

**CITY OF WEST PARK, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

CITY OF WEST PARK, FLORIDA

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-17
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Notes to Financial Statements	24-52
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	53-54
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Twin-Lakes Special Revenue Fund	55
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Stormwater Special Revenue Fund	56
Notes to Required Supplementary Information	57-58
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System	59
Schedule of Pension Contributions – Florida Retirement System	60
Schedule of Funding Progress – Other Post Employment Benefit Plan	61
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 <i>GOVERNMENT AUDITING STANDARDS</i>	62-63
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	64
MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	65-70



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of West Park, Florida (the "City") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City as of September 30, 2015, and the respective changes in financial position, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the accompanying financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68, effective October 1, 2014. The net position balance of the governmental activities as of October 1, 2014 have been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 28, 2016, on our consideration of the City's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

June 28, 2016

**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, 2015. 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 17).

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

Financial Highlights

- The assets of the City of West Park exceeded its liabilities and deferred inflows of resources at September 30, 2015, by \$85,531,009 (the "net position"). Of this amount, \$6,278,133 (the "unrestricted net position") may be used to meet the government's ongoing obligations to citizens and creditors.

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

Financial Highlights - Continued

- The City's total net position decreased by \$1,296,848 over previously stated amounts. Prior periods were restated for a total of \$602,345 which included an overstatement of property held for resale (\$326,100), a net overstatement of accounts receivable (\$323,121), an overstatement of our OPEB liability (\$22,876), and the overstatement of a cost recovery liability that likely had been earned in a prior year (\$24,000). Additionally, due to a required adoption of Governmental Accounting Standards Board (GASB) Statement 68 Accounting and Financial Reporting For Pensions— An Amendment of GASB Statement Number 27 and GASB Statement 71 Pension Transition for Contributions Made Subsequent To the Measurement Date — An Amendment of GASB Statement Number 68, Net Position was further reduced and restated by \$404,526. The balance of the reduction, \$289,977, resulted from depreciation expense in excess of capital outlay of \$1,023,381; a decrease in compensated absences of \$34,674; increases in liabilities for OPEB obligations (\$44,241) and FRS pension expenses (\$10,046); and positive governmental fund performance net of financing activity of \$753,017.

- At the close of fiscal year 2015, the City's General Fund reported \$7,981,743 in fund balance, an increase over the previous year of \$338,508, after giving consideration to the restatement of prior periods that resulted from the amounts previously discussed. Of the total fund balance, \$690,842 represents non-spendable assets comprised of property held for resale and prepaid expenses and should be considered illiquid. Property held for resale, which is property the City will likely develop into residential and other properties at some point in the future, was written down to the current estimated market value as stated. The City uses the Broward County Property Appraiser's estimate of market value as of the January 1st date closest to the financial statement date. Accounts receivables have been reduced to reflect our current estimate of the availability of payments. The City's Twin Lakes Water Control District special revenue fund ended with a fund balance of \$68,065 a decrease of \$6,763 over 2014. The City's Stormwater Utility Fund had a final fund balance of \$452,579, an increase over the prior year of \$171,349.

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

Financial Highlights - Continued

- The City had \$559,319 of General Fund Restricted Fund Balance, \$400,000 of which represents restricted assets from a borrowing that will be used to purchase a new rescue vehicle for the fire department and \$159,319 of which is restricted to use for Law Enforcement Trust Fund Purposes.
- The City's General Fund Assigned Fund Balance of \$64,544 represents the amount of outstanding contractual obligations.
- The City's General Fund Assigned Fund Balance of \$323,783 is designated for use in the 2015 fiscal year.
- The City's General Fund Unassigned Fund Balance of \$6,343,255 represents immediately available resources that can be used for any lawful purpose. This is an increase from fiscal year 2014 of about 8.6%.
- The City's General Fund Unassigned fund balance represents about 53% of the year's total expenditures for that fund, or about six month's worth of expenditures, a slight increase from the FY14 amount of 50%. 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 liabilities in its governmental activities, comprised of a capital lease for fire rescue apparatus and accrued leave time for employees, increased by \$365,326, which was the result of the lease purchase agreement of \$400,000 and the reduction in compensated absences of \$34,674.
- The City's current assets (exclusive of restricted activities) exceeded its current liabilities by more than 12 times, essentially unchanged from FY2014 and demonstrates more than sufficient liquid assets to cover its immediate needs.

City Achievements

1. Acquired Water Tower Property from Broward County: With the acquisition of this property, we intend to establish a perceive Park to be named as Water Tower Park at 3920 SW 38 Avenue. While providing the much needed park space within the Lake Forest community, the additional park space will also increase the City's park inventory needed to meet the County and City's Comprehensive Plan requirements to provide park space for existing and future residents. It also fulfills a Recreation and Open Space Element policy to provide parks within a ½ mile radius of West Park residents by providing greater access to park facilities for residents in the easternmost part of the City.

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

City Achievements - Continued

2. Secured funding increase from the Children Services Council for the Juvenile Crime Prevention Program: With funding support from the Children's Services Council we successfully completed the City's after school program (Juvenile Crime Prevention Program). Since its inception over 200 children have been serviced as we received funding increase for the program's third year of existence.
3. Secured the Community Development Block Grant award in the amount of \$55,542.00 for SW 40th Avenue (Barack Obama Boulevard) Improvements: The proposed improvements to the boulevard will include drainage system upgrade; milling and resurfacing of asphalt; roadway construction, as needed; new sidewalk to achieve continuity; installation ADA ramps; bicycle lanes; supplemental street lights; landscaped swales or planter area with irrigation; and the incorporation of traffic calming devices.
4. Secured the Community Development Block Grant award in the amount of \$32,580.00 for traffic calming conceptual design to the intersection of SW 20th Street & SW 57th Avenue: This project is intended to calm traffic along the corridors and to reduce and possibly eliminate near traffic accidents at the intersection.
5. Authorized the purchase of new rescue (ambulance) truck for the Fire Department: In the spirit of continuing to increase the quality of service to our residents, we have authorized the purchase of a new 2016 International Ambulance Truck. As a City of positive progression, we consider this purchase as vitally important to the health, welfare and safety of our residents.
6. Secured the Edward Byrne Memorial Justice Assistance grant from the Florida Department of Law Enforcement. The funds will be used for the purpose of reducing crime and enhancing public safety at a public facility.
7. Completed the Audited Financial Statements for the Year Ended September 30, 2014. The Independent Audited Report states that the financial statements was presented fairly, in all material respects, the respective financial position of the government activities and each major fund of the City 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.

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

City Achievements - Continued

8. Continued the South Broward Explorer Program. The program is open to high school to college aged young adults from West Park and Pembroke Park who may be thinking about a career in law enforcement. Explorers receive educational training on the purposes, mission and objectives of law enforcement along with an opportunity to get involved with community service activities. It provides a unique opportunity to interact with law enforcement personnel and community advisors in scenarios where students are able to exercise their own personal initiative. Explorers receive diverse training in the areas of self-defense; patrol procedures; traffic stops; report writing; domestic violence; Florida law; and arrest procedures. These real world activities will allow young Explorers to make an informed decision about whether they wish to pursue law enforcement as a career.
9. Established the Monthly Free Fresh Produce & Dry, Shelf Food Giveaway Program: In partnership with Feeding South Florida we commenced the distribution of free fresh fruits and produce giveaway monthly. The types of fresh produce normally distributed include, sweet potatoes, watermelon, cabbage, cucumber, squash, lettuce, onion, tomatoes and sometimes beverages and canned foods. The distribution locations are McTyre Park, Mary Saunders Park and City Hall.
10. Collaborated with Broward Metropolitan Planning Organization for the Transportation Investment Generating Economic Recovery (TIGER) grant: The collaboration was established to improve the mobility, safety and economic well-being of our community by submitting for funding request that would provide transportation network and connectivity to commercial, residential, educational and recreational facilities. The partnership is intended to generate up to \$6,542,192.00 funding for improvement to SW 48th Avenue from County-line Road to Pembroke Road; SW 21st Street from east of SW 50th Ave. to west of SW 46th Avenue; and Sutton Road from Williams Road to Hallandale Beach Blvd.
11. Accepted the grant award of \$950,000.00 from Broward Redevelopment Program for the Complete Street Improvement project along Barak Obama Boulevard (SW 40th Avenue) from County-line Road to Pembroke Road. The improvement will provide much needed drainage system upgrade; milling and resurfacing of asphalt; roadway construction, as needed; new sidewalk to achieve continuity; installation ADA ramps; bicycle lanes; supplemental street lights; landscaped swales or planter area with irrigation; and the incorporation of traffic calming devices.
12. With the continuation of dedicated services to our residents and businesses, we were successful in increasing the number of businesses in the City, thus generating 15% increase in businesses tax revenue.

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

City Achievements - Continued

13. Extended the Lien Amnesty Program: This program provide 85% discount to property owners with fines or liens on their property as a result of code enforcement violation. The program is beneficial in achieving the goal of compliance and it continue to further benefit the public by increasing property values throughout the City. The program generated over \$80,000 during this fiscal year.
14. Established partnership with AARP Foundation for the Senior Community Service Employment Program. The participants provide community service while actively pursuing unsubsidized employment off the program. As partners we support each participant's quest in pursuing unsubsidized job and encourage interested senior residents to take advantage of the opportunity.
15. Reduced Property Taxes Again: Like prior year, we provided relieve to residents during this tough economic times by reducing property taxes for the fiscal year 2015/2016. With the continued reduction in property taxes, we adhere to the steadfast commitment to maintain an economically and environmentally sustainable City that builds a sense of community spirit and pride with fiscally responsible government and the highest quality municipal services.
16. Established the Small Business Grant Program: In our continued effort to invest in local businesses, we now offer the Small Business Grant Program. This grant program is funded through revenues received from Business Tax Receipts. The program is created to provide financial and technical assistance to qualified small businesses that meet the eligibility criteria as provided in the grant application. Within the last year, we awarded \$5,000 each to three (3) small businesses in the City. The businesses are: Rose's Delight, Inc.; IRK Upholstery; and Rapid Auto Lube, Inc.
17. Completed the Construction of the Computer Lab at Mary Saunders Park: In an effort to continue improving the quality of services and activities offered at our parks, we have renovated the recreation hall at Mary Saunders Park and built a new computer lab. The renovations included installation of several custom computer work stations, printers, new interior paint and vinyl floor tiling. The computer lab will greatly enhance the senior programming, after school programming and all camp activities at the Park.
18. Completed storm water drainage system maintenance.
19. Commenced street sweeping program along the business area.

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

City Achievements - Continued

20. Successfully implemented all the City's events and programs, to include:
 - a. Mary Kendrick Thanksgiving Feed The Needy Feast
 - b. Holiday Toy Drive
 - c. City's First State of the City Address
 - d. Mother's Day Breakfast
 - e. Father's Day Celebration
 - f. Relay for Life
 - g. City's 10th Year Independence Concert & Family Fun Day
 - h. Summer Camp (Camp Bravery)
 - i. Senior Program
 - j. City's 10th Anniversary Celebration Gala – Scholarship Award & Pioneer Recognition

21. Continued dedicated services to the residents and businesses, successfully increasing the number of businesses in the City during this fiscal year, thus generating 1.7% increase in the number of additional businesses registered in the City.

22. In partnership with Broward County Transit, we continues the FREE Community Shuttle service for the benefit of residents. The free shuttle is intended to increase the number of destinations and connections that can be reached via public transit.

23. Our Senior Program evolved from the Senior Citizen Advisory Committee that was established in the City's early years. In 2011 we started offering an array of services such as health and wellness activities, field trips and computer classes. The computer classes allowed participants the ability to navigate the Internet and learn necessary computer skills taught in a way that is easy to understand. In our continued efforts to increase services to our seniors, we partnered with Broward Meals on Wheels to start serving lunch to seniors 60 years and older at McTyre Park, with the first full division funding in this year's budget.

24. During a period of tremendous economic contraction which saw the City's tax base decline to a point lower than it was when the City was first incorporated, the City's financial health has been maintained through tough decision making and a commitment to keeping the City's financial health sound. During the periods of rapid tax base growth, the City opted to set aside those increased funds so that its finances could be sustained during any economic downturn. Even with the nation's very difficult financial circumstances, the City found creative ways to increase revenue and reduce expenses, thus maintaining the City's very good financial position for the near term.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

The Government-wide Financial statements (see pages 17 to 18) are designed to be corporate-like in that all governmental and business-type activities (though the City as yet does not operate any business-type activities) are consolidated into columns that add up to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

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

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

Fund Financial Statements

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

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

Fund Financial Statements - Continued

The City's Major Fund presentation (see pages 19 to 22) 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 51).

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 20 and 22 for the reconciliation). The flow of current financial resources will reflect interfund transfers and other financial sources, as well as capital expenditures. The reconciliation will eliminate these transactions and incorporate the capital asset and long-term obligations into the Government Activities column (in the Government-wide statements).

Capital Assets

Historically, a government's largest group of assets (infrastructure, buildings, roads, curbs, and sidewalks) have not been reported nor depreciated in government financial statements. Pronouncements in governmental accounting require that these assets be valued and reported within the Government column of the Government-wide Statements. The City has \$77,772,913 of net capital assets, none of which was financed with debt. Of that amount, \$54,849,544 represents land and \$23,323,369 is the net value of infrastructure assets such as roads and sidewalks, which is being depreciated annually.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The largest portion of the City's non-capital total assets is cash deposits. The City also holds an estimated \$684,620 (current estimated market value) in property held for resale, all of which is land. The remainder is largely receivables due from other governments for shared revenues and grants accrued but not received by year-end. Cash accounted for about 75% of these non-capital assets and deferred outflows of resources, representing no significant change from the prior year.

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

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

Statement of Net Position - Continued

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

City of West Park's Net Position			
<u>Governmental Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>Percent Change</u>
Assets			
Cash and Equivalents	\$ 7,746,152	\$ 5,922,529	31%
Accounts Receivable	577,480	1,676,084	-66%
Prepaid Expenses	6,222	5,240	19%
Property Held For Resale	684,620	1,010,720	-32%
Capital Assets, Net of Depreciation	78,172,913	79,196,294	-1%
Total Assets	<u>87,187,387</u>	<u>87,810,867</u>	<u>-1%</u>
Deferred Outflows of Resources			
Pension	377,356	-	NA
Liabilities			
Accounts Payable and other	462,738	590,964	-22%
Unearned Revenues	49,349	48,674	1%
Current Liabilities	87,953	113,701	-23%
Noncurrent Liabilities	1,240,494	229,670	440%
Total Liabilities	<u>1,840,534</u>	<u>983,009</u>	<u>87%</u>
Deferred Inflows of resources			
Pension	193,200	-	NA
Net Position			
Investment in Capital Assets, Net	78,172,913	79,196,294	-1%
Restricted for:			
Equipment	400,000	-	NA
Law Enforcement	159,319	255,894	-38%
Water Control District	68,065	61,302	11%
Stormwater	452,579	270,053	68%
Unrestricted	6,278,133	7,044,314	-11%
Total Net Position	<u>\$ 85,531,009</u>	<u>\$ 86,827,857</u>	<u>-1%</u>

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

Current Year Impacts

Statement of Activities

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

City of West Park's Changes In Net Position

	Governmental Activities		
	<u>2015</u>	<u>2014</u>	<u>Percent Change</u>
Revenues			
Program Revenues			
Charges For Services	\$ 5,315,093	\$ 5,190,876	2%
Operating Grants and Contributions	427,194	157,339	172%
Capital Grants and Contributions	108,113	1,712,032	-94%
General Revenue			
Taxes	5,541,363	5,244,139	6%
Other	1,473,401	1,824,635	-19%
Total Revenues	12,865,164	14,129,021	-9%
Expenses			
General Government	2,215,288	2,068,073	7%
Public Safety	7,038,714	6,889,004	2%
Public Works	3,030,765	2,971,907	2%
Parks and Recreation	870,374	778,510	12%
Total Expenses	13,155,141	12,707,494	4%
Effect of Adoption of GASB 68 & 71	(404,526)	-	NA
Change In Net Position and Restatement	\$ (694,503)	\$ 1,421,527	-149%

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

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

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

Limits On Tax Base Growth. Under Florida's Constitution, residential properties that are owner-occupied and have a homestead exemption are limited to annual assessment increases of 3% or less. The effect of this limitation burdens the City's tax base by exempting from taxation, large portions of residential properties. Typically, municipalities in the South Florida market experience increases in annual expenditures well in excess of this 3% cap. Consequently, the City will be challenged to diversify its tax base while keeping its expenditures under control. The City has the ability to tax property up to 10 mills, or \$1 for each \$1,000 of taxable value. It is likely that the City will edge near this cap unless substantial tax base growth occurs, expenditures are retarded, or other revenues are found to cover the growing public safety needs. The City has already used about 89% of its taxing power on property taxes.

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

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

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

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.

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

THE CITY FUNDS

Governmental Funds

As of the year-end, the Governmental Funds (as presented on the balance sheet) reported a total fund balance of \$8,502,387 of which \$6,667,038 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 \$78,172,913 in capital assets, net of related depreciation. Of that amount, \$54,849,544 was invested in land and \$23,323,369 was invested in infrastructure, net of depreciation. For additional information see notes to financial statements.

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

Debt

The City had \$79,027 in compensated absences; \$250,691 in net other post employment benefits owed to employees and retirees of the City; \$400,000 in a lease purchase agreement for a rescue vehicle; and \$598,729 in net pension liabilities.

FINANCIAL INFORMATION CONTACTS

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

**CITY OF WEST PARK, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

<u>ASSETS</u>	Governmental Activities
Cash and equity in pooled cash	\$ 6,804,250
Restricted cash	941,902
Accounts receivable, net	577,480
Prepaid items	6,222
Property held for sale	684,620
Capital assets:	
Nondepreciable capital assets	54,849,544
Depreciable capital assets, net	23,323,369
Total assets	87,187,387
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension	377,356
Total deferred outflows of resources	377,356
<u>LIABILITIES</u>	
Liabilities:	
Accounts payable and other liabilities	462,738
Unearned revenues	49,349
Noncurrent liabilities:	
Due within one year:	
Compensated absences	7,903
Notes payable	80,050
Noncurrent liabilities:	
Due in more than one year:	
Compensated absences	71,124
Notes payable	319,950
Net Other Post Employment Benefit obligation	250,691
Net pension liability	598,729
Total liabilities	1,840,534
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension	193,200
Total deferred outflows of resources	193,200
<u>NET POSITION</u>	
Investment in capital assets	78,172,913
Restricted for:	
Equipment	400,000
Law enforcement	159,319
Water Control District	68,065
Stormwater	452,579
Unrestricted	6,278,133
Total net position	\$ 85,531,009

See notes to the financial statements

**CITY OF WEST PARK, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,215,288	\$ 4,085,543	\$ -	\$ -	\$ 1,870,255
Public safety	7,038,714	448,147	77,388	-	(6,513,179)
Public works	3,030,765	712,921	328,498	108,113	(1,881,233)
Parks and recreation	870,374	68,482	21,308	-	(780,584)
Total government activities	<u>13,155,141</u>	<u>5,315,093</u>	<u>427,194</u>	<u>108,113</u>	<u>(7,304,741)</u>
General revenues:					
Property taxes					3,213,422
Franchise taxes and utility taxes					2,002,530
Communications services tax					325,411
Grants and contributions not restricted to specific programs					1,416,313
Unrestricted investment earnings					10,560
Miscellaneous revenues					46,528
Total general revenues and transfers					<u>7,014,764</u>
Change in net position					<u>(289,977)</u>
Net position - beginning, as restated					86,225,512
Effect of adoption of GASB No. 68 and 71 (Note 1)					<u>(404,526)</u>
Net position - beginning, as restated					85,820,986
Net position - ending					<u>\$ 85,531,009</u>

See notes to the financial statements

**CITY OF WEST PARK, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Major Funds			Total Governmental Funds
	General Fund	Twin Lakes Fund	Stormwater Fund	
<u>ASSETS</u>				
Cash and equity in pooled cash	\$ 6,804,250	\$ 68,065	\$ 314,518	\$ 7,186,833
Restricted cash	559,319			559,319
Accounts receivable, net	439,419	-	138,061	577,480
Prepaid items	6,222	-	-	6,222
Property held for sale	684,620	-	-	684,620
Total assets	<u>\$ 8,493,830</u>	<u>\$ 68,065</u>	<u>\$ 452,579</u>	<u>\$ 9,014,474</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and other liabilities	\$ 462,738	\$ -	\$ -	\$ 462,738
Unearned revenue	49,349	-	-	49,349
Total liabilities	<u>512,087</u>	<u>-</u>	<u>-</u>	<u>512,087</u>
Fund balances:				
Nonspendable:				
Prepaid items and property held for sale	690,842	-	-	690,842
Restricted for:				
Equipment	400,000	-	-	400,000
Law enforcement	159,319	-	-	159,319
Water Control District	-	68,065	-	68,065
Stormwater	-	-	452,579	452,579
Assigned for:				
Contracts	64,544	-	-	64,544
Subsequent year's expenditures	323,783	-	-	323,783
Unassigned	6,343,255	-	-	6,343,255
Total fund balances	<u>7,981,743</u>	<u>68,065</u>	<u>452,579</u>	<u>8,502,387</u>
Total liabilities and fund balances	<u>\$ 8,493,830</u>	<u>\$ 68,065</u>	<u>\$ 452,579</u>	<u>\$ 9,014,474</u>

See notes to the financial statements

**CITY OF WEST PARK, FLORIDA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Fund balance - governmental funds		\$ 8,502,387
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial assets and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the assets of the government as a whole.		
Cost of capital assets	85,073,370	
Accumulated depreciation	<u>(6,900,457)</u>	78,172,913
Deferred outflows of resources related to the pension are recorded in the statement of net position.		
		377,356
Deferred inflows of resources related to the pension are recorded in the statement of net position.		
		(193,200)
Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.		
Loan payable		(400,000)
Compensated absences		(79,027)
Net pension liability - Florida Retirement System		(598,729)
Other Post Employment Benefit obligation		(250,691)
Net position of governmental activities		<u><u>\$ 85,531,009</u></u>

See notes to the financial statements

CITY OF WEST PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Major Funds			Total Governmental Funds
	General Fund	Twin Lakes Fund	Stormwater Fund	
Revenues:				
Taxes				
Property taxes	\$ 3,213,422	\$ -	\$ -	\$ 3,213,422
Motor fuel taxes	255,024	-	-	255,024
Franchise taxes	1,070,410	-	-	1,070,410
Utility taxes	932,120	-	-	932,120
Communications services tax	325,411	-	-	325,411
Licenses and permits	323,866	-	-	323,866
Intergovernmental	1,951,620	-	-	1,951,620
Charges for services	646,514	-	-	646,514
Fines and forfeitures	436,958	-	-	436,958
Interest income	10,560	-	-	10,560
Special assessments	3,324,719	8,048	319,964	3,652,731
Miscellaneous revenues	46,528	-	-	46,528
Total revenues	<u>12,537,152</u>	<u>8,048</u>	<u>319,964</u>	<u>12,865,164</u>
Expenditures:				
Current:				
General government	1,359,616	-	-	1,359,616
Public safety	7,038,714	-	-	7,038,714
Public works	1,858,473	1,285	148,615	2,008,373
Parks and recreation	794,560	-	-	794,560
Nondepartmental	787,639	-	-	787,639
Capital outlay	123,245	-	-	123,245
Total expenditures	<u>11,962,247</u>	<u>1,285</u>	<u>148,615</u>	<u>12,112,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>574,905</u>	<u>6,763</u>	<u>171,349</u>	<u>753,017</u>
Other financing sources (uses):				
Issuance of debt	400,000	-	-	400,000
Total other financing sources (uses)	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Net change in fund balances	974,905	6,763	171,349	1,153,017
Fund balances, beginning (restated)	<u>7,006,838</u>	<u>61,302</u>	<u>281,230</u>	<u>7,349,370</u>
Fund balances, ending	<u>\$ 7,981,743</u>	<u>\$ 68,065</u>	<u>\$ 452,579</u>	<u>\$ 8,502,387</u>

See notes to the financial statements

CITY OF WEST PARK, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds	\$ 1,153,017
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Capital assets are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of certain of those assets is eliminated and capitalized as capital assets.</p>	59,110
<p>Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense on the statement of activities.</p>	(1,082,491)
<p>Governmental funds report the face amount of Bonds issued as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.</p>	(400,000)
<p>Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. The details of the differences are as follows:</p>	
Change in compensated absences	34,674
Change in Other Post Employment Benefit obligation	(44,241)
Florida Retirement System Pension Plan pension expense	(10,046)
Change in net position of governmental activities	\$ (289,977)

See notes to the financial statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

1. Financial Reporting Entity – Continued

Blended Component Unit

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

2. Government-Wide and Fund Financial Statements

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

4. New Accounting Standards Adopted

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. New Accounting Standards Adopted - Continued

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*

The objective of this Statement is to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations by providing guidance specific to the situations and circumstances encountered within the governmental environment.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The implementation of GASB 68 and 71 had the following effect on the beginning net position in fiscal year 2015 on the governmental activities:

	Governmental Activities
Net position - beginning, previously stated	\$ 86,225,512
Adjustment for Florida Retirement System Pension Plan	(189,348)
Adjustment for Retiree Health Insurance Subsidy Program	(215,178)
Total pension related adjustments	(404,526)
Net position - beginning, as restated	\$ 85,820,986

5. Cash and Equity in Pooled Cash

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

6. Receivables and Payables

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

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

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

7. Property Held For Resale

The City owns several parcels of land that were granted to it by Broward County. These parcels are located throughout the City and will not be used in the normal course of operations. The City maintains the vacant parcels. The City plans to sell the parcels at some point in the future. The amount reflected on the financial statements is the lower of historical value that was booked when the parcels were conveyed to the City or estimated market value of the sum of all the parcels, as determined by the Broward County Property Appraiser's Office as of January 1, 2015. The City has not yet determined when these parcels will be sold, though it is likely to be more than one year from the Financial Statement date.

8. Capital Assets

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Capital Assets – Continued

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

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

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

9. Unearned Revenue

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

10. Compensated Absences

It is the City's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay is accrued when incurred in the government-wide fund financial statements. In the governmental funds, a liability would be recorded only for vacation and sick leave payouts for employee separations that occurred prior to September 30, 2015, and were subsequently paid with current available financial resources. In the entity-wide financial statements, costs for compensated absences are accrued as expenses and further recorded as liabilities. The liability is further distinguished between short-term and long-term portions.

11. Inventories

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. Prepaid Amounts

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

13. Long-Term Obligations

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

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

14. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the City would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the City reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Fund Equity/Net Position

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

A. Definitions

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Fund Equity/Net Position – Continued

B. Minimum Level of Unassigned Fund Balance

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

C. Disbursement of Fund Balance Reserves

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

D. Annual Review and Determination of Fund Balance Reserve Amounts

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

E. Additional Information Requirements/Responsibilities

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

16. Pension

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

17. Use of Estimates

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

NOTE 2. BUDGETARY INFORMATION

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (purchase orders, construction commitments, or other claims against appropriations) outstanding at fiscal year-end are reported as reservations of fund balances. There was \$348,800 in outstanding encumbrances in the General Fund at fiscal year-end.

NOTE 3. DEPOSITS

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

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

NOTE 4. RECEIVABLES

Receivables as of September 30, 2015, including the allowance for uncollectible accounts, are as follows:

	General	Stormwater	Total
	Fund	Fund	
Receivables:			
Franchise taxes	\$ 113,547	\$ -	\$ 113,547
Utility taxes	87,956	-	87,956
Intergovernmental	185,775	-	185,775
Fire inspections	181,470	-	181,470
Excess bulk waste	197,507	-	197,507
Stormwater	-	138,061	138,061
Other	49,477	-	49,477
Gross receivables	815,732	138,061	953,793
Less allowance for uncollectibles	(376,313)	-	(376,313)
Net total receivables	\$ 439,419	\$ 138,061	\$ 577,480

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land and easements	\$ 54,790,434	\$ 48,535	\$ -	\$ 54,838,969
Construction in progress	-	10,575	-	10,575
Total capital assets, not being depreciated	54,790,434	59,110	-	54,849,544
Capital assets, being depreciated:				
Infrastructure	28,591,903	-	-	28,591,903
Buildings	262,920	-	-	262,920
Improvements other than buildings	480,074	-	-	480,074
Furniture and equipment	888,929	-	-	888,929
Total capital assets, being depreciated	30,223,826	-	-	30,223,826
Less accumulated depreciation:				
Infrastructure	5,197,317	930,821	-	6,128,138
Buildings	132,562	6,466	-	139,028
Improvements other than buildings	125,530	35,753	-	161,283
Furniture and equipment	362,557	109,451	-	472,008
Total accumulated depreciation	5,817,966	1,082,491	-	6,900,457
Total capital assets, being depreciated, net	24,405,860	(1,082,491)	-	23,323,369
Governmental activities capital assets, net	\$ 79,196,294	\$ (1,023,381)	\$ -	\$ 78,172,913

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

NOTE 5. CAPITAL ASSETS – Continued

Depreciation expense for the fiscal year ended September 30, 2015, was charged to functions/programs as follows:

General government	\$ 51,912
Public works	956,720
Parks and recreation	73,859
Total depreciation expense	\$ 1,082,491

NOTE 6. PROPERTY TAXES

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

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

The millage rate levied by the City for the fiscal year ended September 30, 2015 was 8.92.

NOTE 7. LONG-TERM LIABILITIES

On April 22, 2015, the City entered into a lease-purchase arrangement with TD Equipment Finance for \$400,000 towards the acquisition of equipment and closing costs. The capital lease is for 5 years maturing on October 1, 2019, and carries a fixed interest rate of 1.82%. Annual debt service payments are \$83,660.

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

NOTE 7. LONG-TERM LIABILITIES - Continued

In consideration of the execution of the lease agreement, the City deposited \$400,000 with an escrow agent which has been classified as restricted assets in the financial statements. The \$400,000 shall be repaid to TD Equipment Finance as part of the payments due under the agreement. The \$400,000 constitutes the proceeds made available by TD Equipment Finance to the City.

Annual debt service requirements are as follows:

Year Ending September 30,	Principal	Interest	Total
2016	\$ 80,050	\$ 3,610	\$ 83,660
2017	77,837	5,823	83,660
2018	79,254	4,406	83,660
2019	80,696	2,964	83,660
2020	82,163	1,495	83,658
Total	<u>\$ 400,000</u>	<u>\$ 18,298</u>	<u>\$ 418,298</u>

Changes in long-term liability activity for the fiscal year ended September 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
TD Equipment Finance Loan	\$ -	\$ 400,000	\$ -	\$ 400,000	\$ 80,050
Compensated absences	113,701	73,494	(108,168)	79,027	7,903
Total Long-Term Liabilities	<u>\$ 113,701</u>	<u>\$ 473,494</u>	<u>\$ (108,168)</u>	<u>\$ 479,027</u>	<u>\$ 87,953</u>

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

NOTE 8. OPERATING LEASE (LESSOR)

The City has a lease agreement, expiring September 30, 2021, with Interstate Pembroke LLC., for 7,800 square feet of office space for City Hall. The lease requires payments of \$135,000 annually, increased by 3% each October 1st. The estimated annual lease payments for fiscal year 2015 total \$135,225 which has been budgeted. The lease is inclusive of all common area maintenance. The lease requires the City to annually appropriate funds for the lease. Should the City not appropriate funds for the lease, an early termination fee designed to recover the unamortized cost of improvements made by the owner of the property will be required. The fee can be as much as \$350,000, declining annually to \$44,862.

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

NOTE 9. INTERLOCAL AGREEMENT

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

NOTE 10. FLORIDA RETIREMENT SYSTEM

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

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

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

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

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

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS Pension Plan (Continued)

Plan Description (Continued) –

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

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

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

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

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

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

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS Pension Plan (Continued)

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

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

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

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>October 1, 2014 to June 30, 2015</u>		<u>July 1, 2015 to September 30, 2015</u>	
	<u>Employee</u>	<u>Employer (1)</u>	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00%	6.11%	3.00%	5.60%
FRS, Senior Management	3.00%	19.88%	3.00%	19.77%
FRS, Elected Officers	3.00%	41.98%	3.00%	40.61%

(1) Employer rates include .04% for administrative costs of the Investment plan.

The City's contributions to the Plan totaled \$58,959 for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

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

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the City reported a liability of \$314,285 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City’s proportionate share of the net pension liability was based on the City’s contributions for the fiscal year ended June 30, 2015 relative to the contributions made during the fiscal year ended June 30, 2014 of all participating members. At June 30, 2015, the City’s proportionate share was .00221%, which did not significantly change compared to its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$64,418 related to the Pension Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,179	\$ (7,454)
Change of assumptions	20,860	-
Net difference between projected and actual earnings on FRS pension plan investments	110,700	(185,746)
Changes in proportion and differences between City's FRS contributions and proportionate share of FRS contributions	142,870	-
City's FRS contributions subsequent to the measurement date	15,070	-
Total	<u>\$ 322,679</u>	<u>\$ (193,200)</u>

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

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – The deferred outflows of resources related to pensions, totaling \$15,070, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2016	\$ 7,086
2017	7,086
2018	7,086
2019	69,002
2020	20,625
Thereafter	3,524
Total	\$ 114,409

Actuarial Assumptions – The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2015
Measurement date	June 30, 2015
Inflation	2.60%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age
Discount rate	7.65%
Long-term expected rate of return, net of investment expense	7.65%
Municipal bond rate (1)	N/A

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS Pension Plan (Continued)

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.2%	3.1%	1.7%
Fixed income	18.0%	4.8%	4.7%	4.7%
Global equity	53.0%	8.5%	7.2%	17.7%
Real estate (property)	10.0%	6.8%	6.2%	12.0%
Private equity	6.0%	11.9%	8.2%	30.0%
Strategic investments	12.0%	6.7%	6.1%	11.4%
Total	<u>100.0%</u>			
Assumed inflation - mean		2.6%		1.9%

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

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	<u>1% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
City's proportionate share of net pension liability	\$ 814,384	\$ 314,285	\$ (101,879)

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

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

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

Retiree Health Insurance Subsidy Program

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

Benefits Provided – For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Program benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the contribution rate was 1.26% of payroll from October 1, 2014 through June 30, 2015 and 1.66% of payroll for July 1, 2015 through September 30, 2015 pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Program totaled \$11,661 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the City reported a net pension liability of \$284,444 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share of the net pension liability was based on the fiscal year ended June 30, 2015 contributions relative to the fiscal year ended June 30, 2014 contributions of all participating members.

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

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

Retiree Health Insurance Subsidy Program (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – At June 30, 2015, the City’s proportionate share was .00262%, which did not significantly change compared to its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the City recognized a pension expense of \$26,249 related to the HIS Program. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 22,378	\$ -
Net difference between projected and actual earnings on HIS pension plan investments	154	-
Changes in proportion and differences between City's HIS contributions and proportionate share of HIS contributions	28,371	-
City's HIS contributions subsequent to the measurement date	3,774	-
Total	<u>\$ 54,677</u>	<u>\$ -</u>

The deferred outflows of resources related to pensions, totaling \$3,774, resulting from City contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2016	\$ 8,955
2017	8,955
2018	8,955
2019	8,925
2020	8,909
Thereafter	6,204
Total	<u>\$ 50,903</u>

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

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions – The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Valuation Date	July 1, 2015
Measurement date	June 30, 2015
Inflation	2.6%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age
Discount rate	3.80%
Long-term expected rate of return, net of investment expense	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index (1)	3.80%

(1) In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used at June 30, 2014 was 4.29%. The discount rates used at the two dates (i.e. June 30, 2014 and June 30, 2015) differ due to changes in the applicable municipal bond rate.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
City's proportionate share of net pension liability	\$ 324,111	\$ 284,444	\$ 251,368

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

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

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS – Defined Contribution Pension Plan

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

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

Allocations to the investment member’s accounts during the 2015 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members.

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

NOTE 10. FLORIDA RETIREMENT SYSTEM - Continued

FRS – Defined Contribution Pension Plan - Continued

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

The City's Investment Plan pension expense totaled \$39,845 for the fiscal year ended September 30, 2015.

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

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

Actuarial Methods and Assumptions – An actuarial valuation was performed as of September 30, 2013, for the purpose of enhancing the City's understanding of the OPEB obligation and to establish policy implications regarding the funding of this obligation. The actuary's estimate, using the entry age normal cost method, included other actuarial assumptions as classified below. The calculation produced an unfunded actuarially accrued liability (UAAL) of \$179,769, and an estimated net OPEB obligation of \$250,691. At this time, the City has opted to pay as you go rather than fund a portion or the entire net OPEB obligation.

The actuarial valuation of the calculation of OPEB involves estimates of reported amounts and assumptions about the probability of events in the future. 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 to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to how whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Fiscal year 2010 was the initial year of implementation. The City has not contributed assets to the plan at this time.

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

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

Actuarial Methods and Assumptions (Continued) – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial methods and significant actuarial assumptions used to determine the annual required contribution for the prior fiscal year were as follows:

Valuation date	September 30, 2013
Actuarial cost method	Entry age normal
Amortization method for unfunded actuarial liability	Level percentage, closed
Amortization period - closed	20 Years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	3.00%
Health Care inflation:	
Pre-Medicare and Post-Medicare	8.5% in fiscal year 2014, grading down to 5% at the ultimate trend rate by 2021

Funding Progress – Funding progress of the OPEB liability as of the September 30, 2013 valuation date, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL), Entry Age (b)	(Over) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percent of Covered Payroll [(b-a)/c]
September 30, 2010	\$ -	\$ 91,521	\$ 91,521	0%	\$ 568,629	16%
September 30, 2013	-	179,769	179,769	0%	568,629	32%

Annual OPEB Cost and Net OPEB Obligation – Calculation of the net OPEB obligation as of September 30, 2015 is as follows:

Annual Required Contribution (ARC)	\$ 46,234
Interest on Net OPEB Obligation (NPO)	10,323
Adjustment to ARC	(12,316)
Annual OPEB Cost/(Expense)	<u>44,241</u>
Estimated net contributions made	-
Increase/(Decrease) in NPO	<u>44,241</u>
Net OPEB obligation/(asset), beginning	206,450
Net OPEB obligation/(asset), ending	<u><u>\$ 250,691</u></u>

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

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

Annual OPEB Cost and Net OPEB Obligation (Continued) – Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year information for the fiscal years ended September 30 is presented as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
September 30, 2013	\$ 41,156	0%	\$ 163,789
September 30, 2014	42,661	0%	206,450
September 30, 2015	44,241	0%	250,691

The net OPEB obligation is reported as a liability in the statement of net position of the City.

NOTE 12. PRIOR PERIOD ADJUSTMENT

The 2015 report has adjusted the following items listed in the 2014 report:

	General Fund	Stormwater Fund	Governmental Activities
Fund balance - beginning, previously stated	\$ 7,643,235	\$ 270,054	\$86,827,857
Overstatement of cost recovery liability	24,000	-	24,000
Overstatement of property held for sale	(326,100)	-	(326,100)
Over/under statement of accounts receivable	(334,297)	11,176	(323,121)
Overstatement of OPEB liability	-	-	22,876
Total adjustments for misstatements	(636,397)	11,176	(602,345)
Fund balance - beginning, restated	\$ 7,006,838	\$ 281,230	\$86,225,512

NOTE 13. 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.

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

NOTE 13. CONTINGENCIES (Continued)

Litigation

In April 2015, the City, along with other municipalities, was named as a co-defendant in a class action lawsuit (Parker, et al., v American Traffic Solutions, Inc., et al.) filed in the U.S. District Court for the Southern District of Florida. The plaintiffs allege that the City and the other defendants did not comply with applicable state laws regarding the red light camera operations. The lawsuit follows higher court actions that have held the manner in which certain traffic violation notices were issued violated Florida Statutes. The plaintiffs are seeking restitution to the class. On April 2, 2015, the City Commission authorized American Traffic Solutions, Inc. (ATS), to pay any and all reasonable and necessary expenses associated with the legal defense of the City and further engaged legal counsel for its defense. At that time, the City believed that under the terms of its agreement with ATS, any cost of defense and potential judgment against the City would be paid by ATS. The City is contingently liable in the event that a judgement is entered into against the City and ATS is unable to fulfill its financial obligations under the terms of its contract with the City.

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

NOTE 14. INTERLOCAL AGREEMENT - BROWARD SHERIFF'S OFFICE

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

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

**NOTE 14. INTERLOCAL AGREEMENT - BROWARD SHERIFF'S OFFICE
(Continued)**

Additionally, the agreement with BSO contemplates sharing of certain personnel, equipment, and other costs with the City of Pembroke Park. There is no interlocal agreement between the City of West Park and the City of Pembroke Park regarding these services. Consequently, both cities are somewhat dependent upon the other for the amount of shared costs. As of this report date, the City of Pembroke Park has indicated that it desires to change the allocation amounts such that the City of West Park would absorb a bigger share of those shared costs. The ultimate outcome of these negotiations is uncertain.

**CITY OF WEST PARK, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– BUDGET AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Property taxes	\$ 3,150,160	\$3,224,027	\$ 3,213,422	\$ (10,605)
Motor fuel taxes	250,311	253,508	255,024	1,516
Franchise taxes	1,006,952	1,057,703	1,070,410	12,707
Utility taxes	866,405	847,657	932,120	84,463
Communications services tax	266,990	302,344	325,411	23,067
Licenses and permits	485,615	323,806	323,866	60
Intergovernmental	2,556,365	2,104,325	1,951,620	(152,705)
Charges for services	572,700	615,577	646,514	30,937
Fines and forfeitures	505,279	490,638	436,958	(53,680)
Interest income	12,000	11,117	10,560	(557)
Special assessments	3,267,209	3,321,081	3,324,719	3,638
Miscellaneous revenues	27,200	66,227	46,528	(19,699)
Total revenues	<u>12,967,186</u>	<u>12,618,010</u>	<u>12,537,152</u>	<u>(80,858)</u>
Expenditures:				
General Government:				
City Commission	114,625	114,625	121,364	(6,739)
City Administrator	410,513	410,513	396,423	14,090
Finance and City Clerk	236,819	237,219	229,373	7,846
City Attorney	125,000	135,000	120,000	15,000
Development Services	534,977	534,977	492,456	42,521
Nondepartmental	851,452	1,033,755	787,639	246,116
Total general government	<u>2,273,386</u>	<u>2,466,089</u>	<u>2,147,255</u>	<u>318,834</u>
Public safety:				
Police	4,312,244	4,312,245	4,176,463	135,782
Fire	2,856,114	3,146,507	2,862,251	284,256
Total public safety	<u>7,168,358</u>	<u>7,458,752</u>	<u>7,038,714</u>	<u>420,038</u>
Public works				
	<u>2,026,660</u>	<u>2,050,499</u>	<u>1,858,473</u>	<u>192,026</u>

See notes to Required Supplementary Information

**CITY OF WEST PARK, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– BUDGET AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Parks and Recreation	846,020	919,425	794,560	124,865
Capital outlay	929,600	123,245	123,245	-
Total expenditures	13,244,024	13,018,010	11,962,247	1,055,763
Excess (deficiency) of revenues over (under) expenditures	(276,838)	(400,000)	574,905	974,905
Other financing sources (uses):				
Use of fund balance	276,838	-	-	-
Issuance of debt	-	400,000	400,000	-
Total other financing sources (uses)	276,838	400,000	400,000	-
Net change in fund balance	\$ -	\$ -	974,905	\$ 974,905
Fund balances, beginning (restated)			7,006,838	
Fund balance, ending			\$ 7,981,743	

See notes to Required Supplementary Information

**CITY OF WEST PARK, FLORIDA
TWIN LAKES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– BUDGET AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 8,680	\$ 8,680	\$ 8,048	\$ (632)
Total revenues	<u>8,680</u>	<u>8,680</u>	<u>8,048</u>	<u>(632)</u>
Expenditures:				
Public works	20,000	20,000	1,285	18,715
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>1,285</u>	<u>18,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,320)</u>	<u>(11,320)</u>	<u>6,763</u>	<u>18,083</u>
Other financing sources (uses):				
Use of fund balance	11,320	11,320	-	(11,320)
Total other financing sources (uses)	<u>11,320</u>	<u>11,320</u>	<u>-</u>	<u>(11,320)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,763</u>	<u>\$ 6,763</u>
Fund balance, beginning			<u>61,302</u>	
Fund balance, ending			<u>\$ 68,065</u>	

See notes to Required Supplementary Information

**CITY OF WEST PARK, FLORIDA
STORMWATER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– BUDGET AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 309,000	\$ 309,000	\$ 319,964	\$ 10,964
Total revenues	<u>309,000</u>	<u>309,000</u>	<u>319,964</u>	<u>10,964</u>
Expenditures:				
Public works	309,000	309,000	148,615	160,385
Total expenditures	<u>309,000</u>	<u>309,000</u>	<u>148,615</u>	<u>160,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	171,349	<u>\$ 171,349</u>
Fund balance, beginning			<u>281,230</u>	
Fund balance, ending			<u>\$ 452,579</u>	

See notes to Required Supplementary Information

CITY OF WEST PARK, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2015

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 adopted one amendment to the budgets subsequent to year-end. To balance the General Fund budget, the City appropriated \$348,748 of its General Fund reserves when the budget was adopted but ultimately did not need to use any of the reserve.

Budget Performance

General Fund. For the year, the City received \$574,905 more than it spent, exclusive of \$400,000 of debt proceeds. Revenues were generally stronger than expected and our expenses were under budget across all categories. As a result, the City did not have to use any of the funds carried forward and budgeted from prior years. A grant that the City had originally budgeted did not materialize during the year and both the revenues and expenditures that were first anticipated were removed from the final amended budget. The City issued the previously referenced debt to provide funds for a rescue vehicle for the fire department. The current equipment needed to be replaced during FY16 and the lead time for fabrication is several months. Police expenditures were under the anticipated amounts because of red light camera expenses being less than budgeted; however, revenues were likewise less than expected, as these are both cost neutral items. Fire department expenses were less mostly due to the timing of the equipment apparatus funded by the debt. Final non departmental expenses were well under the final budgeted amounts because the contingency amounts were increased to account for the anticipated surplus.

Twin Lakes Special Revenue Fund. This fund, used to provide resources for the Twin Lakes Water Control District, finished the year with a \$6,763 surplus. It is anticipated that significant maintenance will occur during the next two fiscal years.

**CITY OF WEST PARK, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Budget Performance - Continued

Storwater Special Revenue Fund. The fund finished with a \$171,349 surplus. Routine maintenance activities were performed during the year and the excess will be used for capital improvements during FY2017.

**CITY OF WEST PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Florida Retirement System Pension Plan

	2015	2014
City's proportion of the FRS net pension liability	0.002211426%	0.002433237%
City's proportionate share of the FRS net pension liability	\$ 314,285	\$ 134,930
City's covered employee payroll	\$ 532,709	\$ 489,318
City's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	59.00%	27.58%
FRS plan fiduciary net position as a percentage of the total pension liability	92.00%	92.00%

Retiree Health Insurance Subsidy Program

	2015	2014
City's proportion of the HIS net pension liability	0.002623697%	0.002789096%
City's proportionate share of the HIS net pension liability	\$ 284,444	\$ 245,322
City's covered employee payroll	\$ 532,709	\$ 489,318
City's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	53.40%	50.14%
HIS plan fiduciary net position as a percentage of the total pension liability	0.50%	0.50%

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

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

**CITY OF WEST PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Florida Retirement System Pension Plan

	2015
Contractually required FRS contribution	\$ 58,959
FRS contributions in relation to the contractually required contribution	(58,959)
FRS contribution deficiency (excess)	\$ -
City's covered employee payroll	\$ 535,851
FRS contributions as a percentage of covered employee payroll	11.00%

Retiree Health Insurance Subsidy Program

	2015
Contractually required HIS contribution	\$ 11,661
HIS contributions in relation to the contractually required contribution	(11,661)
HIS contribution deficiency (excess)	\$ -
City's covered employee payroll	\$ 535,851
HIS contributions as a percentage of covered employee payroll	2.18%

(1) The amounts presented for each fiscal year were determined as of September 30.

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

Employer contributions to the Florida Retirement System Pension Plan include .04% for administrative costs of the Investment plan.

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

**CITY OF WEST PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POST EMPLOYMENT BENEFIT PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL), Entry Age (b)	(Over) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percent of Covered Payroll [(b-a)/c]
September 30, 2010	\$ -	\$ 91,521	\$ 91,521	0%	\$ 568,629	16%
September 30, 2013	-	179,769	179,769	0%	568,629	32%



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of City of West Park, Florida (the “City”) as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our opinion thereon dated June 28, 2016, which includes an emphasis of matter paragraph.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying management letter as findings 2015-01, 2015-02, and 2015-03 that we consider to be significant deficiencies.

Compliance and Other Matters

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

We noted certain matters involving the internal control over financial reporting and compliance that we have reported to management of the City in a separate letter dated June 28, 2016.

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

Purpose of this Report

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

June 28, 2016



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

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

We have examined City of West Park, Florida (the "City") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2015. Management is responsible for City's compliance with those requirements. Our responsibility is to express an opinion on City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2015.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of the City of West Park, Florida and is not intended to be and should not be used by anyone other than these specified parties.

June 28, 2016



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

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the City of West Park, Florida (the “City”) as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 28, 2016, which includes an emphasis of matter paragraph.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor’s Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 28, 2016, should be considered in conjunction with this management letter.

Purpose of this Letter

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

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

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

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

June 28, 2016

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Significant Deficiencies

2015-01 Bank Reconciliations:

Observation: During our procedures we noted that monthly bank reconciliations are not timely and properly performed, reviewed, and documented by the City's contractor.

Recommendation: The City should perform monthly bank reconciliations to the general ledger trial balances by fund. The City should perform these reconciliations at least by the end of the subsequent month. Reconciliations should be reviewed and approved by a separate individual. The reconciliation, all supporting detail, and approval should be properly documented and stored.

Reference Number for Prior Year Finding: Not applicable.

Management Response: During FY14, we engaged temporary staffing services to assist with reconciliations and provide for better controls. We discontinued that effort early in 2016 because of difficulties in consistency. The software system uses an independent reconciliation module that does not tie directly to the general ledger system. Our current controls separate the duties and the finance director will review and approve the reconciliation and supporting detail and make certain that the information ties back to the general ledger. The software will need to be updated to at least version 2013 for reconciliation detail to also be maintained within the system. Until that upgrade, the reconciliation information will be maintained in a hard copy format indicating the date preparation and approval.

2015-02 Adjusting Journal Entries:

Observation: During the audit, we proposed numerous adjusting journal entries to correct bookkeeping errors that should have been made prior to the start of the audit.

Recommendation: A review and evaluation of transactions and proper monthly and year end closing procedures should be performed to ensure the trial balance totals have been reconciled and the supporting documentation is stored.

Reference Number for Prior Year Finding: Not applicable.

Management Response: We agree.

REPORT TO MANAGEMENT (Continued)

2015-03 Control and Access to Data:

Observation: We noted that the City's contractor, that provides building, planning and zoning, and code enforcement services, controls, owns and houses the software that is used to operate these services. The City should have control and access to this data at all times.

Recommendation: The City should structure it's information technology system so that it has control and access to data that belongs to the City.

Reference Number for Prior Year Finding: Not applicable.

Management Response: The City's contract provides for access to this data and it remains public record at all time under Florida law. However, the city will re-examine the contract and make whatever changes are necessary to make certain it has the ability to secure and access the data belonging to the City.

Other Findings

2015-04 Check Controls:

Observation: During our procedures, we noted that two checks numbers were missing from the electronic check register and several other checks were written out of sequence because voided check numbers in the electronic check register were reused.

Recommendation: When a check is voided in the electronic check register, for example in the case of a misprint, the corresponding check stock should also be voided.

Reference Number for Prior Year Finding: Not applicable.

Management Response: The issue of the missing check numbers occurred during a voided check transaction wherein the assigned check number did not match the preprinted check stock number. In the current version of the software, both check numbers would need to be voided to show in the system's check register a record of the voided transaction. As it happened, only the assigned check number was voided, though a copy of the voided preprinted check stock was maintained and could not be reused. There was one instance during the year where checks were printed on blank paper before they were printed on preprinted check stock and the current version of the financial system did allow voided check numbers to be reused. While that did not present a particular issue in this instance, it is a concern that the system would allow it. Current versions of the financial system software have apparently corrected these systems deficiencies. Until the City converts to the current versions of the software, we will make certain that, in the first instance noted wherein checks could be omitted from the check register, both checks are voided in the register.

REPORT TO MANAGEMENT (Continued)

2015-04 Check Controls: (Continued)

Management Response: (Continued)

In the event checks are mistakenly printed on other than preprinted check stock, that the preprinted check stocks be voided in the system and accounted for in the voided check file.

2015-05 Segregation of Duties - Billing and Collection:

Observation: We noted that the same employee prepares, sends, and collects the bills for business tax receipts and false alarm fees at City Hall.

Recommendation: The City should separate the duties of preparing, approving, sending and collecting bills.

Reference Number for Prior Year Finding: Not applicable.

Management Response: The City has limited staffing and personnel sometimes have to perform duties that would otherwise be best segregated. We will evaluate the workload and duties of personnel to see what can be done.

2015-06 Monitoring of Contractor - Building Permits Revenue:

Observation: We noted that the City's contractor bills and receives building permit revenue on behalf of the City. The City does not have a process in place to monitor whether amounts being billed, collected and remitted by the Contractor are correct. We also noted that the City's schedule of fees does not fully state the fees for certain building permits.

Recommendation: The City should request that remittances from the contractor contain sufficient detail for the City to monitor the activities of the Contractor. The City should amend the schedule of fees to ensure all fees are stated correctly. It is likely that the opening of mail and depositing of any checks will be given to other personnel to perform.

Reference Number for Prior Year Finding: Not applicable.

Management Response: During FY16, the City engaged an accounting firm to determine compliance with the contract for these services and to determine the extent to which revenues are calculated correctly and properly remitted to the City. Pending the outcome of that audit, the City will make any appropriate changes. During the course of the audit, the fee schedule adopted by the City contained an apparent scrivener's error that should have been corrected by an amendment and it will be addressed in the near future.

REPORT TO MANAGEMENT (Continued)

2015-06 Monitoring of Contractor - Building Permits Revenue: (Continued)

Management Response: (Continued)

The City does not believe that monthly monitoring or audits is financially feasible given the limited number of transactions and amount of money involved and that periodic audits that look back 2 or more years is sufficient.

II. PRIOR YEAR FINDINGS

2014-01 Observation:

Current Status: Recommendation has been implemented

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2014, except as noted above.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2015, except as noted above.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2015, except as noted above.

4. The name or official title and legal authority of the City are disclosed in the notes to the financial statements.

REPORT TO MANAGEMENT (Continued)

5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2015 financial audit report.
6. The City has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.