

**CITY OF WEST PARK, FLORIDA
AUDITED FINANCIAL STATEMENTS
For the Year Ended September 30, 2012**



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

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S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

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

160 NW 176th Street
Suite 400-1
Miami Gardens, Florida 33169
(305) 628-1510
(305) 628-1595 Fax

INDEPENDENT AUDITOR'S REPORT

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

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of West Park, Florida's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2013, 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

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INDEPENDENT AUDITOR'S REPORT – Continued

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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 40 through 43 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.

S. Davis & Associates, P.A.

Hollywood, Florida
March 18, 2013

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, 2012. 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 14).

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 at September 30, 2012, by \$85,528,343 (the "net assets"). Of this amount, \$6,402,263 (the "unrestricted net assets") may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$583,903. Of that amount, \$721,474 was depreciation expense in excess of capital outlay for the year, with nearly all of the depreciation being for infrastructure. An additional \$223,285 resulted from an excess of revenues over expenditures in the City's operating funds, which resulted from a combination of extra revenues and savings in budgeted expenditures. The balance of \$85,713 resulted from increased long-term liabilities, of which \$47,656 was booked for other postemployment benefits. Compensated absences liabilities increased by \$38,057.

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

Financial Highlights - Continued

- At the close of fiscal year 2012, the City's General Fund reported \$7,055,758 in fund balance, an increase over the previous year of \$214,068. Of the total fund balance, \$1,023,548 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 \$61,196 an increase of \$5,947 over 2011. The City's Stormwater Utility Fund had a final fund balance of \$239,462, and increase over the prior year of \$3,270.
- The City's General Fund Committed Fund Balance was \$97,180 and represents the amount of outstanding encumbrances, all of which were outstanding purchase orders.
- The City had \$276,172 of General Fund Restricted Fund Balance, of which \$241,172 is for Law Enforcement Trust Fund related expenditures. The balance of \$35,000 is from a donation received during the year to build a playground (\$30,000) and \$5,000 for recycling education.
- The City's General Fund Unassigned Fund Balance of \$5,658,358 represents immediately available resources that can be used for any lawful purpose. This is an increase from fiscal year 2011 of \$35,815. Total Fund Balance increased and total revenues were 5.34% greater than last year's revenue as the City was more creative and driven to bolster its locally controlled revenue sources.
- The City's General Fund unassigned fund balance of \$5,658,358 represents about 50% of the year's total expenditures for that fund, or about six month's worth of expenditures, a slight decrease from the prior year's 51% 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 \$85,713, to a total outstanding amount owed of \$228,061.
- The City's current assets exceeded its current liabilities by about 21 times.

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

City Achievements

- Traffic calming efforts continued in the City. Areas identified for study and possible improvements are within the areas bounded by Hallandale Boulevard, Countyline Road, SW 48th Avenue, and SW 32nd Avenue. The efforts to date have been well received by the community.
- The City, using grant funds and other sources, completed planning and construction design efforts and will undertake improvements to SW 56th Avenue. The improvements will include new sidewalks, roadway resurfacing, traffic calming, intersection treatments, ornamental streetlights, landscaping, bike lanes, and transit shelters.
- Code enforcement efforts aimed at improving property values were increased 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 two years ago.
- Working with the Home Depot Foundation, the City awarded a 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.
- In an effort to reduce the number of serious intersection accidents within the City, a red light camera initiative was begun at several intersections. 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 greatly reduced and, more importantly, accidents at the intersections will also be reduced.
- The City received a \$60,000 Health Foundation of South Florida grant to make improvements to recreational and fitness facilities at the City's parks. Construction and installation will begin in FY2013. Of that amount, \$30,000 was received in the current fiscal year.

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

City Achievements - Continued

- The City continued its efforts to attract new development and redevelopment of properties within the City.
- Completed the codification of our ordinances, thus making the City's policies available worldwide, via the internet.
- With the continuation of dedicated services to the residents and businesses, we were successful in increasing the number of businesses in the City, thus generating 15% increase in businesses tax revenue.
- Worked with the County's Supervisor of Elections office in administering a successful City election.
- The City successfully dedicated State Road 7 (Federal Highway 441) as West Park Boulevard from County Line to Pembroke Road. By renaming the corridor as West Park Boulevard, it brings more awareness to this relatively new City and attracts developers to the corridor.
- Since the City leased the McTyre Park from the County in 2009, the park has proven to be so popular that it has quickly out grown the limited support facilities available to the residents and visitors. This situation prompted the City to consider pursuing the development of a master plan for the park that defines a meaningful balance between the continued demand for open field play area; the corresponding demand for vehicular parking; and public toilet facilities. The City was successful in completing a McTyre Park Master Plan.
- Completed construction design plans for the bus shelters and bus benches along Pembroke Road and Hallandale Beach Boulevard.
- Construction of traffic calming devices was completed along Ronald Road, Sutton Road and Harvard Road. The improvements made these local streets safer and they were well received by residents.
- With the City's continue efforts to provide much needed improvement at the parks and to provide safer environment for the kids to play, the City completed the installation of safety surface for McTyre Park's playground.

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

City Achievements - Continued

- The City continues its efforts to attract new development by completing construction design plans for improvements to Martin Luther King Jr. (SW 56 Avenue). One of the City's major business corridors.
- The City established the Nuisance Abatement Program that is aimed at improving properties values. The program allow improvements, cleanup 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 by waiting until the property is sold.
- The City established the Code Enforcement Liens & Fines Amnesty Program that is aimed at address the back-log of liens on record/daily fines accruing and sought to provide relief to the property owners. Also, this Code Enforcement Lien & Accrued Fines Amnesty Program is beneficial in achieving the goal of compliance and it will further serve a public benefit by increasing property value throughout the city.
- The City completed the construction of the City's Welcome Sign along Martin Luther King, Jr. Boulevard, just north of Countyline Road.
- The City successfully negotiated law enforcement service agreements for a reduction in expenses for the 2012-13 Fiscal Year. The negotiation provided over \$200,000 in reduced payment to the landlord of the district police's office.
- The City secured approximately half a million dollars (\$500,000) in grants and donations for the following projects and programs:
 - Recycling Program
 - Outdoor Fitness Equipment at the Park
 - Security Cameras Installation at the Parks
 - McTyre Park Tot Lot Safety Surface
 - McTyre Park Parking Lot Drainage Improvements
 - Construction of The City's Welcome Sign along SW 56 Avenue
 - Neighborhood Traffic Calming Study Area "C"
 - Martin Luther King Boulevard, Jr. (SW 56th Avenue) Improvement Construction Cost

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

City Achievements - Continued

- Finally, 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 had 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.

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 14 to 15) 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 Assets (the "Unrestricted Net Assets") 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 15) is focused on both the gross and net cost of various activities (including governmental, including 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

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

Government-wide Financial Statements

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 16 to 18) is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 17).

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 16 and 18 for the reconciliation). The flow of current financial resources will reflect interfund transfers and other financial sources, as well as capital expenditures. The reconciliation will eliminate these transactions and incorporate the capital asset and long-term obligations into the Government Activities column (in the Government-wide statements).

Capital Assets

Historically, a government's largest group of assets (infrastructure - buildings, roads, curbs, and sidewalks) have not been reported nor depreciated in government financial statements. Pronouncements in governmental accounting require that these assets be valued and reported within the Government column of the Government-wide Statements. The City has \$78,399,988 of net capital assets, none of which was financed with debt. Of that amount, \$54,790,434 represents land and \$22,746,892 is the net value of infrastructure assets such as roads and sidewalks, which is being depreciated annually.

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

GOVERNMENT-WIDE STATEMENTS

Statement of Net Assets

The largest portion of the City's non-capital net 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 Net Assets, a slight increase 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 Assets. The City has no business-type activities; therefore, totals have also been eliminated from presentation:

City of West Park's Net Assets			
	Governmental Activities		Percent
	2012	2011	Change
Current and Other Assets	\$ 7,678,162	\$ 7,556,630	1.61%
Capital Assets	78,399,988	79,121,462	-0.91%
Total Assets	86,078,150	86,678,092	-0.69%
Current and Other Liabilities	321,746	423,498	-24.03%
Non-Current Liabilities	228,061	142,348	60.21%
Total Liabilities	549,807	565,846	-2.83%
Net Assets	85,528,343	86,112,246	-0.68%
Invested in Capital Assets, Net of Related			
Depreciation	78,399,988	79,121,461	0.91%
Restricted	576,830	410,164	40.63%
Unrestricted	6,551,525	6,580,621	0.00%
Total Net Assets	\$ 85,528,343	\$ 86,112,246	-0.68%

**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 also been eliminated from presentation:

City of West Park's Changes In Net Assets			
	Governmental Activities		
	2012	2011	Percent Change
Revenues:			
Program Revenues			
Charges for Services	\$ 4,736,185	\$ 4,444,023	6.57%
Operating Grants and Contributions	531,297	509,259	4.33%
Capital Grants and Contributions	156,544	-	-
General Revenues			
Taxes	4,777,950	5,019,004	-4.80%
Other	1,583,384	1,215,944	30.22%
Total Revenues	<u>11,785,360</u>	<u>11,188,230</u>	<u>5.34%</u>
Expenses			
General Government	1,767,810	1,482,973	19.21%
Public Safety	6,691,617	6,589,486	1.54%
Public Works	3,060,783	3,446,828	-11.20%
Parks and Recreation	849,052	810,923	4.70%
Total Expenses	<u>12,369,262</u>	<u>12,330,210</u>	<u>0.32%</u>
Increase (decrease) in Net Assets	<u>\$ (583,902)</u>	<u>\$ (1,141,980)</u>	<u>-48.87%</u>

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

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

Limits On Tax Base Growth. Under Florida's Constitution, residential properties that are owner-occupied and have a homestead exemption are limited to annual assessment increases of 3% or less. 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

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

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

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. During FY2012, voters approved additional exemption for senior citizens who meet certain income and residency requirements. The City is evaluating the impact of this amendment that may become effective for fiscal years beginning on or after October 1, 2013. The impact will be negative to the City, but the extent to which an already deteriorated tax base will suffer has not been determined. 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 over \$111 million less than when the City was first incorporated. 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 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 \$7,055,758 of which \$5,658,858 is unassigned.

Business Type Funds

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$78,399,988 in capital assets, net of related depreciation. Of that amount, \$54,790,434 was invested in land and \$22,746,892 was invested in infrastructure, net of depreciation.

Debt

The City had \$228,061 in compensated absences and other post employment benefits owed to employees of the City.

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 ASSETS
SEPTEMBER 30, 2012**

Some business entities

Assets	Governmental Activities
Cash and Cash Equivalents	\$ 6,168,893
Accounts Receivable	485,221
Prepaid Items	13,327
Property Held For Sale	1,010,720
Capital Assets Not Being Depreciated:	
Land	54,790,434
Capital Work In Progress	50,363
Capital Assets Net of Related Depreciation:	
Infrastructure	22,746,892
Buildings	146,737
Improvements Other than Buildings	397,697
Equipment	267,866
Total Assets	<u>86,078,150</u>
 Liabilities	
Account Payable and Accrued Expenses	253,666
Deferred Revenues	68,080
Compensated Absences	93,377
Other Post Employment Benefits	134,684
Total Liabilities	<u>549,807</u>
 Net Assets	
Invested in Capital Assets	78,399,988
Restricted	576,830
Unrestricted	6,551,525
Total Net Assets	<u>\$ 85,528,343</u>

*- LETF
- Stormwater
- Two lakes
- Grants*

*2564
4078,140
85,528,343
549,807*

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, 2012**

Functions/Programs	Program Revenues			Net Expense And Change In Net Assets		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
General Government	\$ 1,767,810	\$ 217,893	\$ -	\$ -	\$ (1,549,917)	\$ (1,549,917)
Public Safety	6,691,617	2,194,244	135,380	-	(4,361,993)	(4,361,993)
Public Works	3,060,783	2,217,914	188,085	49,341	(605,443)	(605,443)
Parks and Recreation	849,052	106,134	207,832	107,203	(427,883)	(427,883)
Total Governmental Activities	\$ 12,369,262	\$ 4,736,185	\$ 531,297	\$ 156,544	\$ (6,945,236)	\$ (6,945,236)
General Revenues:						
Property Taxes					\$ 3,225,309	\$ 3,225,309
Franchise and Utility Taxes					1,263,451	1,263,451
Communications Services Tax					289,190	289,190
Intergovernmental					1,493,052	1,493,052
Unrestricted Investment Income					4,451	4,451
Miscellaneous Revenues					85,880	85,880
Total General Revenues					6,361,334	6,361,333
Change in Net Assets					(583,902)	(583,903)
Net assets, beginning					86,112,246	86,112,246
Net assets, ending					85,248,343	\$ 85,248,343

General Revenues:

- Property Taxes
- Franchise and Utility Taxes
- Communications Services Tax
- Intergovernmental
- Unrestricted Investment Income
- Miscellaneous Revenues
- Total General Revenues

Change in Net Assets

- Net assets, beginning
- Net assets, ending

Note to Self - To compare this # for last 4-5 yrs.

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

CITY OF WEST PARK, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	<u>General Fund</u>	<u>Twin Lakes Fund</u>	<u>Stormwater Fund</u>	<u>Totals</u>
Assets				
Cash and Cash Equivalents	\$ 6,021,748	\$ 61,196	\$ 85,949	\$ 6,168,893
Accounts Receivable	327,009	-	158,212	485,221
Prepaid Items	13,328	-	-	13,328
Property Held For Sale	1,010,720	-	-	1,010,720
Total Assets	<u>\$ 7,372,805</u>	<u>\$ 61,196</u>	<u>\$ 244,161</u>	<u>\$ 7,678,162</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 248,967	-	\$ 4,699	\$ 253,666
Deferred Revenue	68,080	-	-	68,080
Total Liabilities	<u>317,047</u>	<u>-</u>	<u>4,699</u>	<u>321,746</u>
Fund Balances:				
Nonspendable	1,024,048	-	-	1,024,048
Committed	97,180	-	3,509	100,689
Restricted	276,172	61,196	235,953	576,830
Unassigned	5,658,358	-	-	5,658,358
Total Fund Balances	<u>7,055,758</u>	<u>61,196</u>	<u>239,462</u>	<u>7,359,925</u>
Total Liabilities and Fund Balances	<u>\$ 7,372,805</u>	<u>\$ 61,196</u>	<u>244,161</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. 78,399,988

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. (228,061)

Net Assets of governmental activities \$ 85,528,343

Self-Note: To compare the last 5 yrs for budget prep FY13/14

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, 2012

	General Fund	Twin Lakes Fund	Stormwater Fund	Totals
Revenues				
Taxes				
Property Taxes	\$ 3,225,309	\$ -	\$ -	\$ 3,225,309
Gas Taxes	243,259	-	-	243,259
Franchise Taxes	747,161	-	-	747,161
Utility Taxes	768,259	-	-	768,259
Communications Services Tax	289,190	-	-	289,190
License and Permits	203,218	-	-	203,218
Intergovernmental	1,827,757	-	-	1,827,757
Charges For Services	458,014	-	307,129	765,143
Fines and Forfeitures	303,321	-	-	303,321
Interest	4,452	-	-	4,452
Special Assessments	3,360,278	8,182	-	3,368,460
Miscellaneous	39,831	-	-	39,831
Total Revenues	<u>11,470,049</u>	<u>8,182</u>	<u>307,129</u>	<u>11,785,360</u>
Expenditures				
General Government	1,207,562	-	-	1,207,562
Public Safety	6,691,617	-	-	6,691,617
Public Works	1,886,999	2,235	281,877	2,171,111
Parks and Recreation	743,022	-	-	743,022
Non Departmental	502,034	-	-	502,034
Capital Outlay	224,747	-	21,982	246,729
Total Expenditures	<u>11,255,981</u>	<u>2,235</u>	<u>303,859</u>	<u>11,562,075</u>
Net Change in Fund Balances	214,068	5,947	3,270	223,285
Fund balances, beginning	6,841,691	55,249	236,193	7,133,133
Fund balances, ending	<u>\$ 7,055,759</u>	<u>\$ 61,196</u>	<u>\$ 239,463</u>	<u>\$ 7,356,418</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
SEPTEMBER 30, 2012

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

Net change in fund balances - Total Governmental Funds	\$223,285
--	-----------

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	\$ 246,729	
Depreciation Expense	<u>(968,203)</u>	(721,474)

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	(38,057)	
Other Post Employment Benefits (Retiree Healthcare Implicit Subsidy)	<u>(47,656)</u>	<u>(85,713)</u>

Changes in Net Assets of governmental activities	<u>(\$583,902)</u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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 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

CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Separate financial statements are provided for governmental funds. The City only 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

CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough, thereafter, to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting, with the exception of debt service payments of principal and interest, 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, 2012**

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 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. Assets, Liabilities, and Net Assets 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.

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 or business-type 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

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

3. Capital Assets (Continued)

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 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 Broward County Property Appraiser's Office as of January 1, 2012, 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.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

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, 2012, 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 collectability 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 below:

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 new

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, and Net Assets or Equity – Continued

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.

C. Reservations of Fund Balance

1. Restricted Fund Balance

There are no restricted fund balance reserves in the General Fund.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, and Net Assets or Equity – Continued

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.

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.

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.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, and Net Assets or Equity – Continued

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 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.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

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 apart 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 ASSETS

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

**CITY OF WEST PARK, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

The Unassigned fund equity of \$5,658,358 was 50% of the fiscal year 2013 budgeted General Fund expenditures. This is above the required minimum 25% level, and at the 50% goal.

Twin Lakes Special Revenue Fund. The fund had \$61,196 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 \$239,463 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.

NOTE 5. RECEIVABLES

Receivables as of September 30, 2012, for the City's General Fund, including the allowance for uncollectible accounts, are as follows:

General Fund	
Property Taxes and Assessments	\$ 4,102
Franchise and Utility Taxes	121,805
Intergovernmental	154,971
Service Charges	38,181
Fines and Forfeitures	4,892
Excess Bulk Waste Fees	1,858
Fire Inspection Fees	1,200
Total General Fund	\$ 327,009
 Stormwater Fund	
Stormwater Charges	\$ 158,212

CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012, was as follows:

	Balance September 30, 2011	Increases	Decreases	Balance, September 30, 2012
Capital assets not being depreciated:				
Land and Easements	\$ 54,790,434	\$ -	\$ -	\$ 54,790,434
Work In Progress	\$ -	\$ 50,363	\$ -	\$ 50,363
Total capital assets not being depreciated	<u>54,790,434</u>	<u>50,363</u>	<u>-</u>	<u>54,840,797</u>
Capital assets being depreciated:				
Infrastructure	26,147,710	-	-	26,147,710
Buildings	262,920	-	-	262,920
Improvements Other Than Buildings	358,976	101,761	-	460,737
Equipment	363,602	94,386	-	457,988
Total capital assets being depreciated	<u>27,133,208</u>	<u>196,147</u>	<u>-</u>	<u>27,329,355</u>
Less accumulated depreciation for:				
Infrastructure	2,529,449	871,590	-	3,401,039
Buildings	106,270	9,913	-	116,183
Improvements Other Than Buildings	41,798	21,023	-	62,821
Equipment	124,445	65,676	-	190,121
Total	<u>2,801,962</u>	<u>968,202</u>	<u>-</u>	<u>3,770,164</u>
Total capital assets being depreciated, net	<u>24,331,246</u>	<u>(772,055)</u>	<u>-</u>	<u>23,559,191</u>
Governmental activities capital assets, net	<u>\$ 79,121,680</u>	<u>\$ (721,692)</u>	<u>\$ -</u>	<u>\$ 78,399,988</u>

Depreciation expense for the fiscal year ended September 30, 2012, was charged to functions/programs as follows:

General Government	\$ 35,471
Public Works (Infrastructure)	871,590
Parks and Recreation	61,141
Total depreciation expense	<u>\$ 968,202</u>

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 7. ACCOUNTS PAYABLE AND DEFERRED REVENUE

At fiscal year-end, the City owed various vendors \$226,237, had accrued wages and other payroll expenses of \$27,279, and other current liabilities of \$150. At fiscal year end, the city had collected revenues of \$68,080 in advance of their due date, all of which was attributable to business license taxes paid in advance of the fiscal year.

NOTE 8. PROPERTY TAXES

Property values are assessed on a countywide basis by the Broward County Property Appraiser as of January 1st, the lien date, of each year and are due November 1st 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 1st. Property taxes and some non ad valorem special assessments levied each November 1st by the City and all other taxing authorities within the County are centrally billed and collected by the County, with remittances to the City of its proportionate share of collected taxes. Taxes and non ad valorem special assessments for the fiscal year beginning October 1st 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 31st of the subsequent year. On April 1st, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1st, 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.

**CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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 owed to employees.

Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated Absences	\$55,320	\$41,895	\$3,838	\$93,377	\$46,689
Other Post Employment Benefits, Retiree Healthcare Implicit Subsidy	87,028	47,656	-	134,684	-
Total Long-Term Debt	\$142,348	\$89,551	\$3,838	\$228,061	\$46,689

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 2013 total \$139,050, 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 Hall

SD

CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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, 2012, 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://dms.myflorida.com/human_resource_support/retirement/publications
/system_information/annual_reports](http://dms.myflorida.com/human_resource_support/retirement/publications/system_information/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 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.

CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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

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 2012 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 they full premium. The City may amend its plan at any time, or abolish 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, 2012**

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

Development of the Annual OPEB Cost and Net OPEB Obligation			
Employer, fiscal year ended September 30,	<u>2010</u>	<u>2011</u>	<u>2012</u>
Annual Required Contribution (ARC)	\$39,373	\$47,656	\$47,656
Net OPEB Obligation (NOO) at beginning of year	-	39,373	87,028
Interest on Net OPEB Obligation (NOO)	-	-	-
Adjustment to Annual Required Contribution (ARC)	-	-	-
Annual OPEB Cost (Expense)	39,373	47,656	47,656
Employer Contributions Made	-	-	-
Increase (decrease) in Net OPEB Obligation (NOO)	39,373	47,656	47,656
Net OPEB Obligation (NOO) at end of year	\$39,373	\$87,028	\$134,684

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 Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB 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

Retiree Health Care
Staff & Elected Official
Implied
Subsidy

Funded Status and Funding Progress

As of the reporting date, the plan assets were \$0, the actuarial accrued liability for benefits was \$91,521, the total unfunded actuarial liability is \$91,521, 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 16%.

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

"Actuarial Number →
but not Actual Numbers"

CITY OF WEST PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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

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, 2010, was 20 years. Health insurance trends start at -25.00% for the fiscal year ending in 2011 and 12.00% for 2012, grading down to 5.00% at the ultimate trend rate by 2019. The negative trend for fiscal year 2011 resulted from a re-bidding of health insurance policies that resulted in a substantial savings in that fiscal year.

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, 2012

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 18, 2013, which is the date the financial statements were available to be issued.

**CITY OF WEST PARK, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 3,162,212	\$ 3,162,212	\$ 3,225,309	\$ 63,097
Motor Fuel Taxes	243,130	243,130	243,259	129
Franchise Taxes	705,333	705,333	747,161	41,828
Utility Taxes	742,200	742,200	768,259	26,059
Communications Services Tax	275,400	275,400	289,190	13,790
Licenses and Permits	131,500	131,500	203,218	71,718
Intergovernmental	2,264,340	2,264,340	1,827,757	(436,583)
Charges for services	572,200	572,200	458,014	(114,186)
Fines and forfeitures	806,000	806,000	303,321	(502,679)
Interest	21,000	21,000	4,452	(16,548)
Special Assessments	3,305,917	3,305,917	3,360,278	54,361
Miscellaneous	500	500	39,831	39,331
Total revenue	<u>12,229,732</u>	<u>12,229,732</u>	<u>11,470,049</u> ✓	<u>(759,683)</u>
Expenditures:				
City Commission	109,796	109,796	89,296	20,500
City Administrator	303,895	303,895	335,362	(31,467)
Finance and City Clerk	223,304	223,304	233,863	(10,559)
City Attorney	120,000	120,000	120,000	-
Development Services	386,440	386,440	429,041	(42,601)
Non Departmental	602,363	602,363	502,034	100,329
Total General Government	<u>1,745,798</u>	<u>1,745,798</u>	<u>1,709,596</u>	<u>36,202</u>
Public Safety:				
Police	4,476,224	4,676,224	3,970,937	705,287
Fire	2,720,690	2,720,690	2,720,680	10
Total Public Safety	<u>7,396,914</u>	<u>7,396,914</u>	<u>6,665,726</u>	<u>731,188</u>
Public Works	1,645,845	1,645,841	1,886,999	(241,158)
Parks and Recreation	607,407	607,407	743,022	(161,506)
Capital Outlay	833,772	833,772	224,747	609,025)
Total Expenditures	<u>12,229,732</u>	<u>12,229,732</u>	<u>11,255,981</u> ✓	<u>973,751</u>
Excess (Deficit) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>214,068</u>	<u>214,068</u>
Fund balance, beginning	<u>6,841,691</u>	<u>6,841,691</u>	<u>6,841,691</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,841,691</u>	<u>\$ 6,841,691</u>	<u>\$ 7,055,759</u>	<u>\$ 214,068</u> ✓

**CITY OF WEST PARK, FLORIDA
TWIN LAKES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$ 8,680	\$ 8,680	\$ 8,182	\$ (498)
Total Revenue	<u>8,680</u>	<u>8,680</u>	<u>8,182</u>	<u>(498)</u>
Expenditures				
Public Works	<u>8,680</u>	<u>8,680</u>	<u>2,235</u>	<u>6,445</u>
Total Expenditures	<u>8,680</u>	<u>8,680</u>	<u>2,235</u>	<u>6,445</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>5,947</u>	<u>5,947</u>
Fund Balances — Beginning	<u>55,249</u>	<u>55,549</u>	<u>55,249</u>	<u>-</u>
Fund Balances — Ending	<u>\$ 55,249</u>	<u>\$ 55,249</u>	<u>\$ 61,196</u>	<u>\$ 5,947</u>

**CITY OF WEST PARK, FLORIDA
 STORM WATER SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges For Services	\$ 315,000	315,000	307,129	(7,871)
Total Revenue	<u>315,000</u>	<u>315,000</u>	<u>307,129</u>	<u>(7,871)</u>
Expenditures				
Public Works	315,000	315,000	303,859	11,141
Total Expenditures	<u>315,000</u>	<u>315,000</u>	<u>303,859</u>	<u>11,141</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>3,270</u>	<u>3,270</u>
Fund Balances — Beginning	<u>229,249</u>	<u>229,249</u>	<u>236,193</u>	<u>-</u>
Fund Balances — Ending	<u>\$ 229,249</u>	<u>229,249</u>	<u>239,463</u>	<u>3,270</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, 2012

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.

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

General Fund—

Revenues: Licenses and Permits exceeded original estimates by 54% because of increased enforcement of Business Tax receipts and an increase in building permit activity. Intergovernmental revenue was 26% less than expected because of grants that had been awarded but not yet received. Charges for Services were 20% less than expected because the increase in EMS transport fees did not generate as much revenue as had been forecasted. It is believed that the customer base could not afford the new increase and uncollectible amounts increased accordingly. Other positive variances, mostly from Excess Bulk Trash fees, did not offset the shortfall in this category. Fines and Forfeitures was off by over 62%; however, all of that shortfall resulted from the new Red Light Camera program which is designed to be cost neutral to the City. A positive variance in Public Safety expenditures offsets this shortfall. Otherwise, the City realized a very positive variance in this category. Interest continues to be well under expectations as the investment vehicles available to the City are at all-time lows. Finally, Miscellaneous Revenues greatly exceeded our expectations because of the receipt of two large donations received during the year. These funds are legally restricted for the specific purposes made as a condition of the gifts.

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, 2012

Expenditures: General Governmental expenditures were slightly under budget for a variety of unexceptional reasons. Public Safety expenditures were about 10% less than budgeted solely due to the Red Light Camera program that was being phased in during the year. 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 expenditures were about 15% 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). Parks and Recreation activities were about 22% 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 planning and other preliminary work began.

Twin Lakes Special Revenue Fund—

Revenues for this fund were largely as expected and the Expenditures were not as great, generally because this fund sets aside a good portion of its annual revenues for future costs expected related to structural elements related to water discharge.

Stormwater Utility Special Revenue Fund—

Revenues were slightly below expectations and result from delinquent payments that will largely be collected in future periods. Expenditures were largely in keeping with the original expectations of the budget.



S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

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

160 NW 176th Street
Suite 400-1
Miami Gardens, Florida 33169
(305) 628-1510
(305) 628-1595 Fax

**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 the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of West Park, Florida, (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 30, 2012. 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.

Internal Control Over Financial Reporting

Management of City of West Park, Florida, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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**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* – Continued**

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of 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*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities 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 18, 2013

No Mgmt Letter.

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S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

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

160 NW 176th Street
Suite 400-1
Miami Gardens, Florida 33169
(305) 628-1510
(305) 628-1595 Fax

STATE OF FLORIDA REPORTING REQUIREMENTS MANAGEMENT LETTER

To the Honorable Mayor and Bard 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, 2012, and have issued our report thereon dated March 18, 2013.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in those reports and schedule, which are dated March 18, 2013 should be considered in conjunction with this management letter.

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 the 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.

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

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.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) Deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., 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 to the financial statements.

Section 10.554(1)(i)7.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)7.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, 2012, 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, 2012. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.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 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.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, 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 18, 2013