31,338 and represents the amount of outstanding encumbrances, all of which were outstanding purchase orders.
- The City had \$252,782 of General Fund Restricted Fund Balance, all of which is for Law Enforcement Trust Fund related expenditures.
- The City's General Fund Assigned Fund Balance of \$601,946 is designated for use in the 2014 fiscal year. Approximately \$475,000 is for capital improvements on 56<sup>th</sup> Avenue.
- The City's General Fund Unassigned Fund Balance of \$6,235,183 represents immediately available resources that can be used for any lawful purpose. This is an increase from fiscal year 2012 of \$576,825 or about 10%. Total Fund Balance also increased and total revenues were 3.6% greater than last year's revenue.
- The City's General Fund Unassigned fund balance of \$6,235,183 represents about 55% of the year's total expenditures for that fund, or about six month's worth of expenditures, a slight increase from the prior year's balance. The City's policy is to maintain at least a three-month level of unassigned fund balance and should strive to maintain a six-month balance. The City is within its goals.
- The City's long-term debt, comprised of accrued leave time for employees and other postemployment benefits ("OPEB" and entirely comprised of an implicit subsidy for retiree health care), increased by \$66,610, to a total outstanding amount owed of \$294,671.
- The City's current assets exceeded its current liabilities by about 23 times.

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

**City Achievements**

- Started the year with the execution of an intermodal agreement with Broward County for Solid Waste disposal services. The agreement reduced the City’s solid waste disposal expenses, thus allowing the City to decrease residents’ annual solid waste fee by almost 4%.
- Established architectural concept and design guidelines for development along State Road 7. The guideline will be used as a tool to assist developer to meet the City’s goals and polices relating to site planning, circulation, building design and landscaping along State Road 7.
- Opened the City’s new fitness zones at McTyre Park and Mary Saunders Park. With the grant received from Health Foundation of South Florida, we were able to install outdoor fitness equipment that offer the strength and conditioning necessary to build strong bones and healthy joints for all those who utilize the equipment.
- Joined other cities and the county to establish the consolidated E-911 communication and dispatch system that is fully funded through the county’s ad valorem taxes.
- Commenced the installation of bus shelters and benches along the business corridor.
- Completed the much needed traffic calming improvement along SW 32<sup>nd</sup> Court in the Lake Forest community. The project is intended to enhance the quality of life for neighborhood residents by managing traffic concerns in a manner that minimizes traffic intrusion into the residential streets and to maintain vehicle speeds at acceptable levels.
- Commenced the much needed improvements to McTyre Park parking lot. The ongoing improvements include the installation of a drainage system, new parking stalls, landscaping islands with irrigation system, and asphalt resurfacing. This \$338,000 improvement is the first phase of multiple improvements to the park.
- Commenced the construction of the largest infrastructure improvement project since the City’s incorporation: SW 56<sup>th</sup> Avenue (Martin Luther King, Jr. Boulevard) Improvement. The 1.5-miles roadway improvement is intended to create a sense of destination, with surfaced asphalt pavement, bike lanes, brick paved intersections, new sidewalk, and landscape median, while providing much needed traffic calming along one of the most traveled roadways in the City. It must be noted that most of this improvement cost is funded through grants.

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

**City Achievements - Continued**

- Increased code enforcement efforts aimed at improving property values during the year. Using new tools that allow improvements, clean up costs, and safety measures on unkempt or abandoned properties to be paid for by assessments placed on property tax bills, the City can now make these improvements without risking the loss of funds over an extended period of time.
- Recycling efforts have resulted in the City’s residents increasing the tonnage of recycling material. While this provides some additional revenue, the biggest reward comes from the disposal avoidance at the waste disposal sites in the county. This extends the life of the landfills and helps to hold down the long-term costs of waste disposal. This was a result of the City’s contracting out waste management services three years ago.
- Working with the Home Depot Foundation, the City awarded additional number of “mini-grants” to local residents who were selected for a “Mailbox Makeover”. The results were very impressive and it also helps the City continue to build civic pride.
- Continued a red light camera initiative at several intersections in an effort to reduce the number of serious intersection accidents within the City. Working with a vendor, the initiative is cost neutral to the City and may provide some upside potential for additional revenue. It is expected that the number of red light runners at the intersections will be reduced and, more importantly, accidents at the intersections will also be reduced.
- Made great strides in bringing several abandoned properties into compliance through the Lien Amnesty Program. Since the program started, the City has generated over \$20,000 of revenue, with \$71,000 pending, while improving property value citywide.
- Completed storm water drainage system maintenance.
- Commenced street sweeping program along the business area.
- Successfully implemented all the City’s events and programs, to include:
  - Mary Kendrick Thanksgiving Feed The Needy Feast
  - Holiday Toy Drive
  - Earth Day / Recycling Program
  - Mother’s Day Breakfast
  - Father’s Day Celebration
  - Relay for Life
  - Bahamian Independence / Goombay Festival
  - Summer Camp (Camp Bravery)
  - Senior Program
  - West Park Youth Football Program

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

**City Achievements - Continued**

- Continued dedicated services to the residents and businesses, successfully increasing the number of businesses in the City, thus generating 16% increase in businesses tax revenue.
- Secured \$1,839,432 in grants – the largest grant ever secured in a year, since the City's incorporation. The grants were used for the following programs and improvements:
  - Justice Assistance Grant for Security System at the City's park.
  - Department of Juvenile Justice funding for summer camp program at Mary Saunders Park.
  - Children Services Council's grant for Afterschool Program.
  - Community Development Block Grant for the McTyre Park Parking Lot Drainage Improvement and SW 56<sup>th</sup> Avenue (Martin Luther King Jr. Boulevard) Improvement.
  - McTyre & Mary Saunders Parks' Outdoor Fitness Zone and Fitness Trail constructed with funding from Health Foundation of South Florida.
  - Broward Redevelopment Program grant for the improvements to SW 56 Avenue.
  - Broward Redevelopment Program grant for the acquisition of 1901 South State Road 7.
  - As part of the grants received, the City established a Juvenile Crime Prevention Program. The program is intended to provide a comprehensive approach to addressing youth crime prevention within the City. With partners such as Children Services Council and Broward Sheriff's Office, the program will introduce preventative grassroots programs and efforts to deter criminal behavior amongst children.
- During a period of tremendous economic contraction which saw the City's tax base decline to a point lower than it was when the City was first incorporated, the City's financial health has been maintained through tough decision making and a commitment to keeping the City's financial health sound. During the periods of rapid tax base growth, the City opted to set aside those increased funds so that its finances could be sustained during any economic downturn. Even with the nation's very difficult financial circumstances, the City found creative ways to increase revenue and reduce expenses, thus maintaining the City's very good financial position for the near term.

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

**Overview of the Financial Statements**

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

**Government-wide Financial Statements**

The Government-wide Financial statements (see pages 15 to 16) are designed to be corporate-like in that all governmental and business-type activities (though the City as yet does not operate any business-type activities) are consolidated into columns that add up to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities (see page 16) is focused on both the gross and net cost of various activities (including governmental, component units and business-type), which are supported by the City's taxes and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities and/or components.

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

**Fund Financial Statements**

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

The City's Major Fund presentation (see pages 17 to 19) is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial

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

**Fund Financial Statements - Continued**

Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 18).

The Government Major Funds Total column requires reconciliation because of the different measurement focus (current financial resources versus total economic resources) that is reflected on the entity-wide statement (see pages 17 and 19 for the reconciliation). The flow of current financial resources will reflect interfund transfers and other financial sources, as well as capital expenditures. The reconciliation will eliminate these transactions and incorporate the capital asset and long-term obligations into the Government Activities column (in the Government-wide statements).

**Capital Assets**

Historically, a government's largest group of assets (infrastructure, buildings, roads, curbs, and sidewalks) have not been reported nor depreciated in government financial statements. Pronouncements in governmental accounting require that these assets be valued and reported within the Government column of the Government-wide Statements. The City has \$77,684,752 of net capital assets, none of which was financed with debt. Of that amount, \$54,790,434 represents land and \$21,875,080 is the net value of infrastructure assets such as roads and sidewalks, which is being depreciated annually.

**GOVERNMENT-WIDE STATEMENTS**

**Statement of Net Position**

The largest portion of the City's non-capital total assets is cash deposits. The City also holds an estimated \$1,010,720 in property held for resale, all of which is land. The remainder is largely receivables due from the State of Florida for shared revenues accrued but not received by year-end. Cash accounted for almost 80% of these non-capital assets and deferred outflows of resources, representing no significant change from the prior year.

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

The following table reflects the condensed Statement of Net Position. The City has no business-type activities; therefore, totals have been eliminated from the presentation:

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

| <b>City of West Park's Net Position</b>                        |                                |                      |                           |
|--|--------------------------------|----------------------|---------------------------|
|  | <b>Governmental Activities</b> |                      |                           |
|  | <b>2013</b>                    | <b>2012</b>          | <b>Percent<br/>Change</b> |
| <b>Assets</b>  |                                |                      |                           |
| Cash and Equivalents   | \$ 6,670,621                   | \$ 6,168,893         | 8.1%                      |
| Accounts Receivable  | 742,754                        | 485,221              | 53.1%                     |
| Prepaid Expenses   | 1,740                          | 13,327               | -86.9%                    |
| Property Held For Resale                                       | 1,010,720                      | 1,010,720            | 0.0%                      |
| Capital Assets, Net of Depreciation                            | 77,684,752                     | 78,399,989           | -0.9%                     |
| <b>Total Assets</b>  | <b>86,110,587</b>              | <b>86,078,150</b>    | <b>.1%</b>                |
| <b>Liabilities</b>   |                                |                      |                           |
| Accounts Payable   | 351,674                        | 253,666              | 38.6%                     |
| Compensated Absences   | 113,339                        | 93,377               | 21.4%                     |
| Other Post Employment Benefits                                 | 181,332                        | 134,684              | 34.6%                     |
| <b>Total Liabilities</b>                                       | <b>646,345</b>                 | <b>481,727</b>       | <b>34.2%</b>              |
| <b>Deferred Inflows of Resources</b>                           |                                |                      |                           |
| Business Tax Receipts  | 57,912                         | 68,080               | -14.9%                    |
| <b>Total Liabilities and Deferred<br/>Inflows of Resources</b> | <b>704,257</b>                 | <b>549,807</b>       | <b>28.1%</b>              |
| <b>Net Position</b>  |                                |                      |                           |
| Net Invested In Capital Assets                                 | 77,684,752                     | 78,399,988           | -0.9%                     |
| Restricted for:  |                                |                      |                           |
| Water Control District   | 61,960                         | 61,196               | 1.2%                      |
| Stormwater   | 422,527                        | 239,462              | 76.4%                     |
| Law Enforcement Trust  | 252,782                        | 276,172              | -8.5%                     |
| Unrestricted   | 6,984,309                      | 6,551,525            | 6.6%                      |
| <b>Total Net Position</b>                                      | <b>\$ 85,406,330</b>           | <b>\$ 85,528,343</b> | <b>-0.1%</b>              |

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

**Current Year Impacts**

**Statement of Activities**

The following schedule presents a comparative Statement of Activities for the current and prior fiscal years. The City has no business-type activities; therefore, totals have been eliminated from the presentation:

| <b>City of West Park’s Changes In Net Position</b> |                                |                     |                       |
|--|--------------------------------|---------------------|-----------------------|
|  | <b>Governmental Activities</b> |                     | <b>Percent Change</b> |
|  | <b>2013</b>                    | <b>2012</b>         |                       |
| <b>Revenues:</b>                                   |                                |                     |                       |
| Program Revenues                                   |                                |                     |                       |
| Charges for Services                               | \$ 4,957,675                   | \$ 4,736,185        | 4.7%                  |
| Operating Grants and Contributions                 | 159,452                        | 531,297             | -70.0%                |
| Capital Grants and Contributions                   | 108,134                        | 156,544             | -30.9%                |
| General Revenues                                   |                                |                     |                       |
| Taxes  | 5,144,842                      | 4,777,950           | 7.7%                  |
| Other  | 1,882,819                      | 1,583,384           | 18.9%                 |
| <b>Total Revenues</b>                              | <u>12,252,922</u>              | <u>11,785,360</u>   | 4.0%                  |
| <b>Expenses</b>                                    |                                |                     |                       |
| General Government                                 | 1,805,336                      | 1,767,810           | 2.1%                  |
| Public Safety                                      | 6,863,245                      | 6,691,617           | 2.6%                  |
| Public Works                                       | 2,924,503                      | 3,060,783           | -4.5%                 |
| Parks and Recreation                               | 781,851                        | 849,052             | -7.9%                 |
| <b>Total Expenses</b>                              | <u>12,374,935</u>              | <u>12,369,262</u>   | 0.0%                  |
| Decrease in Net Position                           | <u>\$ (122,013)</u>            | <u>\$ (583,902)</u> | 79.1%                 |

**Conditions and Impacts That Can Affect The City’s Financial Operations**

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

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

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

**Limits On Tax Base Growth.** Under Florida's Constitution, residential properties that are owner-occupied and have a homestead exemption are limited to annual assessment increases of 3% or less. The effect of this limitation burdens the City's tax base by exempting from taxation, large portions of residential properties. Typically, municipalities in the South Florida market experience increases in annual expenditures well in excess of this 3% cap. Consequently, the City will be challenged to diversify its tax base while keeping its expenditures under control. The City has the ability to tax property up to 10 mills, or \$1 for each \$1,000 of taxable value. It is likely that the City will edge near this cap unless substantial tax base growth occurs, expenditures are retarded, or other revenues are found to cover the growing public safety needs. The City has already used about 90% of its taxing power on property taxes.

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

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

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

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

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

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

**THE CITY FUNDS**

**Governmental Funds**

As of the year-end, the Governmental Funds (as presented on the balance sheet) reported a total fund balance of \$8,016,249 of which \$5,633,237 is unassigned.

**Business Type Funds**

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the City had \$77,684,752 in capital assets, net of related depreciation. Of that amount, \$54,790,434 was invested in land and \$21,875,080 was invested in infrastructure, net of depreciation.

**Debt**

The City had \$294,671 in compensated absences and other post employment benefits owed to employees and retirees of the City. This was \$66,610 more, or 29% greater, than in fiscal year 2012.

**FINANCIAL INFORMATION CONTACTS**

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

**CITY OF WEST PARK, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013**

| <b>Assets</b>                               | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| Cash and Cash Equivalents                   | \$ 6,670,621                       |
| Accounts Receivable                         | 742,754                            |
| Prepaid Expenses                            | 1,740                              |
| Property Held For Sale                      | 1,010,720                          |
| Capital Assets Not Being Depreciated:       |                                    |
| Land  | 54,790,434                         |
| Work In Progress                            | 300,642                            |
| Capital Assets Net of Related Depreciation: |                                    |
| Infrastructure                              | 21,875,080                         |
| Buildings                                   | 136,824                            |
| Improvements Other than Buildings           | 376,892                            |
| Equipment                                   | 204,880                            |
| <b>Total Assets</b>                         | <b>86,110,587</b>                  |
| <br>  |                                    |
| <b>Liabilities</b>                          |                                    |
| Account Payable                             | 351,674                            |
| Compensated Absences                        | 113,339                            |
| Other Post Employment Benefits              | 181,332                            |
| <b>Total Liabilities</b>                    | <b>646,345</b>                     |
| <br>  |                                    |
| <b>Deferred Inflows of Resources</b>        |                                    |
| Business Tax Receipts                       | 57,912                             |
| <br>  |                                    |
| <b>Net Position</b>                         |                                    |
| Net Invested in Capital Assets              | 77,684,752                         |
| Restricted for:                             |                                    |
| Water Control District                      | 61,960                             |
| Stormwater                                  | 422,527                            |
| Law Enforcement Trust                       | 252,782                            |
| Unrestricted                                | 6,984,309                          |
| <b>Total Net Position</b>                   | <b>\$ 85,406,330</b>               |

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

**CITY OF WEST PARK, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

| <b>Functions/Programs</b>            | <b>Program Revenues</b> |                                     |   |   | <b>Net (Expense) Revenue And<br/>Change In Net Position</b> |                       |
|--------------------------------------|-------------------------|-------------------------------------|---|---|---|-----------------------|
|                                      | <b>Expenses</b>         | <b>Charges<br/>for<br/>Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital<br/>Grants and<br/>Contributions</b> | <b>Governmental<br/>Activities</b>                          | <b>Total</b>          |
| <b>Governmental Activities:</b>      |                         |                                     |   |   |   |                       |
| General Government                   | \$ 1,805,336            | \$ 287,912                          | \$ -  | \$ -  | \$ (1,517,424)  | \$ (1,517,424)        |
| Public Safety                        | 6,863,245               | 2,565,131                           | 4,722   | -   | (4,293,392)   | (4,293,392)           |
| Public Works                         | 2,924,503               | 2,038,264                           | 44,469  | 108,134   | (733,636)   | (733,636)             |
| Parks and Recreation                 | 781,851                 | 66,368                              | 110,261   | -   | (605,222)   | (605,222)             |
| <b>Total Governmental Activities</b> | <b>\$ 12,374,935</b>    | <b>\$ 4,957,675</b>                 | <b>\$ 159,452</b>                                 | <b>\$ 108,134</b>                               | <b>\$ (7,149,674)</b>                                       | <b>\$ (7,149,674)</b> |
| <b>General Revenues:</b>             |                         |                                     |   |   |   |                       |
| Property Taxes                       |                         |                                     |   |   | \$ 3,117,445  | \$ 3,117,445          |
| Franchise and Utility Taxes          |                         |                                     |   |   | 1,782,352   | 1,782,352             |
| Communications Services Tax          |                         |                                     |   |   | 245,045   | 245,045               |
| Intergovernmental                    |                         |                                     |   |   | 1,550,004   | 1,550,004             |
| Unrestricted Investment Income       |                         |                                     |   |   | 12,209  | 12,209                |
| Miscellaneous Revenues               |                         |                                     |   |   | 320,606   | 320,606               |
| <b>Total General Revenues</b>        |                         |                                     |   |   | <b>7,027,661</b>  | <b>7,027,661</b>      |
| Change in Net Position               |                         |                                     |   |   | (122,013)   | (122,013)             |
| Net position, beginning              |                         |                                     |   |   | 85,528,343  | 85,528,343            |
| Net position, ending                 |                         |                                     |   |   | <b>\$ 85,406,330</b>  | <b>\$ 85,406,330</b>  |

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

**CITY OF WEST PARK, FLORIDA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

|  | <u>General<br/>Fund</u> | <u>Twin Lakes<br/>Fund</u> | <u>Stormwater<br/>Fund</u> | <u>Totals</u>       |
|--|-------------------------|----------------------------|----------------------------|---------------------|
| <b>Assets</b>  |                         |                            |                            |                     |
| Cash and Cash Equivalents  | \$ 6,371,005            | \$ 61,960                  | \$ 237,656                 | \$ 6,670,621        |
| Accounts Receivable  | 557,884                 | -                          | 184,870                    | 742,754             |
| Prepaid Expenses   | 1,740                   | -                          | -                          | 1,740               |
| Property Held For Sale   | 1,010,720               | -                          | -                          | 1,010,720           |
| <b>Total Assets</b>  | <u>\$ 7,941,349</u>     | <u>\$ 61,960</u>           | <u>\$ 422,526</u>          | <u>\$ 8,425,835</u> |
| <b>Liabilities</b>   |                         |                            |                            |                     |
| Accounts Payable and Accrued Expenses                                      | 351,674                 | -                          | -                          | 351,674             |
| <b>Total Liabilities</b>   | 351,674                 | -                          | -                          | 351,674             |
| <b>Deferred Inflows of Resources</b>                                       |                         |                            |                            |                     |
| Business Tax Receipts  | 57,912                  | -                          | -                          | 57,912              |
| <b>Total Liabilities and Deferred Inflows of Resources</b>                 | 409,586                 | -                          | -                          | 409,586             |
| <b>Fund Balances:</b>  |                         |                            |                            |                     |
| Nonspendable   | 1,012,460               | -                          | -                          | 1,012,460           |
| Committed  | 31,338                  | -                          | -                          | 31,338              |
| Restricted   | 252,782                 | 61,960                     | 422,526                    | 737,268             |
| Assigned   | 601,946                 | -                          | -                          | 601,946             |
| Unassigned   | 5,633,237               | -                          | -                          | 5,633,237           |
| <b>Total Fund Balances</b>   | <u>7,531,763</u>        | <u>61,960</u>              | <u>422,526</u>             | <u>8,016,249</u>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <u>\$ 7,941,349</u>     | <u>\$ 61,960</u>           | <u>\$ 422,526</u>          |                     |

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

77,684,752

Long-term liabilities, including compensated absences and other post-retirement benefits, are not due and payable in the current period and, therefore, are not reportable in the funds.

(294,671)

Net Assets of governmental activities

\$ 85,406,330

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

**CITY OF WEST PARK, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

|                                    | <u>General<br/>Fund</u> | <u>Twin<br/>Lakes<br/>Fund</u> | <u>Stormwater<br/>Fund</u> | <u>Totals</u>       |
|------------------------------------|-------------------------|--------------------------------|----------------------------|---------------------|
| <b>Revenues</b>                    |                         |                                |                            |                     |
| Taxes                              |                         |                                |                            |                     |
| Property Taxes                     | \$ 3,117,445            | \$ -                           | \$ -                       | \$ 3,117,445        |
| Motor Fuel Taxes                   | 240,971                 | -                              | -                          | 240,971             |
| Franchise Taxes                    | 905,726                 | -                              | -                          | 905,726             |
| Utility Taxes                      | 876,626                 | -                              | -                          | 876,626             |
| Communications Services Tax        | 245,045                 | -                              | -                          | 245,045             |
| License and Permits                | 293,017                 | -                              | -                          | 293,017             |
| Intergovernmental                  | 1,627,862               | -                              | -                          | 1,627,862           |
| Charges For Services               | 671,557                 | -                              | 361,717                    | 1,033,274           |
| Fines and Forfeitures              | 362,085                 | -                              | -                          | 362,085             |
| Interest                           | 12,209                  | -                              | -                          | 12,209              |
| Special Assessments                | 3,316,457               | 8,309                          | -                          | 3,324,766           |
| Miscellaneous                      | 213,896                 | -                              | -                          | 213,896             |
| <b>Total Revenues</b>              | <u>11,882,896</u>       | <u>8,309</u>                   | <u>361,717</u>             | <u>12,252,922</u>   |
| <b>Expenditures</b>                |                         |                                |                            |                     |
| General Government                 | 1,258,639               | -                              | -                          | 1,258,639           |
| Public Safety                      | 6,863,245               | -                              | -                          | 6,863,245           |
| Public Works                       | 1,851,417               | 7,545                          | 178,654                    | 2,037,616           |
| Parks and Recreation               | 688,712                 | -                              | -                          | 688,712             |
| Non Departmental                   | 484,150                 | -                              | -                          | 484,150             |
| Capital Outlay                     | 260,729                 | -                              | -                          | 260,729             |
| <b>Total Expenditures</b>          | <u>11,406,892</u>       | <u>7,545</u>                   | <u>178,654</u>             | <u>11,593,091</u>   |
| <b>Net Change in Fund Balances</b> | 476,004                 | 764                            | 183,063                    | 659,831             |
| Fund balances, beginning           | 7,055,759               | 61,196                         | 239,463                    | 7,356,418           |
| Fund balances, ending              | <u>\$ 7,531,763</u>     | <u>\$ 61,960</u>               | <u>\$ 422,526</u>          | <u>\$ 8,016,249</u> |

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

**CITY OF WEST PARK, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

|  |           |
|--|-----------|
| Net change in fund balances - Total Governmental Funds | \$659,831 |
|--|-----------|

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period. The details of the difference are as follows:

|                             |                  |           |
|-----------------------------|------------------|-----------|
| Capital Outlay Expenditures | \$ 260,729       |           |
| Work in Progress Write Off  | (10,448)         |           |
| Depreciation Expense        | <u>(965,515)</u> | (715,234) |

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:

|   |                 |                 |
|---|-----------------|-----------------|
| Compensated Absences  | \$ (19,962 )    |                 |
| Other Post Employment Benefits<br>(Retiree Healthcare Implicit Subsidy) | <u>(46,648)</u> | <u>(66,610)</u> |

|  |                    |
|--|--------------------|
| Changes in Net Assets of governmental activities | <u>(\$122,013)</u> |
|--|--------------------|

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

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental 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 City’s accounting policies are described below:

**A. Financial Reporting Entity**

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

**Blended Component Unit**

The Twin Lakes Water Control District (“the District”) provides drainage and waterway management services to select properties located within the City of West Park. Created by Broward County (“the County”) as a special purpose unit of local government, the

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**A. Financial Reporting Entity – Continued**

County transferred control of and responsibility for the District to the City of West Park on October 15, 2007. The District serves 217 properties and levies an annual special assessment to pay for the costs of maintenance within the District. The District is governed by the Board, which is also the City Commission, and is advised by an appointed volunteer group. The City Commission sets the rates and charges to the affected properties and the legal liability for the District remains with the City of West Park. The District is reported within these financial statements as the Twin Lakes Special Revenue Fund.

**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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* which rely, to a significant extent, on fees and charges for support. The City does not have any business-type activities.

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

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The governmental-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they

**CITY OF WEST PARK, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough, thereafter, to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting, with the exception of debt service payments of principal and interest, when they are recorded and due.

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

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

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

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

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

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

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

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

**D. New Accounting Pronouncement**

During the year, the City implemented Governmental Accounting Standards Board Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. Statement 63 established a framework detailing how these elements should be reported, standardizing their presentation of deferred balances and their effects on a government's net position. The Statement encourages the use of the *Net Position* format utilized by the City. Statement 63 became effective for the City's 2013 fiscal year.

**E. Assets, Liabilities, and Net Position or Equity**

**1. Deposits**

The City's cash and cash equivalents include cash on hand and demand deposits.

**2. Receivables and Payables**

The City has three funds and there was no interfund activity between these three funds during the fiscal year. The City uses pooled cash and each fund has accounted for its share of the pooled cash.

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

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

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities, and Net Position or Equity - Continued**

**3. Capital Assets**

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in fiscal year 2012.

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

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

**4. Property Held For Resale**

The City owns several parcels of land that were granted to it by Broward County. These parcels are located throughout the City and will not be used in the normal course of operations. The City maintains the vacant parcels. The City plans to sell the parcels at some point in the future. The amount reflected on the financial statements is the historical value that was booked when the parcels were conveyed to the City. The estimated market value of the sum of all the parcels, as recorded by the

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E. Assets, Liabilities, and Net Position or Equity – Continued**

Broward County Property Appraiser’s Office as of January 1, 2013, was greater than the historical value of the sum of all the parcels. The City has not yet determined when these parcels will be sold, though it is likely to be more than one year from the Financial Statement date.

**5. Compensated Absences**

It is the City’s policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay is accrued when incurred in the government-wide fund financial statements. In the governmental funds, a liability would be recorded only for vacation and sick leave payouts for employee separations that occurred prior to September 30, 2013, and were subsequently paid with current available financial resources. In the entity-wide financial statements, costs for compensated absences are accrued as expenses and further recorded as liabilities. The liability is further distinguished between short-term and long-term portions.

**6. 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 of assets, liabilities, disclosures of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectibility of receivables and the useful lives of capital assets. Although these estimates, as well as all estimates, are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ with actual results.

**7. Fund Equity**

The City has adopted a Fund Balance Policy in order to implement the provisions of Governmental Accounting Standards Board Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Policy applies only to the General Fund of the City. The Special Revenue Funds will generally reflect only Restricted Fund Balances or Equities. The Policy is described in more detail as follows:

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E. Assets, Liabilities, and Net Position or Equity – Continued**

**A. Fund Balance Policy**

The City hereby establishes and will maintain reservations of Fund Balance as defined herein in accordance with Governmental Accounting and Financial Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Policy shall only apply to the City's General Fund. Fund Balance shall be composed of restricted, committed, assigned, non-spendable and unassigned amounts. Fund Balance information is used to identify the available resources to provide for emergencies, repay long-term debt, reduce property taxes, add governmental programs, expand existing ones, or enhance the financial position of the City in accordance with policies established by the City Council.

**B. Definitions**

Fund Balance - Refers to the difference between assets and fund liabilities in the governmental funds balance sheet and is referred to as fund equity.

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

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

Assigned Fund Balance - Amounts that the City intends to use for a specific purpose. The management of the City shall express the intent.

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

Unassigned Fund Balance - The residual classification for the General Fund and includes amounts that are not contained in the other classifications.

Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose.

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E. Assets, Liabilities, and Net Position or Equity – Continued**

C. Reservations of Fund Balance

1. Restricted Fund Balance

The City had \$252,782 of restricted fund balance in the General Fund at the end of the fiscal year. The amounts represent unspent federal and state law enforcement trust fund receipts.

2. Committed Fund Balance (General Fund)

The City Council hereby establishes the following committed fund balance reserves in the General Fund:

a. Encumbrances

Amounts outstanding as purchase commitments at fiscal year end will have an amount of fund balance equal to those purchase commitments Committed.

3. Assigned Fund Balance (General Fund)

The City hereby establishes the following assigned fund balance reserves in the General Fund:

a. Designated Carry Forward

The designated carry forward fund balance reserve is assigned by the City as set forth in the annual budget and any amendments thereto to provide funds for differences, if any, between budgeted revenues and expenditures. The City had appropriated \$601,946 in Fund Balance designated for use in the City's fiscal year 2014 budget. Of that amount \$475,000 was used for continuing capital improvements of 56<sup>th</sup> Avenue and the balance is to be used for other general purposes during the year.

c. Budget Stabilization

To provide for stabilization of property tax rates, assessments, fees and other charges from year-to-year, assignments may be made of fund balance as determined by the City Manager.

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E. Assets, Liabilities, and Net Position or Equity – Continued**

d. Other Post Employment Benefits

Unfunded benefits that annually accrue to employees of the City will have an amount of fund balance equal to the outstanding liability at fiscal year end assigned to that liability.

e. Accrued Leave Time

Unfunded accrued leave time liability that is owed to employees for unused paid time off or unpaid compensatory time worked will have an amount of fund balance equal to the outstanding liability at fiscal year end assigned to that liability.

f. Claims and Settlements

The City Manager will assign fund balance in an amount determined to pay for significant claims and settlements that may be owed by the City but which may not be specially enumerated while litigated, claimed, or owed.

4. Non-Spendable Fund Balance (General Fund)

The City hereby establishes the following non-spendable fund balance reserve in the General Fund:

a. Inventory Reserve and Prepaid Items

The inventory fund balance reserve is established to indicate those amounts relating to inventories that are not in a spendable form. The Prepaid Items fund balance reserve is established to indicate those amounts related to expenditures that have already been paid, but in advance of the time they were owed. Unless these items individually reflect material amounts for financial statement purposes, they may be combined as one item.

D. Minimum Level of Unassigned Fund Balance

The unassigned fund balance of the General Fund at each fiscal year end shall not be less than 25% of the following year's projected budgeted expenditures. In any fiscal year where the City is unable to maintain this 25% minimum reservation of fund balance as required in this section, the City shall not budget any amounts of

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E. Assets, Liabilities, and Net Position or Equity – Continued**

unassigned fund balance for the purpose of balancing the budget. Because the City has recently been created and requires a significant use of its taxing powers, the City Manager should strive to maintain at least six months of reserves.

**E. Disbursement of Fund Balance Reserves**

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

**F. Annual Review and Determination of Fund Balance Reserve Amounts**

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

**G. Additional Information Requirements/Responsibilities**

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

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position- governmental activities* as reported in the government-wide statement of net position.

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued**

The details of the \$77,390,081 are detailed as follows:

|   |    |                   |
|---|----|-------------------|
| Capital assets:   |    |                   |
| Land and Easements  | \$ | 54,790,434        |
| Work In Progress  |    | 300,642           |
| Infrastructure, Less Accumulated<br>Depreciation  |    | 21,875,080        |
| Buildings, Less Accumulated Depreciation  |    | 136,824           |
| Improvements Other Than Buildings, Less<br>Accumulated Depreciation   |    | 376,892           |
| Equipment, Less Accumulated Depreciation  |    | 204,880           |
| Total capital assets:   |    | <u>77,684,752</u> |
| Compensated absences owed to employees  |    | (113,339)         |
| Other Post Employment Benefits  |    | <u>(181,332)</u>  |
| Net adjustment to increase <i>fund balance-<br/>total<br/>Governmental funds</i> , to arrive at <i>net<br/>position-governmental activities</i> | \$ | <u>77,390,081</u> |

**2. 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 reconciliation between *net changes in fund balances — total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. The details of this \$(781,844) difference are as follows:

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued**

**2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - Continued**

|  |                     |
|--|---------------------|
| Net Change in Fund Balance:  |                     |
| Capital Outlay Expenditures  | \$ 260,729          |
| Work in Progress Write Off   | (10,448)            |
| Depreciation Expense   | (965,515)           |
| Increase in Compensated Absences   | (19,962)            |
| Increase in OPEB Healthcare Implicit Subsidy   | <u>(46,648)</u>     |
| Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> |                     |
|  | <u>\$ (781,844)</u> |

**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

While controlled ultimately at the fund level, annual budgets are prepared using fund, department, and object of expenditure levels. The City Administrator may make adjustments within the fund level with the Commission approval, but may not exceed the total amount set at the fund level. During fiscal year 2013, there were no amendments made to the original budget.

Encumbrance accounting is employed in governmental funds. Encumbrances (purchase orders, construction commitments, or other claims against appropriations) outstanding at year-end are reported as reservations of fund balances. There was \$97,180 in outstanding encumbrances in the General Fund and \$3,509 in outstanding encumbrances in the Stormwater Fund at fiscal year-end.

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued**

**B. Budget Performance**

**General Fund.** For the fiscal year ended September 30, 2013, the City spent \$476,004 less than it received. The City had slightly positive variances in most major categories. Grants that were awarded, but for which no expenditures were made account for the variances in the Intergovernmental revenue and the Capital Outlay categories. These revenues and expenditures are expected to occur in fiscal year 2014. The City also received approximately \$45,370 in federal and state forfeiture awards, much of which is expected to be spent in fiscal year 2014. The City also received \$172,971 in bonus incentive money to keep its solid waste stream at existing facilities. Franchise Fees exceeded the budget and Solid Waste Assessments were under budget by similar amounts because of the allocation of the solid waste franchise fee within the solid waste assessment calculation. Red Light Camera revenues and expenditures were off by identical amounts because the volume of violations did not meet expectations. This is a cost neutral activity for the City. Development Services expenditures were over budget due to Nuisance Abatement costs which are recovered through billings or assessments on the properties affected. Public Works activity reflects increased bulk waste costs which has been assessed or billed to the properties that had the services provided them. Most of this money will be collected during the subsequent fiscal year through assessments on the properties.

Parks and Recreation activities reflect additional summer programs for which grant funding was provided and higher than expected utility and maintenance costs. The positive variance in this fund represents about 4% of the original appropriation.

**Twin Lakes Special Revenue Fund.** The fund had an overall positive budgetary performance of \$764 that was a combination of a slight shortfall in assessments collected and expenditures being less than expected. This positive variance was about 9% of the original appropriation.

**Stormwater Special Revenue Fund.** The fund had an overall positive budgetary performance of \$183,063, or over 50% of original appropriations. The positive variance was a combination of delinquent fees levied in the prior year but collected in the current year and expenditures being less than anticipated.

**C. Fund Equity**

**General Fund.** The City has positive fund equity of \$7,531,763, which is summarized as follows:

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued**

**C. Fund Equity - Continued**

|                             |           |                         |
|-----------------------------|-----------|-------------------------|
| Nonspendable:               |           |                         |
| Property Held For Resale    | \$        | 1,012,460               |
| Committed:                  |           |                         |
| Encumbrances                |           | 31,338                  |
| Restricted:                 |           |                         |
| Law Enforcement Trust Funds |           | 252,782                 |
| Unassigned                  |           | 6,235,183               |
| <b>Total Fund Equity</b>    | <b>\$</b> | <b><u>7,531,763</u></b> |

The Unassigned fund equity of \$6,235,183 was 55% of the fiscal year 2013 actual General Fund expenditures. This is above the required minimum 25% level and the 50% goal.

**Twin Lakes Special Revenue Fund.** The fund had \$61,960 in fund equity at year-end, all of which was restricted to uses of the fund. This fund has no designated minimum or targeted Unassigned fund equity amount.

**Stormwater Special Revenue Fund.** The fund had \$422,526 in fund equity at year-end, all of which was restricted to uses of the fund. This fund has no designated minimum or targeted Unassigned fund equity amount.

**NOTE 4. DEPOSITS**

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State of Florida Chief Financial Officer, to hold public funds. Under Florida law, the State Chief Financial Officer requires all Florida qualified public depositories to deposit with the Chief Financial Officer or another banking institution eligible collateral. 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 insured or collateralized with securities held by the entity or its agent in the entity's name.

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 5. RECEIVABLES**

Receivables as of September 30, 2013, for the City's General Fund, including the allowance for uncollectible accounts, are as follows:

**General Fund**

|                                |                          |
|--------------------------------|--------------------------|
| Property Taxes and Assessments | \$ 2,148                 |
| Franchise and Utility Taxes    | 138,763                  |
| Intergovernmental              | 179,122                  |
| Service Charges and Other      | 21,178                   |
| Fines and Forfeitures          | 5,339                    |
| Excess Bulk Waste Fees         | 119,534                  |
| Fire Inspection Fees           | 91,800                   |
| <b>Total General Fund</b>      | <u><u>\$ 557,884</u></u> |

**Stormwater Fund**

|                    |                   |
|--------------------|-------------------|
| Stormwater Charges | <u>\$ 184,870</u> |
|--------------------|-------------------|

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013, was as follows:

|   | Balance<br>September 30,<br>2012 | Increases           | Decreases        | Balance<br>September 30,<br>2013 |
|---|----------------------------------|---------------------|------------------|----------------------------------|
| Capital assets not being depreciated        |                                  |                     |                  |                                  |
| Land and easements                          | \$ 54,790,434                    | \$ -                | \$ -             | \$ 54,790,434                    |
| Work in progress                            | 50,363                           | 260,729             | 10,450           | 300,642                          |
| Total capital assets not being depreciated  | <u>54,840,797</u>                | <u>260,729</u>      | <u>10,450</u>    | <u>55,091,076</u>                |
| Capital assets being depreciated            |                                  |                     |                  |                                  |
| Infrastructure                              | 26,147,710                       | -                   | -                | 26,147,710                       |
| Buildings                                   | 262,920                          | -                   | -                | 262,920                          |
| Improvements other than buildings           | 460,737                          | -                   | -                | 460,737                          |
| Equipment                                   | 457,988                          | -                   | -                | 457,988                          |
| Total capital assets being depreciated      | <u>27,329,355</u>                | <u>-</u>            | <u>-</u>         | <u>27,329,355</u>                |
| Less: accumulated depreciation for:         |                                  |                     |                  |                                  |
| Infrastructure                              | 3,401,039                        | 871,591             | -                | 4,272,630                        |
| Buildings                                   | 116,183                          | 9,913               | -                | 129,096                          |
| Improvements other than buildings           | 62,821                           | 21,025              | -                | 83,846                           |
| Equipment                                   | 190,121                          | 62,986              | -                | 253,107                          |
| Total depreciation                          | <u>3,770,164</u>                 | <u>965,515</u>      | <u>-</u>         | <u>4,725,679</u>                 |
| Total capital assets being depreciated, net | <u>23,559,190</u>                | <u>(965,515)</u>    | <u>-</u>         | <u>22,593,676</u>                |
| Governmental activities capital assets, net | <u>\$ 78,399,988</u>             | <u>\$ (704,786)</u> | <u>\$ 10,450</u> | <u>\$ 77,684,752</u>             |

Depreciation expense for the fiscal year ended September 30, 2013, was charged to functions/programs as follows:

|                               |                   |
|-------------------------------|-------------------|
| General Government            | \$ 35,473         |
| Public Works (Infrastructure) | 871,590           |
| Parks and Recreation          | 58,452            |
| Total depreciation expense    | <u>\$ 965,515</u> |

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 7. ACCOUNTS PAYABLE AND DEFERRED INFLOWS OF REVENUE**

At fiscal year-end, the City owed various vendors and employees \$351,677. Also at fiscal year end, the City had collected business tax revenues of \$57,912 in advance of their due date. The revenue will all be earned in fiscal year 2014.

**NOTE 8. PROPERTY TAXES**

Property values are assessed on a countywide basis by the Broward County Property Appraiser as of January 1<sup>st</sup>, the lien date, of each year and are due November 1<sup>st</sup> of the same year. The Property Appraiser certifies taxable value of property within the City and the City levies a tax millage rate upon the taxable value, which will provide revenue required for the fiscal year beginning October 1<sup>st</sup>. Property taxes and some non ad valorem special assessments levied each November 1<sup>st</sup> by the City and all other taxing authorities within the County are centrally billed and collected by the County, with remittances to the City of its proportionate share of collected taxes. Taxes and non ad valorem special assessments for the fiscal year beginning October 1<sup>st</sup> are billed in the month of November subject to a 1% per month discount for the period November through February, and are due no later than March 31<sup>st</sup> of the subsequent year. On April 1<sup>st</sup>, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1<sup>st</sup>, tax certificates representing delinquent taxes with interest and penalties are sold by Broward County, with remittance to the City for its share of those receipts. Non Ad Valorem Special Assessments for Solid Waste, Fire Services, and Twin Lakes Water Control District services are levied on benefited properties and collected in the same manner as property taxes.

**NOTE 9. LONG-TERM LIABILITIES AND OTHER OBLIGATIONS**

At fiscal year end, the only long-term debt that the City had was for compensated absences and retiree health benefits owed to employees and future retirees.

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 9. LONG-TERM LIABILITIES AND OTHER OBLIGATIONS - Continued**

*Changes in Long-Term Liabilities*

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Governmental activities:                           |                              |                  |                   |                           |                                |
| Compensated Absences                               | \$ 93,377                    | \$ 20,585        | \$ 623            | \$ 113,339                | \$ 56,670                      |
| Other Post Employment Benefits, Retiree Healthcare |                              |                  |                   |                           |                                |
| Implicit Subsidy                                   | 134,684                      | 46,648           | -                 | 181,332                   | -                              |
| Total Long-Term Debt                               | <u>\$ 228,061</u>            | <u>\$ 67,233</u> | <u>\$ 623</u>     | <u>\$ 294,671</u>         | <u>\$ 56,670</u>               |

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

***Long-term Lease***

The City has a lease agreement, expiring September 30, 2021, with Interstate Pembroke LLC., for 7,800 square feet of office space for City Hall. The lease requires payments of \$135,000 annually, increased by 3% each October 1st. The estimated annual lease payments for fiscal year 2014 total \$143,222 which has been budgeted. The lease is inclusive of all common area maintenance. The lease requires the City to annually appropriate funds for the lease. Should the City not appropriate funds for the lease, an early termination fee designed to recover the unamortized cost of improvements made by the owner of the property will be required. The fee can be as much as \$350,000, declining annually to \$44,862.

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 10. EMPLOYEE RETIREMENT PLANS**

**Statewide Florida Retirement System**

*Plan description.* The City participates in the Florida Retirement System (FRS) for its eligible employees. FRS is a cost sharing, multiple-employer defined benefit pension plan administered by the State of Florida's Board of Administration (SBA). FRS also allows participants to opt for a defined contribution plan instead of the traditional defined benefit plan. The defined benefit component of FRS provides retirement, disability, and death benefits to plan members and their beneficiaries. The State can establish and amend all plan provisions. The State issues a publicly available financial report that includes the applicable financial statements and required supplementary information for FRS.

*Funding policy.* The contribution requirements of the City are established and may be amended by the SBA. Beginning July 1, 2012, employees were required to contribute 3% to either the defined benefit or defined contribution components. For the defined contribution component, the City is required to contribute each pay period an actuarially determined rate. The current rate as of July 1, 2013, is 10.23% for elected officials, 6.30% for senior executive personnel, and 5.18% for the remaining employees. The independently issued annual reports are publicly available on the web at:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports)

or by contacting the Florida Division of Retirement at P.O. Box 9000, Tallahassee, Florida, 32315-9000.

**NOTE 11. OTHER POST EMPLOYMENT BENEFITS ("OPEB")**

**Retiree Health Plan Description**

The City of West Park is required to offer health insurance benefits to its retired employees through a single-employer plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the City and their eligible dependents may continue to participate in the City's fully insured benefit plan for medical and prescription drug insurance coverage. The City subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided for a retiree’s lifetime (or until such time at which retiree discontinues coverage under the City sponsored plans, if earlier). The City determines the types of benefits and may amend them from time-to-time as long as the City complies with Florida law.

*Funding Policy*

Currently, the City’s Other Post Employment Benefits are unfunded. That is, the City Council has not established a separate Trust Fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation. Further, the City does not expect to establish a separate Trust Fund in the foreseeable future. For the 2013 fiscal year, there was no retiree receiving other postemployment benefits. Consequently, the City did not provide any contributions toward the annual OPEB cost. Future retirees will be required to pay 100% of the blended premium to continue coverage under the City’s group health insurance program. The City is currently required only by Florida law to make retiree health insurance available to retirees so long as they pay the full premium. The City may amend its plan at any time, or abolish it altogether, as long as it complies with Florida law. The City does not require any contribution from its employees other than that the retirees pay the full cost of the premium.

*Annual OPEB Cost and Net OPEB Obligation*

The employer has elected to calculate the annual required contribution of the employer (ARC) and related information using the Alternative Measurement Method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The Employer's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 20 years.

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

|   | <b>Development of the Annual OPEB Cost and Net<br/>OPEB Obligation</b> |                   |                   |
|---|--|-------------------|-------------------|
|   | <b>2011</b>  | <b>2012</b>       | <b>2013</b>       |
| Employer, fiscal year ended September 30,           |  |                   |                   |
| Annual Required Contribution (ARC)                  | \$ 47,656  | \$ 47,656         | \$ 42,340         |
| Net OPEB Obligation (NOO) at beginning<br>of year   | 39,373   | 87,028            | 122,633           |
| Interest on Net OPEB Obligation (NOO)               | -  | -                 | 6,132             |
| Adjustment to Annual Required<br>Contribution (ARC) | -  | -                 | (7,316)           |
| Annual OPEB Cost (Expense)                          | 47,656   | 47,656            | 41,156            |
| Employer Contributions Made                         | -  | -                 | -                 |
| Increase (decrease) in Net OPEB<br>Obligation (NOO) | 47,656   | 47,656            | 41,156            |
| <b>Net OPEB Obligation (NOO) at end of<br/>year</b> | <b>\$ 87,028</b>   | <b>\$ 134,684</b> | <b>\$ 163,789</b> |

The Employer's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

**Schedule of Employer Contributions**

| Fiscal Year<br>Ending | Annual<br>OPEB Cost | Amount<br>Contributed | Percentage<br>of Annual<br>OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|-----------------------|---------------------|-----------------------|---|------------------------|
| 9/30/10               | \$ 39,373           | \$ -                  | 0%  | \$ 39,373              |
| 9/30/11               | \$ 47,655           | \$ -                  | 0%  | \$ 87,028              |
| 9/30/12               | \$ 47,656           | \$ -                  | 0%  | \$ 134,684             |
| 9/30/13               | \$ 41,156           | \$ -                  | 0%  | \$ 163,789             |

*Funded Status and Funding Progress*

As of the reporting date, the plan assets were \$0, the actuarial accrued liability for benefits was \$179,769, the total unfunded actuarial liability is \$179,769, and the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) is 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$568,629, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 32%.

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Based on the historical and expected returns of the Employer's short-term investment portfolio, a discount rate of 5.00% was used. An inflation rate of 5.00% was assumed. In addition, the Entry Age Normal actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at September 30, 2013, was 20 years. Health insurance trends start at 8.50% for the fiscal year ending in 2014 and 8.00% for 2015, grading down to 5.00% at the ultimate trend rate by 2021.

As authorized by GASB 45, The Alternative Measurement Method allows the employer to use simplifications of certain assumptions in measuring actuarial accrued liabilities and the ARC.

The following simplifying assumptions were made:

Retirement age for active employees: The retirement age for active employees was estimated at the earliest age they would be eligible for normal retirement under the Florida Retirement System.

**CITY OF WEST PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

Active Member Marital status: Assumption of marital status for active employees has been incorporated in the acceptance probability for spousal coverage. Using this approach, the percentage of future retired plan members taking spousal coverage was assumed at 30%. For active employees, spouses’ genders were assumed to be opposite to the members’ genders and females were assumed 3 years younger than their spouses. Covered spouse data were collected for current retired plan members as of the valuation date, and were assumed to remain unchanged until the assumed death of the spouses.

Mortality: Life expectancies were based on the RP2000 Generational Combined Healthy Male and Female mortality tables.

Turnover: Non-group-specific age-based turnover data provided in GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Health insurance premiums: Health insurance premiums for retirees in effect on the fiscal year ending date were used as the basis for calculation of the present value of total benefits to be paid.

**NOTE 12. CONTINGENCIES**

***Risk Management***

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

**NOTE 14. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 5, 2014, which is the date the financial statements were available to be issued.

**CITY OF WEST PARK, FLORIDA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
- BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variance<br/>With Final<br/>Budget -<br/>Favorable<br/>(Unfavorable)</u> |
|--|-------------------------|---------------------|---------------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                           |   |
| <b>Revenues</b>                          |                         |                     |                           |   |
| Taxes:                                   |                         |                     |                           |   |
| Ad Valorem Taxes                         | \$ 3,019,659            | \$ 3,019,659        | \$ 3,117,445              | \$ 97,786   |
| Motor Fuel Taxes                         | 249,145                 | 249,145             | 240,971                   | (8,174)   |
| Franchise Taxes                          | 781,667                 | 781,667             | 905,726                   | 124,059   |
| Utility Taxes                            | 765,500                 | 765,500             | 876,626                   | 111,126   |
| Communications Services Tax              | 286,987                 | 286,987             | 245,045                   | (41,942)  |
| Licenses and Permits                     | 184,000                 | 184,000             | 293,017                   | 109,017   |
| Intergovernmental                        | 2,240,374               | 2,240,374           | 1,627,862                 | (612,512)   |
| Charges for services                     | 528,500                 | 528,500             | 671,557                   | 143,057   |
| Fines and forfeitures                    | 394,323                 | 394,323             | 362,085                   | (32,238)  |
| Interest                                 | 22,000                  | 22,000              | 12,209                    | (9,791)   |
| Special Assessments                      | 3,412,588               | 3,412,588           | 3,316,457                 | (96,131)  |
| Miscellaneous                            | 3,000                   | 3,000               | 213,896                   | 210,896   |
| <b>Total revenue</b>                     | <u>11,887,743</u>       | <u>11,887,743</u>   | <u>11,882,896</u>         | <u>(4,847)</u>  |
| <b>Expenditures:</b>                     |                         |                     |                           |   |
| City Commission                          | 95,760                  | 95,760              | 96,404                    | (644)   |
| City Administrator                       | 328,057                 | 328,057             | 326,693                   | 1,364   |
| Finance and City Clerk                   | 196,953                 | 196,953             | 210,963                   | (14,010)  |
| City Attorney                            | 120,000                 | 120,000             | 120,000                   | -   |
| Development Services                     | 454,048                 | 454,048             | 504,579                   | (50,531)  |
| Non Departmental                         | 673,708                 | 673,708             | 468,787                   | 204,921   |
| <b>Total General Government</b>          | <u>1,868,526</u>        | <u>1,868,526</u>    | <u>1,727,426</u>          | <u>141,100</u>  |
| <b>Public Safety:</b>                    |                         |                     |                           |   |
| Police                                   | 4,175,398               | 4,175,398           | 4,078,981                 | 96,417  |
| Fire                                     | 2,762,193               | 2,762,193           | 2,775,714                 | (13,521)  |
| <b>Total Public Safety</b>               | <u>6,937,591</u>        | <u>6,937,591</u>    | <u>6,854,695</u>          | <u>82,896</u>   |
| Public Works                             | 1,622,973               | 1,622,973           | 1,851,417                 | (228,444)   |
| Parks and Recreation                     | 656,182                 | 656,182             | 683,023                   | (26,841)  |
| Capital Outlay                           | 910,646                 | 910,646             | 290,331                   | 620,315   |
| <b>Total Expenditures</b>                | <u>11,995,918</u>       | <u>11,995,918</u>   | <u>11,406,892</u>         | <u>589,026</u>  |
| <b>Excess (Deficit) of Revenues Over</b> |                         |                     |                           |   |
| (Under) Expenditures                     | (108,175)               | (108,175)           | 476,004                   | 584,179   |
| Fund balance, beginning                  | 7,055,759               | 7,055,759           | 7,055,759                 | -   |
| <b>Fund balance, ending</b>              | <u>\$ 6,947,584</u>     | <u>\$ 6,947,584</u> | <u>\$ 7,531,763</u>       | <u>\$ 584,179</u>   |

**CITY OF WEST PARK, FLORIDA  
TWIN LAKES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
– BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

|   | <u>Budgeted Amounts</u> |              | <u>Actual<br/>Amounts</u> | <u>Variance With<br/>Final Budget –<br/>Favorable<br/>(Unfavorable)</u> |
|---|-------------------------|--------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u> |                           |   |
| <b>Revenues</b>                         |                         |              |                           |   |
| Special Assessments                     | \$ 8,680                | \$ 8,680     | \$ 8,309                  | \$ (371)  |
| Total Revenue                           | 8,680                   | 8,680        | 8,309                     | (371)   |
| <b>Expenditures</b>                     |                         |              |                           |   |
| Public Works                            | 8,680                   | 8,680        | 7,545                     | 1,135   |
| Total Expenditures                      | 8,680                   | 8,680        | 7,545                     | 1,135   |
| Excess of revenues over<br>expenditures | -                       | -            | 764                       | 764   |
| Fund balance, beginning                 | 61,196                  | 61,196       | 61,196                    | -   |
| Fund balance, ending                    | \$ 61,196               | \$ 61,196    | \$ 61,960                 | \$ 764  |

**CITY OF WEST PARK, FLORIDA  
STORMWATER SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
– BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

|   | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts</u> | <u>Variance With<br/>Final Budget -<br/>Favorable<br/>(Unfavorable)</u> |
|---|-------------------------|-------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                           |   |
| <b>Revenues</b>                         |                         |                   |                           |   |
| Charges For Services                    | \$ 315,000              | \$ 315,000        | \$ 361,717                | \$ 46,717   |
| Total Revenue                           | <u>315,000</u>          | <u>315,000</u>    | <u>361,717</u>            | <u>46,717</u>   |
| <b>Expenditures</b>                     |                         |                   |                           |   |
| Public Works                            | <u>311,538</u>          | <u>311,538</u>    | <u>178,654</u>            | <u>132,884</u>  |
| Total Expenditures                      | <u>311,538</u>          | <u>311,538</u>    | <u>178,654</u>            | <u>132,884</u>  |
| Excess of revenues over<br>expenditures | 3,462                   | 3,462             | 183,064                   | 179,601   |
| Fund balance, beginning                 | <u>239,463</u>          | <u>239,463</u>    | <u>239,463</u>            | <u>-</u>  |
| Fund balance, ending                    | <u>\$ 242,925</u>       | <u>\$ 242,925</u> | <u>\$ 422,526</u>         | <u>\$ 179,601</u>   |

**CITY OF WEST PARK, FLORIDA**  
**NOTES TO STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

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

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

The Original budgets were balanced when adopted and the Commission did not adopt any amendments to the budgets during the year. To balance the General Fund budget, the City appropriated \$108,175 of its General Fund reserves when the budget was adopted. The City ultimately did not need to use the reserves.

Notable variances for the year and the reasons for them appear below:

General Fund—

Revenues: Ad Valorem Taxes were greater than expected because more property owners paid their taxes later than expected, resulting in lost discounts and added penalties. Franchise Fees were greater than anticipated because of the solid waste assessment calculation that resulted in more assessment revenue and less franchise fee revenue. Utility taxes were slightly greater than expected because of weather conditions during the year. The Communications Services Tax was less than expected because fewer homes and businesses are using land lines or consolidating services, resulting in less of a tax base for this revenue stream. Intergovernmental revenue was under anticipated largely because of grant projects that were not undertaken during the year. Fines and Forfeitures were less than expected because Red Light Camera activity was not a great as expected. Miscellaneous Revenues were higher than budget because of an unexpected retention bonus paid to the City to keeps its waste streams at the current facilities.

**CITY OF WEST PARK, FLORIDA**  
**NOTES TO STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL – GOVERNMENTAL FUNDS -**  
**Continued**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Expenditures: General Governmental expenditures were under budget for a variety of unexceptional reasons. Budgeted Contingencies did not materialize but Nuisance Abatement expenses, which are generally recovered on the subsequent year's tax bill, were incurred during the year. Public Safety expenditures were under budgeted largely due to the Red Light Camera program activity being less than expected. This program, as noted above in the Revenues section, is designed to be cost neutral, so both the revenues and expenditures were below expectations. Public Works non-capital outlay expenditures were greater than expected, largely due to excess bulk waste fees that will be collected back from property owners in future accounting periods (under the modified accrual basis of accounting, and in keeping with the City's practices, only revenues for the period that are received within 90 days of year end are booked as revenue). These amounts were more than offset by savings in capital outlay activity that did not materialize during the fiscal year. Parks and Recreation activities were also greater than expected, but much of that variance arose from programs that were created after the budget's adoption, but that had program revenues that provided for their funding. The remaining variance arose mostly from personnel costs that exceeded the budgeted amounts, primarily in insurances for employees. Finally, the Capital Outlay expected to be spent by the City was well under estimates, but almost entirely due to grant projects that had been awarded to the City but for which expenditures had not yet occurred, though some work had begun.

Twin Lakes Special Revenue Fund—

Revenues for this fund were largely as expected and the Expenditures were slightly below projects and all budget activity in this fund was unexceptional.

Stormwater Utility Special Revenue Fund—

Revenues were above expectations and result from delinquent payments in prior periods that were collected during the current fiscal year. Expenditures were very much under projections as the anticipated maintenance and repairs were not as great as had been expected. A scrivener's error during budget adoption resulted in a budgetary surplus for the fund.



# S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

**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***

To the Honorable Mayor and Board of Commissioners  
City of West Park, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of City of West park, Florida (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 5, 2014.

### **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.

**HOLLYWOOD**  
2521 Hollywood Boulevard  
Hollywood, Florida 33020  
(954) 927-5900  
(954) 927-5927 Fax

**MIAMI**  
1031 Ives Dairy Road, Suite 228  
Miami, Florida 33179  
(305) 628-1510  
(305) 628-1595 Fax

**PALM BEACH**  
8144 Okeechobee Boulevard, Suite B  
West Palm Beach, Florida 33411  
(561) 547-0545  
(561) 253-2747 Fax

**TALLAHASSEE**  
400 N. Adams Street  
Tallahassee, Florida 32301  
(800) 678-6091

**MEMBER**

Florida Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
American Institute of Certified Public Accountants

**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***

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**

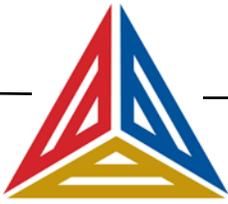
As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

**Purpose of this Report**

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

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." is written on a light blue rectangular background.

Hollywood, Florida  
March 5, 2014



# S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

## STATE OF FLORIDA REPORTING REQUIREMENTS MANAGEMENT LETTER

To the Honorable Mayor and Board of Commissioners  
City of West Park, Florida.

We have audited the financial statements of the City of West Park, Florida (the "City"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 5, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Chapter 10.550 Rules of the Florida Auditor General.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

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 in preceding annual financial audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**HOLLYWOOD**  
2521 Hollywood Boulevard  
Hollywood, Florida 33020  
(954) 927-5900  
(954) 927-5927 Fax

**MIAMI**  
1031 Ives Dairy Road, Suite 228  
Miami, Florida 33179  
(305) 628-1510  
(305) 628-1595 Fax

**PALM BEACH**  
8144 Okeechobee Boulevard, Suite B  
West Palm Beach, Florida 33411  
(561) 547-0545  
(561) 253-2747 Fax

**TALLAHASSEE**  
400 N. Adams Street  
Tallahassee, Florida 32301  
(800) 678-6091

### MEMBER

Florida Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
American Institute of Certified Public Accountants

**STATE OF FLORIDA REPORTING REQUIREMENTS  
MANAGEMENT LETTER – Continued**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes of the financial statements.

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

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



*S. Davis & Associates, P.A.*

Hollywood, Florida  
March 5, 2014