

**CITY OF WEST PARK, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2017**

**CITY OF WEST PARK, FLORIDA**

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## 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, 2017, 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, 2017, 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.

## **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 27, 2018, 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 27, 2018, 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 27, 2018

**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, 2017. Readers are encouraged to consider all of the information presented in this report. The responsibility of preparing this report is the responsibility of the management of the City of West Park, Florida.

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements (beginning on page 14).

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

**Financial Highlights**

- The assets of the City of West Park exceeded its liabilities and deferred inflows of resources at September 30, 2017, by \$84,105,135 (the "net position"). Of this amount, \$5,788,861 (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 \$575,134 over the prior year. The reduction was due to a marked increase in payables at fiscal year-end (mostly grant-related construction agreements), use of reserves to fund projects within the General Fund, increases in long-term liabilities (mostly FRS retirement liabilities and OPEB liabilities). The increases in liabilities was offset by increases in amounts owed the City at year-end and appreciation in the value of property held for resale.
  
- At the close of fiscal year 2017, the City's General Fund reported \$6,541,597 in fund balance, an \$804,035 decrease over the previous year. The decrease in funding was largely used for large capital projects. Of the total fund balance, \$1,001,330 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 sell or develop into residential and commercial properties at some point in the future, was written up 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. The City's Twin Lakes Water Control District special revenue fund ended with a fund balance of \$43,659, essentially unchanged from the prior year. The City's Stormwater Utility Fund had a final fund balance of \$713,561, an increase over the prior year of \$101,735.

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

**Financial Highlights - Continued**

- The City had \$198,172 of General Fund Restricted Fund Balance, \$114,879 of which represents remaining restricted assets from a borrowing that used to purchase a new rescue vehicle for the fire department and which is likely to be applied back to the debt or used for additional equipment and \$83,293 of which is restricted to use for Law Enforcement Trust Fund Purposes.
- The City's General Fund Assigned Fund Balance of \$1,750,493 represents \$1,160,842 of contractual obligations, mostly for large grant-funded construction contracts outstanding at year end and \$589,651 appropriated for FY2018 expenditures.
- The City's General Fund Unassigned Fund Balance of \$3,591,602 represents immediately available resources that can be used for any lawful purpose. This is a decrease from fiscal year 2016 of 25%. However, as grant funds reimburse the City for the construction activity, the assignment of fund balance for those projects will be reduced and the amount should increase subsequent year's unassigned fund balance.
- The City's General Fund Unassigned fund balance represents about 35% of the year's total expenditures for that fund, or slightly more than 4-months of expenditures, a decrease from the FY16 amount of 39%. 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. Were the amount assigned for contracts (which largely represents grant-funded projects) added back to the unassigned fund balance, that total would represent about 45% of the year's total expenditures.
- The City's long-term liabilities in its governmental activities, comprised of a capital lease for fire rescue apparatus, accrued leave time for employees, and pension and other post-employment benefits, increased by \$151,632, which largely resulted from an increased net pension liability in the City's share of its Florida Retirement System plan liabilities.
- The City's current assets (exclusive of restricted activities) exceeded its current liabilities by 15.76 times, an improvement over FY2016, and demonstrates more than sufficient liquid assets to cover its immediate needs.

**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 14 to 15) are designed to be corporate-like in that all governmental and business-type activities (though the City as yet does not operate any business-type activities) are consolidated into columns that add up to a total for the Primary Government. The focus of the Statement of Net 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 15) 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 16 to 19) is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 16).

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

**Capital Assets**

Historically, a government's largest group of assets (infrastructure, buildings, roads, curbs, and sidewalks) have not been reported nor depreciated in government financial statements. Pronouncements in governmental accounting require that these assets be valued and reported within the Government column of the Government-wide Statements. The City has \$77,597,656 of net capital assets, \$242,113 of which was financed with debt. Of the total net capital assets, \$56,280,273 represents land and work-in-progress and \$21,259,496 is the net value of depreciable assets such as roads, sidewalks, buildings and equipment, which are 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 \$999,590 (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.

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:

<b>City of West Park's Net Position</b>		<b><u>Governmental Activities</u></b>		<b>Percent</b>
		<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>Change</u></b>
<b>Assets</b>				
Cash and Equivalents	\$	6,382,444	\$ 7,138,203	-10.6%
Restricted Cash		825,168	-	NA
Accounts Receivable		942,527	600,170	57.0%
Prepaid Expenses		1,740	1,740	0.0%
Property Held For Resale		999,590	767,270	30.3%
Capital Assets, Net of Depreciation		77,839,769	77,850,897	0.0%
<b>Total Assets</b>		86,991,238	86,358,280	0.7%
<b>Deferred Outflows of Resources</b>				
Pension		552,185	443,440	24.5%
<b>Liabilities</b>				
Accounts Payable and other		1,585,464	448,910	253.2%
Unearned Revenues		38,076	57,318	-33.6%
Current Liabilities		88,920	86,480	2.8%
Noncurrent Liabilities		1,663,945	1,512,313	10.0%
<b>Total Liabilities</b>		3,376,405	2,105,021	60.4%
<b>Deferred Inflows of resources</b>				
Pension		61,883	16,430	276.6%
<b>Net Position</b>				
Investment in Capital Assets, Net		77,597,656	77,530,947	0.1%
Restricted for:				
Equipment		114,879	-	NA
Law Enforcement		83,293	159,319	-47.7%
Water Control District		43,659	43,697	-0.1%
Stormwater		476,787	599,493	-20.5%
Unrestricted		5,788,861	6,346,813	-8.8%
<b>Total Net Position</b>	<b>\$</b>	84,105,135	\$ 84,680,269	-0.7%

**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**

	<b>Governmental Activities</b>		
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>Percent Change</u></b>
<b>Revenues</b>			
Program Revenues			
Charges For Services	\$ 5,502,477	\$ 5,460,963	1%
Operating Grants and Contributions	341,055	329,786	3%
Capital Grants and Contributions	1,173,244	-	NA
General Revenue			
Taxes	6,001,852	5,665,813	6%
Other	1,754,414	1,563,587	12%
<b>Total Revenues</b>	<b>14,773,042</b>	<b>13,020,149</b>	<b>13%</b>
 <b>Expenses</b>			
General Government	2,971,679	2,408,910	23%
Public Safety	7,872,375	7,466,284	5%
Public Works	3,513,842	3,049,410	15%
Parks and Recreation	984,535	941,753	5%
Interest in long-term debt	5,745	4,532	27%
<b>Total Expenses</b>	<b>15,348,176</b>	<b>13,870,889</b>	<b>11%</b>
 <b>Change In Net Position</b>	<b>\$ (575,134)</b>	<b>\$ (850,740)</b>	<b>-32%</b>

**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. *During the 2017 Legislative Session, the Legislature adopted a measure that, if approved, would increase the homestead exemption on real property by as much as \$25,000 per home. Voters will decide this issue in November 2018. This will adversely affect the City and further reduce its taxing powers.*

**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 Great Recession had sent property tax values to a point less than when the City was first incorporated. Recent valuations have seen this trend reverse and the City’s tax base has returned to the levels seen prior to the buildup in values that preceded the recession. 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. The City has recently undertaken planning efforts to change land use and zoning designations in its commercial corridors. Those changes are designed to attract development but the efforts are long-term in nature. Current development activity has been relatively strong.

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

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

**Economic Conditions (Continued)**

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. The City Commission, during FY2017, has contemplated increasing the City's portion of this shared service by 10%. During FY17, the City agreed to absorb more of the fire services cost and during FY2018, BSO has asked for a substantial increase in its contract costs.

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

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

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

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

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

**THE CITY FUNDS**

**Governmental Funds**

As of the year-end, the Governmental Funds (as presented on the balance sheet) reported a total fund balance of \$7,298,817 of which \$3,591,602 is unassigned.

**Business Type Funds**

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the City had \$77,839,769 in capital assets, net of related depreciation. Of that amount, \$56,280,273 was invested in land and work-in-progress and \$21,559,496 was invested in infrastructure, buildings, and equipment, net of depreciation.

**Debt**

The City had \$96,663 in compensated absences; \$298,491 in net other post-employment benefits owed to employees and retirees of the City; \$242,113 in a lease purchase agreement for a rescue vehicle; and \$1,115,598 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, 2017**

	<b>Governmental Activities</b>
<u>ASSETS</u>	
Cash and equity in pooled cash	\$ 6,382,444
Restricted cash	825,168
Accounts receivable, net	942,527
Prepaid items	1,740
Property held for sale	999,590
Capital assets:	
Nondepreciable capital assets	56,280,273
Depreciable capital assets, net	21,559,496
Total assets	86,991,238
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension	552,185
Total deferred outflows of resources	552,185
<u>LIABILITIES</u>	
Liabilities:	
Accounts payable and other liabilities	1,585,464
Unearned revenues	38,076
Noncurrent liabilities:	
Due within one year:	
Compensated absences	9,666
Notes payable	79,254
Noncurrent liabilities:	
Due in more than one year:	
Compensated absences	86,997
Notes payable	162,859
Net other post employment benefit obligation	298,491
Net pension liability	1,115,598
Total liabilities	3,376,405
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension	61,883
Total deferred outflows of resources	61,883
<u>NET POSITION</u>	
Net investment in capital assets	77,597,656
Restricted for:	
Equipment	114,879
Law enforcement	83,293
Water Control District	43,659
Stormwater	476,787
Unrestricted	5,788,861
Total net position	\$ 84,105,135

See notes to the financial statements

**CITY OF WEST PARK, FLORIDA  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grant and Contributions</b>	<b>Revenue and Change in Net Position</b>
					<b>Governmental Activities</b>
Primary government:					
Governmental activities:					
General government	\$ 2,971,679	\$ 4,319,799	\$ 59,300	\$ -	\$ 1,407,420
Public safety	7,872,375	420,876	129,072	-	(7,322,427)
Public works	3,513,842	723,903	64,040	562,200	(2,163,699)
Parks and recreation	984,535	37,899	88,643	611,044	(246,949)
Interest on long-term debt	5,745	-	-	-	(5,745)
<b>Total government activities</b>	<b>15,348,176</b>	<b>5,502,477</b>	<b>341,055</b>	<b>1,173,244</b>	<b>(8,331,400)</b>
General revenues:					
Property taxes					3,676,990
Franchise taxes and utility taxes					2,065,306
Communications services tax					259,556
Grants and contributions not restricted to specific programs					1,460,954
Unrestricted investment earnings					259,922
Miscellaneous revenues					33,538
<b>Total general revenues and transfers</b>					<b>7,756,266</b>
Change in net position					(575,134)
Net position - beginning					84,680,269
Net position - ending					<b>\$ 84,105,135</b>

See notes to the financial statements

**CITY OF WEST PARK, FLORIDA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	<u>Major Funds</u>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Twin Lakes Fund</b>	<b>Stormwater Fund</b>	
<u>ASSETS</u>				
Cash and equity in pooled cash	\$ 6,382,444	\$ 43,659	\$ 583,337	\$ 7,009,440
Restricted cash	198,172	-	-	198,172
Accounts receivable, net	783,564	-	158,963	942,527
Prepaid items	1,740	-	-	1,740
Property held for sale	999,590	-	-	999,590
Total assets	<u>\$ 8,365,510</u>	<u>\$ 43,659</u>	<u>\$ 742,300</u>	<u>\$ 9,151,469</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and other liabilities	\$ 1,582,160	\$ -	\$ 3,304	\$ 1,585,464
Unearned revenue	38,076	-	-	38,076
Total liabilities	<u>1,620,236</u>	<u>-</u>	<u>3,304</u>	<u>1,623,540</u>
Deferred inflows of resources:				
Unavailable revenue	203,677	-	25,435	229,112
Total deferred inflows of resources	<u>203,677</u>	<u>-</u>	<u>25,435</u>	<u>229,112</u>
Fund balances:				
Nonspendable:				
Prepaid items and property held for sale	1,001,330	-	-	1,001,330
Restricted for:				
Equipment	114,879	-	-	114,879
Law enforcement	83,293	-	-	83,293
Water Control District	-	43,659	-	43,659
Stormwater	-	-	476,787	476,787
Assigned for:				
Contracts	1,160,842	-	236,774	1,397,616
Subsequent year's expenditures	589,651	-	-	589,651
Unassigned	3,591,602	-	-	3,591,602
Total fund balances	<u>6,541,597</u>	<u>43,659</u>	<u>713,561</u>	<u>7,298,817</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,365,510</u>	<u>\$ 43,659</u>	<u>\$ 742,300</u>	<u>\$ 9,151,469</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, 2017**

Fund balance - governmental funds		\$ 7,298,817
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	86,922,820	
Accumulated depreciation	<u>(9,083,051)</u>	77,839,769
Revenues that do not meet the availability criteria are reported as unavailable revenue in the governmental fund financial statements; these amounts are reported as revenues in the government-wide financial statements.		
		229,112
Deferred outflows of resources related to the pension are recorded in the statement of net position.		
		552,185
Deferred inflows of resources related to the pension are recorded in the statement of net position.		
		(61,883)
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		(242,113)
Compensated absences		(96,663)
Net pension liability - Florida Retirement System		(1,115,598)
Other Post Employment Benefit obligation		(298,491)
Net position of governmental activities		<u>\$ 84,105,135</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, 2017**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Twin Lakes Fund</u>	<u>Stormwater Fund</u>	
Revenues:				
Taxes				
Property taxes	\$ 3,676,990	\$ -	\$ -	\$ 3,676,990
Motor fuel taxes	268,537	-	-	268,537
Franchise taxes	1,088,384	-	-	1,088,384
Utility taxes	976,922	-	-	976,922
Communications services tax	259,556	-	-	259,556
Licenses and permits	441,621	-	-	441,621
Intergovernmental	2,771,576	-	-	2,771,576
Charges for services	587,291	-	-	587,291
Fines and forfeitures	525,885	-	-	525,885
Interest income and related	259,922	-	-	259,922
Special assessments	3,326,858	8,243	318,607	3,653,708
Miscellaneous revenues	33,538	-	-	33,538
Total revenues	<u>14,217,080</u>	<u>8,243</u>	<u>318,607</u>	<u>14,543,930</u>
Expenditures:				
Current:				
General government	1,503,542	-	-	1,503,542
Public safety	7,817,000	-	-	7,817,000
Public works	1,968,016	8,281	176,763	2,153,060
Parks and recreation	893,526	-	-	893,526
Nondepartmental	1,330,911	-	-	1,330,911
Capital outlay	1,424,538	-	40,109	1,464,647
Debt service:				
Principal	77,837	-	-	77,837
Interest	5,745	-	-	5,745
Total expenditures	<u>15,021,115</u>	<u>8,281</u>	<u>216,872</u>	<u>15,246,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(804,035)</u>	<u>(38)</u>	<u>101,735</u>	<u>(702,338)</u>
Fund balances, beginning	<u>7,345,632</u>	<u>43,697</u>	<u>611,826</u>	<u>8,001,155</u>
Fund balances, ending	<u>\$ 6,541,597</u>	<u>\$ 43,659</u>	<u>\$ 713,561</u>	<u>\$ 7,298,817</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, 2017**

Net change in fund balances - total governmental funds \$ (702,338)

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

Capital assets are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of certain of those assets are eliminated and capitalized as capital assets.	1,095,469
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense on the statement of activities.	(1,106,597)
Revenues in the statement of activities that do not provide current financial resources are unavailable in the governmental fund financial statements	229,112
Repayment of long-term liabilities are reported as expenditures in the governmental fund, but such repayments reduce liabilities in the statement of net position and are eliminated from the statement of activities.	77,837
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:	
Change in compensated absences	(10,229)
Change in Other Post Employment Benefit obligation	(24,091)
Florida Retirement System Pension Plan pension expense	(134,297)
Change in net position of governmental activities	\$ (575,134)

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. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2017.

*GASB Statement No. 77, Tax Abatement Disclosures*

This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

*GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

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

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

**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.

**6. Receivables and Payables**

The City has three funds and there was no interfund activity among 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, 2017. 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 unearned revenue 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, 2017, 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 assignments of fund balances. There was \$1,160,842 and \$236,774 in outstanding encumbrances in the General Fund and Stormwater Fund, respectively, 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, 2017, including the allowance for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
Receivables:			
Franchise taxes	\$ 177,360	\$ -	\$ 177,360
Utility taxes	86,503	-	86,503
Intergovernmental	500,759	-	500,759
Fire inspections	235,850	-	235,850
Excess bulk waste	215,140	-	215,140
Stormwater	-	158,963	158,963
Other	5,679	-	5,679
Gross receivables	1,221,291	158,963	1,380,254
Less allowance for uncollectibles	(437,727)	-	(437,727)
Net total receivables	<u>\$ 783,564</u>	<u>\$ 158,963</u>	<u>\$ 942,527</u>

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2017, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land and easements	\$ 54,838,969	\$ -	\$ -	\$ 54,838,969
Construction in progress	361,024	1,080,280	-	1,441,304
Total capital assets, not being depreciated	<u>55,199,993</u>	<u>1,080,280</u>	<u>-</u>	<u>56,280,273</u>
Capital assets, being depreciated:				
Infrastructure	28,591,903	-	-	28,591,903
Buildings	344,188	-	-	344,188
Improvements other than buildings	480,074	-	-	480,074
Furniture and equipment	1,211,193	15,189	-	1,226,382
Total capital assets, being depreciated	<u>30,627,358</u>	<u>15,189</u>	<u>-</u>	<u>30,642,547</u>
Less accumulated depreciation:				
Infrastructure	7,058,959	932,307	-	7,991,266
Buildings	154,473	19,934	-	174,407
Improvements other than buildings	197,036	35,753	-	232,789
Furniture and equipment	565,986	118,603	-	684,589
Total accumulated depreciation	<u>7,976,454</u>	<u>1,106,597</u>	<u>-</u>	<u>9,083,051</u>
Total capital assets, being depreciated, net	<u>22,650,904</u>	<u>(1,091,408)</u>	<u>-</u>	<u>21,559,496</u>
Governmental activities capital assets, net	<u>\$ 77,850,897</u>	<u>\$ (11,128)</u>	<u>\$ -</u>	<u>\$ 77,839,769</u>

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

**NOTE 5. CAPITAL ASSETS – Continued**

Depreciation expense for the fiscal year ended September 30, 2017, was charged to functions/programs as follows:

General government	\$ 33,281
Public works	956,720
Public safety	55,375
Parks and recreation	61,221
Total depreciation expense	<u>\$ 1,106,597</u>

**NOTE 6. PROPERTY TAXES**

Property values are assessed on a countywide basis by the Broward County Property Appraiser as of January 1<sup>st</sup> of each year and are due November 1<sup>st</sup> 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 1<sup>st</sup>. Property taxes and some non ad valorem special assessments levied each November 1<sup>st</sup> by the City and all other taxing authorities within the County are centrally billed and collected by the County, with remittances to the City of its proportionate share of collected taxes.

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, 2017 was 8.65.

**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 was classified as restricted assets in the financial statements. The equipment was purchased in the prior fiscal year at a cost of \$285,695. 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
2018	\$ 79,254	\$ 4,406	\$ 83,660
2019	80,696	2,964	83,660
2020	82,163	1,495	83,658
Total	<u>\$ 242,113</u>	<u>\$ 8,865</u>	<u>\$ 250,978</u>

Changes in long-term liability activity for the fiscal year ended September 30, 2017 were as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<u>Governmental activities:</u>					
TD Equipment Finance Loan	\$ 319,950	\$ -	\$ (77,837)	\$ 242,113	\$ 79,254
Compensated absences	86,434	60,407	(50,178)	96,663	9,666
Total Long-Term Liabilities	<u>\$ 406,384</u>	<u>\$ 60,407</u>	<u>\$ (128,015)</u>	<u>\$ 338,776</u>	<u>\$ 88,920</u>

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

**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 2017 total \$156,502 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](http://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>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
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 65 or with 33 years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
<b>Senior Management Service Class</b>	2.00
<b>Elected Officers' Class</b>	3.00

*Contributions* – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u> <u>October 1, 2016 to June 30, 2017</u>		<u>Percent of Gross Salary</u> <u>July 1, 2017 to September 30, 2017</u>	
	<u>Employee</u>	<u>Employer (1)</u>	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00%	7.52%	3.00%	7.92%
FRS, Senior Management	3.00%	21.77%	3.00%	22.71%
FRS, Elected Officers	3.00%	42.47%	3.00%	45.50%

(1) Employer rates include .06% for administrative costs of the Investment plan from October 1, 2016 to September 30, 2017. Employer rates also include a postemployment HIS contribution of 1.66%.

The City's contributions to the Plan totaled \$39,586 for the fiscal year ended September 30, 2017. 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, 2017, the City reported a liability of \$776,149 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City’s proportionate share of the net pension liability was based on the City’s contributions for the fiscal year ended June 30, 2017 relative to the contributions made during the fiscal year ended June 30, 2016 of all participating members. At June 30, 2017, the City’s proportionate share was .00262%, which represents a .0000027% increase to its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$115,314 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>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 71,232	\$ (4,299)
Change of assumptions	260,841	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(19,235)
Changes in proportion and differences between City's FRS contributions and proportionate share of FRS contributions	114,847	(8,099)
City's FRS contributions subsequent to the measurement	1,938	-
Total	<u>\$ 448,858</u>	<u>\$ (31,633)</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 \$1,938, 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ending September 30:</b>	<b>Amount</b>
2018	\$ 77,023
2019	143,791
2020	93,075
2021	21,743
2022	57,628
Thereafter	22,027
<b>Total</b>	<b><u>\$415,287</u></b>

*Actuarial Assumptions* – The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2017
Measurement date	June 30, 2017
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	7.10%
Long-term expected rate of return, net of investment	7.10%
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, 2017 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:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.0%	3.0%	3.0%	1.7%
Fixed income	18.0%	4.5%	4.4%	4.2%
Global equity	53.0%	7.8%	6.6%	17.0%
Real estate (property)	10.0%	6.6%	5.9%	12.8%
Private equity	6.0%	11.5%	7.8%	30.0%
Strategic investments	12.0%	6.1%	5.6%	9.7%
<b>Total</b>	<b>100.0%</b>			
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 7.10%, 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 (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
City's proportionate share of net pension liability	\$ 1,404,783	\$ 776,149	\$ 254,239

*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, 2017, 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, 2017, the contribution rate was 1.66% of payroll from October 1, 2016 through September 30, 2017 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 \$11,102 for the fiscal year ended September 30, 2017.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At September 30, 2017, the City reported a net pension liability of \$339,449 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the fiscal year ended June 30, 2017 contributions relative to the fiscal year ended June 30, 2017 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, 2017, the City’s proportionate share was .00317%, which did not significantly change compared to its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the City recognized a pension expense of \$18,984 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:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (707)
Change of assumptions	47,715	(29,352)
Net difference between projected and actual earnings on HIS pension plan investments	188	-
Changes in proportion and differences between City's HIS contributions and proportionate share of HIS contributions	51,184	(191)
City's HIS contributions subsequent to the measurement	4,240	-
Total	<u>\$ 103,327</u>	<u>\$ (30,250)</u>

The deferred outflows of resources related to pensions, totaling \$4,240, 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ending September 30:</b>	<b>Amount</b>
2018	\$ 15,895
2019	15,859
2020	15,842
2021	12,074
2022	7,318
Thereafter	1,849
<b>Total</b>	<u>\$ 68,837</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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	July 1, 2017
Measurement date	June 30, 2017
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	3.58%
Long-term expected rate of return, net of investment expense	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index (1)	3.58%

(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 actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2015.

*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 3.58%, 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 (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
City's proportionate share of net pension liability	\$ 387,356	\$ 339,449	\$ 299,545

*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 2017 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30%
FRS, Senior Managemen	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 0.06 percent of payroll from October 1, 2016 – September 30, 2017 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 \$51,542 for the fiscal year ended September 30, 2017.

**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 October 1, 2015, 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 \$113,693, and an estimated net OPEB obligation of \$298,491. 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	October 1, 2015
Actuarial cost method	Entry age normal
Amortization method for unfunded actuarial liability	Level percentage, closed
Amortization period - closed	18 Years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increases	3.00%
Health Care inflation:	
Pre-Medicare and Post-Medicare	7% in fiscal year 2016 grading down to 4.25% at the ultimate trend rate

*Funding Progress* – Funding progress of the OPEB liability as of the October 1, 2015 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]
October 1, 2015	-	113,693	113,693	0%	817,520	14%

*Annual OPEB Cost and Net OPEB Obligation* – Calculation of the net OPEB obligation as of September 30, 2017 is as follows:

Annual Required Contribution (ARC)	\$ 29,644
Interest on Net OPEB Obligation (NPO)	10,976
Adjustment to ARC	(16,529)
Annual OPEB Cost/(Expense)	24,091
Estimated net contributions made	-
Increase/(Decrease) in NPO	24,091
Net OPEB obligation/(asset), beginning	274,400
Net OPEB obligation/(asset), ending	<u>\$298,491</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:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation/ (Asset)</b>
September 30, 2015	\$ 44,241	0%	\$ 250,691
September 30, 2016	23,709	0%	274,400
September 30, 2017	24,091	0%	298,491

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

**NOTE 12. CONTINGENCIES**

**Risk Management**

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

The City is involved in various litigation matters incidental to its operations. Although the outcome of these matters 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.

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

**NOTE 13. 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.

Additionally, the agreement with BSO contemplates sharing of certain personnel, equipment, and other costs with the Town of Pembroke Park. There is no interlocal agreement between the City of West Park and the Town of Pembroke Park regarding these services. Consequently, both governments are somewhat dependent upon the other for the amount of shared costs. Beginning with fiscal year 2018, the City of West Park's relative contribution of the Fire Rescue Services of the agreement increased from 50% to 55% for the Fire portion. EMS sharing remained at 50% for both cities. The increased cost to the City for fiscal year 2018 is approximately \$325,000 and is expected to increase about 5.2% annually.

**NOTE 14. PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED**

*GASB Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

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

**NOTE 14. PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)**

*GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

*GASB Statement No. 81, Irrevocable Split-Interest Agreements*

The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2017.

*GASB Statement No. 83, Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

*GASB Statement No. 84, Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

*GASB Statement No. 85 - Omnibus 2017*

The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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

**NOTE 14. PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)**

*GASB Statement No. 86 - Certain Debt Extinguishment Issues*

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

*GASB Statement No. 87 – Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

**CITY OF WEST PARK, FLORIDA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
– BUDGET AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
Taxes				
Property taxes	\$ 3,614,463	\$ 3,676,990	\$ 3,676,990	\$ -
Motor fuel taxes	264,833	268,138	268,537	399
Franchise taxes	997,481	1,022,967	1,088,384	65,417
Utility taxes	969,800	1,149,955	976,922	(173,033)
Communications services tax	273,113	251,734	259,556	7,822
Licenses and permits	368,100	164,428	441,621	277,193
Intergovernmental	3,702,808	2,665,355	2,771,576	106,221
Charges for services	593,279	512,774	587,291	74,517
Fines and forfeitures	424,940	517,628	525,885	8,257
Interest income	15,000	27,604	259,922	232,318
Special assessments	3,266,585	3,508,682	3,326,858	(181,824)
Miscellaneous revenues	3,600	41,355	33,538	(7,817)
Total revenues	<u>14,494,002</u>	<u>13,807,610</u>	<u>14,217,080</u>	<u>409,470</u>
<b>Expenditures:</b>				
General Government:				
City Commission	134,257	135,711	136,913	(1,202)
City Administrator	487,719	478,976	478,977	(1)
Finance and City Clerk	220,046	231,514	231,513	1
City Attorney	122,500	120,000	120,000	-
Development Services	459,466	518,233	536,139	(17,906)
Nondepartmental	990,273	1,492,536	1,330,911	161,625
Debt service:				
Principal	59,500	77,837	77,837	-
Interest	-	5,745	5,745	-
Total general government	<u>2,473,761</u>	<u>3,060,552</u>	<u>2,918,035</u>	<u>142,517</u>
Public safety:				
Police	4,809,424	4,768,112	4,771,613	(3,501)
Fire	3,029,237	2,992,646	2,992,645	1
Building	-	52,742	52,742	-
Total public safety	<u>7,838,661</u>	<u>7,813,500</u>	<u>7,817,000</u>	<u>(3,500)</u>
Public works	<u>2,046,996</u>	<u>1,518,400</u>	<u>1,968,016</u>	<u>(449,616)</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, 2017  
(CONTINUED)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Parks and Recreation	1,015,418	875,550	893,526	(17,976)
Capital outlay	2,309,916	2,309,916	1,424,538	885,378
Total expenditures	15,684,752	15,577,918	15,021,115	556,803
Excess (deficiency) of revenues over (under) expenditures	(1,190,750)	(1,770,308)	(804,035)	966,273
Other financing sources (uses):				
Use of fund balance	1,190,750	1,770,308	-	(1,770,308)
Total other financing sources (uses)	1,190,750	1,770,308	-	(1,770,308)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(804,035)	<u>\$ (804,035)</u>
Fund balances, beginning			<u>7,345,632</u>	
Fund balance, ending			<u>\$ 6,541,597</u>	

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, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Positive (Negative)</b>
Revenues:				
Special assessments	\$ 8,246	\$ 8,246	\$ 8,243	\$ (3)
Total revenues	8,246	8,246	8,243	(3)
Expenditures:				
Public works	8,246	8,246	8,281	(35)
Total expenditures	8,246	8,246	8,281	(35)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(38)	\$ (38)
Fund balance, beginning			43,697	
Fund balance, ending			\$ 43,659	

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 309,000	\$ 309,000	\$ 318,607	\$ 9,607
Total revenues	309,000	309,000	318,607	9,607
Expenditures:				
Public works	242,132	242,132	176,763	65,369
Capital outlay	256,347	256,347	40,109	216,238
Total expenditures	498,479	498,479	216,872	281,607
Excess (deficiency) of revenues over (under) expenditures	(189,479)	(189,479)	101,735	291,214
Other financing sources (uses):				
Use of fund balance	189,479	189,479	-	(189,479)
Total other financing sources (uses)	189,479	189,479	-	(189,479)
Net change in fund balances	\$ -	\$ -	101,735	\$ 101,735
Fund balance, beginning			611,826	
Fund balance, ending			\$ 713,561	

See notes to Required Supplementary Information

**CITY OF WEST PARK, FLORIDA  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**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 if 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 an amendment after year-end. To balance the General Fund budget, the City appropriated \$1,770,308 of its General Fund reserves but ultimately consumed only \$804,035, a positive \$966,273 variance to the final and a \$386,715 positive variance to the original.

**Budget Performance**

**General Fund.** For the year, the City received \$409,470 more revenues than expected, largely from licenses and permits, intergovernmental, and increases in value in properties held for resale.. Expenditures were \$556,803 less than budgeted, with capital outlay and contingency amounts coming in less than expected. Other departments had small or no variances. Originally, the City had appropriated \$1,190,750 of reserves, increased it to \$1,770,308 to meet expected differences in cash flows due to grants, but ultimately used only \$804,035 of the original amount, representing a 32% positive variance to the original budget.

**Fund Balance Reserves, Used Versus Actual**

Revenues Actually Used	\$14,217,080
Expenditures Actually Made	<u>15,021,115</u>
Fund Balance Actually Used	<u>(804,035)</u>
Original Appropriation of Fund Balance	1,190,750
Original Fund Balance planned but not used	<u>\$386,715</u>

**CITY OF WEST PARK, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING - Continued**

**Budget Performance - Continued**

**Twin Lakes Special Revenue Fund.** This fund, used to provide resources for the Twin Lakes Water Control District, finished the year with using \$38 of reserves.

**Stormwater Special Revenue Fund.** The fund finished with a \$101,735 surplus. Routine maintenance activities were performed during the year and the excess will be used for capital improvements during subsequent fiscal years. Planned capital projects within this fund were either not begun or were deferred to subsequent periods. Consequently, the City did not use any of its planned fund balances or all of the budgeted funds for those projects.

**CITY OF WEST PARK, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –  
FLORIDA RETIREMENT SYSTEM  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**Florida Retirement System Pension Plan**

	2017	2016	2015	2014
City's proportion of the FRS net pension liability	0.002623957%	0.002349608%	0.002211426%	0.002433237%
City's proportionate share of the FRS net pension liability	\$ 776,149	\$ 593,278	\$ 314,285	\$ 134,930
City's covered employee payroll	\$ 662,726	\$ 538,273	\$ 532,709	\$ 489,318
City's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	117.11%	110.22%	59.00%	27.58%
FRS plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

**Retiree Health Insurance Subsidy Program**

	2017	2016	2015	2014
City's proportion of the HIS net pension liability	0.003174655%	0.002786290%	0.002789096%	0.002623697%
City's proportionate share of the HIS net pension liability	\$ 339,449	\$ 324,731	\$ 284,444	\$ 245,322
City's covered employee payroll	\$ 662,726	\$ 538,273	\$ 532,709	\$ 489,318
City's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	51.22%	60.33%	53.40%	50.14%
HIS plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

(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, 2017**

**Florida Retirement System Pension Plan**

	2017	2016	2015
Contractually required FRS contribution	\$ 39,586	\$ 30,299	\$ 58,959
FRS contributions in relation to the contractually required contribution	(39,586)	(30,299)	(58,959)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 668,719	\$ 541,770	\$ 535,851
FRS contributions as a percentage of covered employee payroll	5.92%	5.59%	11.00%

**Retiree Health Insurance Subsidy Program**

	2017	2016	2015
Contractually required HIS contribution	\$ 11,102	\$ 8,993	\$ 11,661
HIS contributions in relation to the contractually required contribution	(11,102)	(8,993)	(11,661)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 668,719	\$ 541,770	\$ 535,851
HIS contributions as a percentage of covered employee payroll	1.66%	1.66%	2.18%

- (1) The amounts presented for each fiscal year were determined as of September 30.  
(2) Information is only available for the years presented.

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](http://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, 2017**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets (a)</b>	<b>Actuarial Accrued Liability (AAL), Entry Age (b)</b>	<b>(Over) Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as Percent of Covered Payroll [(b-a)/c]</b>
September 30, 2010	\$ -	\$ 91,521	\$ 91,521	0%	\$ 568,629	16%
September 30, 2013	-	179,769	179,769	0%	568,629	32%
October 1, 2015	-	113,693	113,693	0%	817,520	14%



**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, 2017, 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 27, 2018.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider deficiency 2017-01 described in the accompanying Management Letter to be a material weakness.

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. We consider deficiency 2017-02 described in the Management Letter to be a significant deficiency.

## **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 27, 2018.

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 27, 2018



**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 (“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, 2017. Management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District’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, 2017.

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 27, 2018



**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, 2017, and have issued our report thereon dated June 27, 2018.

**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 27, 2018, 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 27, 2018

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

#### *Material Weakness*

##### **2017-01 Bank Reconciliation:**

Observation: During our procedures, we noted that monthly bank reconciliations to the general ledger trial balances by fund are not timely and properly performed, reviewed, and documented by the City's contractor. In addition, there appear to be a large number of voided checks and the contractor has not been able to correctly void these items in the accounting system causing discrepancies in the bank reconciliation. As a result, at the end of the fiscal year, the bank reconciliation for the operating account did not agree to the trial balance provided for the audit. Further, even after subsequent investigation, the cause for the discrepancy was not identified and corrected.

Recommendation: It is imperative that the City perform monthly bank reconciliations to the general ledger trial balances by fund and for all restricted accounts, such as LETF. 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: 2015-01, 2016-01.

Management Response: Additional staffing has been provided for an amended agreement with the finance department contractor. The additional staffing will focus on bank reconciliations and quarterly closing, as well as assist in changing the accounting system over to a pooled cash system.

#### *Significant Deficiency*

##### **2017-02 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 its' information technology system so that it has control and access to data that belongs to the City.

Reference Number for Prior Year Finding: 2015-03, 2016-02.

Management Response: The City rebid its building department services last year and changed vendors. The City also selected a vendor to host the software necessary to run the building department operations. The City expects to have this converted over by the end of fiscal year 2018 and we do not expect this to repeat.

## REPORT TO MANAGEMENT (Continued)

### *Other Findings*

#### **2017-03 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. Further, during the audit, documentation was not provided for certain items tested to determine if fees charged were correct. Also, could not determine if the DBPR and DCA State Fees were being charged and could not recalculate radon charges.

Recommendation: The City should ensure that sufficient documentation is received and stored to ensure that the correct fees are being charged for permit revenue.

Reference Number for Prior Year Finding: 2015-06, 2016-03.

Management Response: The City rebid its building department services and changed vendors in late FY2017. This situation was resolved beginning with FY2018 and will not repeat.

#### **2017-04 Internal controls over disbursements:**

Observation: During procedures noted several instances where the City manager's approval was not present on invoices or check requests. In addition, there were instances where procurement documentation was not provided to substantiate that the policies were followed.

Recommendation: We recommend that the City either amend the policy or ensure that the policy is being followed. In addition, supporting documentation should be kept that provides evidence that the procurement policy was followed.

Management Response: This finding relates to an outdated purchasing manual requirement that had the City Administrator signing approvals for the same transaction as much as three times. Beginning several years ago, the City Administrator delegated to each department head and to managers in his own department, the ability to approve purchases under their authority. The City Manager still initially approves purchase orders and signs all checks, which have all backup attached to the voucher. The manual will be revised to reflect the change.

## REPORT TO MANAGEMENT (Continued)

### *Other Findings (Continued)*

#### **2017-05 Unsupported Purchase Card Transactions:**

Observation: During procedures we noted that approximately \$26,000 in fiscal year 2017 purchase card transactions were not supported by sales receipts. Based on the descriptions and cardholder names provided by the finance department the majority of the transactions are for travel and conference expenses for the City's Elected Officials. According to the City's purchasing card policies and procedures, cardholders are responsible for obtaining and submitting all sales receipts to the City and continued incidents of missing receipts or supporting documentation may result in the removal of purchasing card privileges and may result in disciplinary action.

Recommendation: We recommend that the City enforce the consequences in its purchasing card policies and procedures by removing purchasing card privileges from cardholders with unsupported transactions and/or by requiring cardholders to reimburse the City for purchases that are unsupported.

Management Response: The City will amend its policy to suspend purchasing cards to cardmembers who fail to turn in receipts within 30 days of the expenditure. Employees or officials who fail to turn in proper accounting of charges may be subject to reductions in pay until the documentation is provided.

## II. PRIOR YEAR FINDINGS

### 2015-01, 2016-01 Bank Reconciliations

Current Status: See Finding 2017-01.

### 2015-03, 2016-02 Control and Access to Data

Current Status: Matter was not resolved.

### 2015-06, 2016-03 Monitoring of Contractor - Building Permits Revenue

Current Status: Matter was not completely resolved. See finding 2017-03.

### 2016-04 Payroll Documentation

Current Status: Matter was resolved.

### 2016-05 Procurement Documentation

Current Status: Matter was resolved.

## **REPORT TO MANAGEMENT (Continued)**

### **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, 2016, 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, 2017, 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, 2017, 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.
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, 2017 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 as of September 30, 2017. 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.