



City of West Miami



**Basic Financial Statements
and
Report of Independent Certified Public
Accountants
September 30, 2013**



CITY OF WEST MIAMI, FLORIDA

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1-2
MANAGEMENT DISCUSSION AND ANALYSIS (Required Supplementary Information)	3-9
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	12
Statement of Revenues, Expenditures and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Enterprise Fund Financial Statements	
Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Net Position	16
Statement of Cash Flows	17
Notes to Basic Financial Statements	18-36
REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)	
Budgetary Basis Comparison Schedules - General Fund	37-47
Notes to Budgetary Comparison Schedules	48
COMBINING FINANCIAL STATEMENTS	
Combining Balance Sheet - Nonmajor Governmental Funds	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	50
COMPLIANCE SECTION	
Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	51-52
Management Letter in accordance with the Rules of the Auditor General of the State of Florida	53-54
Schedule of Findings and Questioned Costs	55-57

FINANCIAL SECTION

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Certified Public Accountants

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Miami, Florida (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Miami, Florida, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the budgetary comparison information on pages 37 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Miami, Florida's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2014, on our consideration of the City of West Miami, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of West Miami, Florida's internal control over financial reporting and compliance.

Rodriguez, Trueba & Company

Rodríguez, Trueba & Company, P.A.
Doral, Florida
March 14, 2014

MANAGEMENT DISCUSSION AND ANALYSIS
MD&A

CITY OF WEST MIAMI, FLORIDA
Management Discussion And Analysis
For the Year Ended September 30, 2013

As management of the City of West Miami, Florida (the “City”) we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013.

Financial Highlights

The assets of the City of West Miami exceeded its liabilities at the close of the fiscal years ended September 30, 2013 and 2012 by \$20,427,929 and \$20,695,105 (net position), respectively. Of this amount, unrestricted net position, which may be used to meet the ongoing obligations to citizens and creditors, were \$1,227,271 and \$1,008,845. During the fiscal years ended September 30, 2013 and 2012 the City's net position increased (decreased) by \$(267,176) and \$257,731, respectively.

As of the close of the fiscal years ended September 30, 2013 and 2012, the City of West Miami's governmental funds reported combined ending fund balances of \$1,836,738 and \$1,421,660, an increase of \$415,078 and \$431,965 in comparison with the prior year, respectively.

At the end of the fiscal years ended September 30, 2013 and 2012, unassigned fund balance for governmental funds was \$701,438 and \$300,612, or 12.9% and 6.0% of total governmental fund expenditures and 16.9% and 8.2% of general fund expenditures.

During the last three years, the City's financial indicators have improved as compared to the previous several years. This was achieved through increases in garbage fees and water and sewer rates, increases in red light camera revenues and passport revenues, and reduction of costs where possible. During the 2012-2013 fiscal years, the City has continued to be proactive in finding new revenue sources while attempting to reduce expenses without eliminating services.

- **Annexation** – In an effort to increase the City's tax base and generate more revenues and cash flows to the City, in January 2013 the City Commission approved for the City to proceed with efforts for annexation of a neighboring area. However, in September 2013 the Miami-Dade County Planning Advisory Board denied the City's application. The City plans to further examine potential annexation of neighboring areas at some point within the next several years by monitoring ongoing applications of other municipalities.
- **Financial conditions** – The financial conditions have improved as a result of rate increases made to cover expenses for services in the business-type and business-like activities, and increases in red light camera revenues and passport revenues. However, the City has assigned amounts for capital improvements and for contingencies related to retirement, red light cameras class action settlement, and other contingencies, which reduce the fund balances available to be used for operating expenditures. The City has proposed alternatives to increase revenues and reduce costs in order to continue to improve financial conditions. Management and the Commission have introduced new sources of revenues, such as advertising revenues through billboards and garbage receptacles, which has generated a total of approximately \$30,000 in revenues. The City has also considered the installation of meter parking to generate additional revenues.
- **Water and sewer systems** – The City's water and sewer systems are in need of significant improvements due to its age and deterioration. This has resulted in increased costs as repairs to the system and pump stations have been necessary throughout the past several years. The City will continue to explore federal, state, and/or local funding in an effort to improve the aging water and sewer systems.

CITY OF WEST MIAMI, FLORIDA
Management Discussion And Analysis
For the Year Ended September 30, 2013

- **Fund balances** – At September 30, 2013, the City has positive fund balances in all its governmental funds. Due to the revenues generated from traffic cameras and increases in passport revenues, the City’s unassigned fund balance increased when compared to the prior year; however, the existing unassigned fund balance in the General Fund represents approximately two months of budgeted expenses for the City. Acceptable levels usually average approximately three months; consequently, one of the City’s main objectives is to continue to increase fund balances during the next couple of years. At September 30, 2013, the City has positive unrestricted net position balances in all its enterprise funds; however, during the current year operating expenses (less depreciation) remained higher than user charges in the Sewer System Fund and Stormwater Utility Fund. An effort is being made to develop a long-term plan in order to increase fund balances and net position.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of West Miami’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 1,729,762	\$ 1,378,647	\$ 710,076	\$ 883,835	\$ 2,439,838	\$ 2,262,482
Restricted assets	553,919	497,374	209,620	205,567	763,539	702,941
Capital assets	7,442,521	7,402,309	14,363,884	15,161,126	21,806,405	22,563,435
Total assets	<u>\$ 9,726,202</u>	<u>\$ 9,278,330</u>	<u>\$ 15,283,580</u>	<u>\$ 16,250,528</u>	<u>\$ 25,009,782</u>	<u>\$ 25,528,858</u>
Current and other liabilities	\$ 446,943	\$ 449,334	\$ 446,454	\$ 407,361	\$ 893,397	\$ 856,695
Long-term liabilities	758,707	740,771	2,929,749	3,236,287	3,688,456	3,977,058
Total liabilities	<u>\$ 1,205,650</u>	<u>\$ 1,190,105</u>	<u>\$ 3,376,203</u>	<u>\$ 3,643,648</u>	<u>\$ 4,581,853</u>	<u>\$ 4,833,753</u>
Net position	<u>\$ 8,520,552</u>	<u>\$ 8,088,225</u>	<u>\$ 11,907,377</u>	<u>\$ 12,606,880</u>	<u>\$ 20,427,929</u>	<u>\$ 20,695,105</u>
Net investment in capital assets	\$ 7,175,758	\$ 7,133,108	\$ 11,434,135	\$ 11,924,839	\$ 18,609,893	\$ 19,057,947
Restricted	540,122	530,246	50,643	98,067	590,765	628,313
Unrestricted	804,672	424,871	422,599	583,974	1,227,271	1,008,845
Total net position	<u>\$ 8,520,552</u>	<u>\$ 8,088,225</u>	<u>\$ 11,907,377</u>	<u>\$ 12,606,880</u>	<u>\$ 20,427,929</u>	<u>\$ 20,695,105</u>

CITY OF WEST MIAMI, FLORIDA
Management Discussion And Analysis
For the Year Ended September 30, 2013

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,201,937	\$ 1,418,641	\$ 2,124,956	\$ 2,169,799	\$ 3,326,893	\$ 3,588,440
Operating grants and contributions	400,310	327,666	-	-	400,310	327,666
Capital grants and contributions	149,620	8,343	-	121,510	149,620	129,853
General revenues:						
Taxes	3,667,329	3,704,466	-	-	3,667,329	3,704,466
Other	340,619	188,962	27,458	5,028	368,077	193,990
Total revenues	<u>5,759,815</u>	<u>5,648,078</u>	<u>2,152,414</u>	<u>2,296,337</u>	<u>7,912,229</u>	<u>7,944,415</u>
Expenses:						
General government	1,190,161	1,015,741	-	-	1,190,161	1,015,741
Public safety	2,344,869	2,151,475	-	-	2,344,869	2,151,475
Parks and recreational	1,157,679	1,086,457	-	-	1,157,679	1,086,457
Transportation, roads and streets	684,779	548,611	-	-	684,779	548,611
Water	-	-	542,891	550,168	542,891	550,168
Sewer	-	-	923,775	1,036,291	923,775	1,036,291
Stormwater	-	-	753,499	708,734	753,499	708,734
Sanitation	-	-	581,752	589,207	581,752	589,207
Total expenses	<u>5,377,488</u>	<u>4,802,284</u>	<u>2,801,917</u>	<u>2,884,400</u>	<u>8,179,405</u>	<u>7,686,684</u>
Excess (deficiency) before transfers	382,327	845,794	(649,503)	(588,063)	(267,176)	257,731
Transfers	<u>50,000</u>	<u>(315,851)</u>	<u>(50,000)</u>	<u>315,851</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>\$ 432,327</u>	<u>\$ 529,943</u>	<u>\$ (699,503)</u>	<u>\$ (272,212)</u>	<u>\$ (267,176)</u>	<u>\$ 257,731</u>

Both of the government-wide financial statements distinguish functions of the City of West Miami that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of West Miami include general government, public safety, parks and recreational, and transportation, roads and streets. The business-type activities of the City of West Miami include water, sewer, stormwater, and sanitation operations. The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of West Miami, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of West Miami can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF WEST MIAMI, FLORIDA
Management Discussion And Analysis
For the Year Ended September 30, 2013

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

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

The City of West Miami adopts an annual appropriated budget for its general fund and most of the special revenue funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 12-14 of this report.

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

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, stormwater, and sanitation operations, which are considered to be major funds of the City of West Miami. The basic proprietary fund financial statements can be found on pages 15-17 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18-36 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of West Miami, total net position exceeded liabilities by \$20,427,929 and \$20,695,105 at the close of September 30, 2013 and 2012, respectively.

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

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

At September 30, 2013 and 2012, the City of West Miami has positive balances in all categories of net position, for the City as a whole as well as for its separate governmental and business-type activities. The City's net position increased (decreased) by \$(267,176) and \$257,731 during the fiscal years ended in 2013 and 2012, respectively.

CITY OF WEST MIAMI, FLORIDA
Management Discussion And Analysis
For the Year Ended September 30, 2013

Governmental activities. Governmental activities increased the net position of the City of West Miami by \$432,327 and 529,943 thereby accounting for a 5.4% and 7.0% increase in the governmental activities net position in 2013 and 2012, respectively. In fiscal year ended September 30, 2013 the increase in net position was due to inflows of red light camera revenues, an increase in passport revenues, and a significant increase in code enforcement revenues, as efforts were made to settle existing code violations. In fiscal year ended September 30, 2012 the significant increase in net position was attributed to an increase in police forfeiture revenues when compared to the prior year, as well as a significant increase in red light camera revenues due to the installation of three additional traffic cameras.

Business-type activities. Business-type activities decreased the net position of the City of West Miami by \$(699,503) and \$(272,212) in 2013 and 2012, respectively. In fiscal year ended September 30, 2013 the net decrease was predominantly related to expenses incurred for depreciation, and emergency repairs needed for sewer lines and stormwater pumps. In fiscal year ended September 30, 2012, the net decrease was less severe than in 2011 and 2013 as a result of transfers/forgiveness of interfund balances which were made possible by increased revenues in the general fund. Operational deficits are occurring as a result of depreciation on capital assets.

Financial Analysis of the City's Funds

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

As of the end of the fiscal years ended September 30, 2013 and 2012, the City of West Miami's *governmental funds* reported combined ending fund balances of \$1,836,738 and \$1,421,660, an increase (decrease) of \$415,078 and \$431,965 in comparison with the prior year, respectively. Approximately 38.2% and 21.2% of this total amount, \$701,438 and \$300,612, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *non-spendable*, *restricted*, *committed*, or *assigned* to indicate it is not available for new spending because it has already been restricted or committed for a variety of reasons, such as by external sources (creditors, grantors, laws or regulations, etc.) or the City Commission, or assigned for specific projects, capital improvements, and retirement and other contingencies.

The general fund is the chief operating fund of the City. At the end of the fiscal years ended September 30, 2013 and 2012, unassigned fund balance of the general fund in the fund financial statements was \$701,438 and \$300,612, respectively. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.9% and 8.2% of total general fund expenditures at the end of each year, respectively.

The fund balance of the City of West Miami's general fund in the fund financial statements increased by \$411,801 and \$245,156 during the fiscal years ended in 2013 and 2012, respectively. As discussed earlier in connection with governmental activities, the increase was predominantly due to inflows of red light camera revenues, and increases in passport revenues and code enforcement revenues.

Proprietary funds. The City of West Miami's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary funds at the end of fiscal years ended September 30, 2013 and 2012 amounted to \$11,907,377 and \$12,606,880, respectively. The proprietary fund financial statements can be found on pages 15-17 of the financial statements.

CITY OF WEST MIAMI, FLORIDA
Management Discussion And Analysis
For the Year Ended September 30, 2013

Capital Assets and Debt Administration

Capital Assets. The City's capital assets, less accumulated depreciation, for its governmental and business-type activities as of September 30, 2013 and 2012 amounted to \$7,442,521 and \$14,363,884, and \$7,402,309 and \$15,161,126, respectively, and consist of land, land improvements, construction in progress, buildings, building improvements, infrastructure, and machinery and equipment. A more detailed schedule can be found on page 29 of the notes to the financial statements.

Significant capital asset events during the current fiscal year included the acquisition of a tractor loader through a capital lease for approximately \$56,000, purchases of equipment for installation in police vehicles for approximately \$63,000, purchase of a police vehicle for approximately \$30,000, sidewalk improvements for approximately \$75,000, and sale or disposal of machinery and equipment of approximately \$265,000.

Debt. Excluding compensated absences, the City's debt totaled approximately \$3.31 million and \$3.62 million at September 30, 2013 and 2012, respectively. The overall decrease is attributable to principal payments made throughout the year on the notes payable. Although a more detailed schedule can be found on page 31 of the notes to the financial statements, outstanding debt, excluding compensated absences, as of September 30, 2013 and 2012 consisted of the following:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Promissory note payable -						
U.S. Century Bank	\$ 203,533	\$ 236,229	\$ 1,133,447	\$ 1,315,522	\$ 1,336,980	\$ 1,551,751
Mortgage note - State of Florida	-	-	1,796,302	1,920,765	1,796,302	1,920,765
Workmen's comp claims	81,316	77,837	-	-	81,316	77,837
Equipment installment obligations	96,542	72,642	-	-	96,542	72,642
Total	\$ 381,391	\$ 386,708	\$ 2,929,749	\$ 3,236,287	\$ 3,311,140	\$ 3,622,995

Budget Amendments

The City provides in its Charter for the City Commission to authorize changes and transfers between departmental budgets as long as no appropriations are required from unassigned fund balances or unrestricted net position. During the fiscal years ended September 30, 2013 and 2012, all budget amendments were approved by the City Commission in accordance with the City Code.

During the fiscal year ended September 30, 2013 the City exceeded its capital outlay expenditure appropriations in the general fund due to unbudgeted costs related to infrastructure and capital asset acquisitions. These expenditures were approved by the City Commission and were funded by grant revenues and proceeds from equipment installment obligations. The City slightly exceeded its expenditure appropriations in several other departments predominantly due to reclassification adjustments and unexpected overtime costs and repair expenditures. Further details can be found on page 26 of the notes to the financial statements.

During the fiscal year ended September 30, 2012 the City exceeded its capital outlay expenditure appropriations in the general fund due to expenditures related to the capital lease acquisition of police vehicles. These expenditures were approved by the City Commission and are being funded by red light camera revenues. The general fund is the only governmental fund being reported as a major fund.

CITY OF WEST MIAMI, FLORIDA
Management Discussion And Analysis
For the Year Ended September 30, 2013

General Fund Budgetary Highlights

- Overall revenues received were higher than amounts budgeted, predominantly due to revenues earned from red light camera fines, passport fees, code enforcement revenues, and grant revenues.
- Ad Valorem taxes are, by law, projected at a 95% rate of actual anticipated revenue to provide an allowance for uncollected taxes; however, the City of West Miami frequently collects in excess of 100% of the budgeted amount.
- Expenditures were higher than amounts budgeted; predominantly due to capital outlay expenditures that were funded by grant revenues and proceeds from equipment installment obligations. The City was otherwise able to maintain costs at a level comparable to the prior year or within budget.
- Budget amendments for expenditures were approved by the City Commission for the purpose of transferring amounts between departmental budgets; however, the total budgeted expenditure amount did not increase, it was decreased. There were no significant variations between the original and final budget. Amendments were necessary to cover expenditures related to police personnel and fuel costs, which were greater than originally expected.

Economic Factors and Next Year's Budgets and Rates

The City of West Miami's main source of revenues are obtained from a combination of tax receipts from ad-valorem property taxes, state revenue sharing and other taxes, franchise fees, and grant revenues. The budget for fiscal year 2014 is based on the City's best expectations of revenues from these sources and other smaller sources, and expenses are based on historical data and known increases and expectations for the 2014 fiscal year.

The City will continue to propose alternatives to increase and/or obtain new sources of revenues in an effort to have a breakeven in operating cash flow.

Additional factors were considered in preparing the City's budget for the 2014 fiscal year:

- As of September 2013, the unemployment rate for Miami-Dade County was approximately 7.8 percent, which is a decrease from a rate of 9.2 percent a year ago. This compares unfavorably to the state's average unemployment rate of 6.9 percent and unfavorably to the national average rate of 7.2 percent.
- The occupancy rate of the government's central business district has remained stable.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of West Miami, Florida

Statement of Net Position

September 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 588,909	\$ 47,162	\$ 636,071
Certificates of deposit	102,593	705,420	808,013
Receivables, net	336,173	612,843	949,016
Internal balances	702,087	(702,087)	-
Notes receivable	-	46,738	46,738
Restricted assets:			
Cash and cash equivalents	553,919	94,391	648,310
Certificates of deposit	-	115,229	115,229
Capital assets not being depreciated:			
Land	184,839	171,591	356,430
Construction in progress	30,505	-	30,505
Capital assets, net of accumulated depreciation	7,227,177	14,192,293	21,419,470
Total Assets	\$ 9,726,202	\$ 15,283,580	\$ 25,009,782
 <u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 327,004	\$ 241,384	\$ 568,388
Customer deposits	-	183,700	183,700
Unearned revenue	119,939	21,370	141,309
Non-current liabilities:			
Due within one year	346,412	318,906	665,318
Due in more than one year	412,295	2,610,843	3,023,138
Total Liabilities	\$ 1,205,650	\$ 3,376,203	\$ 4,581,853
 <u>NET POSITION</u>			
Net investment in capital assets	\$ 7,175,758	\$ 11,434,135	\$ 18,609,893
Restricted for:			
Transportation	185,660	-	185,660
Public Safety Initiatives	230,778	-	230,778
Parks and Recreation	122,835	-	122,835
Capital Improvements	849	-	849
Stormwater	-	50,643	50,643
Unrestricted	804,672	422,599	1,227,271
Total Net Position	\$ 8,520,552	\$ 11,907,377	\$ 20,427,929

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

City of West Miami, Florida
Statement of Activities
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ (1,190,161)	\$ 452,376	\$ -	\$ 87,845	\$ (649,940)	\$ -	\$ (649,940)
Public safety	(2,344,869)	602,752	5,048	-	(1,737,069)	-	(1,737,069)
Parks and recreational	(1,157,679)	146,809	395,262	-	(615,608)	-	(615,608)
Transportation, roads and streets	(684,779)	-	-	61,775	(623,004)	-	(623,004)
Total governmental activities	(5,377,488)	1,201,937	400,310	149,620	(3,625,621)	-	(3,625,621)
Business-type activities:							
Water	(542,891)	702,659	-	-	-	159,768	159,768
Sewer	(923,775)	721,254	-	-	-	(202,521)	(202,521)
Stormwater	(753,499)	88,105	-	-	-	(665,394)	(665,394)
Sanitation	(581,752)	612,938	-	-	-	31,186	31,186
Total business-type activity	(2,801,917)	2,124,956	-	-	-	(676,961)	(676,961)
Total government	\$ (8,179,405)	\$ 3,326,893	\$ 400,310	\$ 149,620	\$ (3,625,621)	\$ (676,961)	\$ (4,302,582)
General revenues:							
Property taxes					\$ 1,862,839	\$ -	\$ 1,862,839
Franchise and utility taxes					1,081,848	-	1,081,848
Intergovernmental taxes					722,642	-	722,642
Interest earnings and investment income					700	1,958	2,658
Miscellaneous					328,944	-	328,944
Gain on sale of capital assets					10,975	25,500	36,475
Transfers					50,000	(50,000)	-
					<u>4,057,948</u>	<u>(22,542)</u>	<u>4,035,406</u>
Change in net position					432,327	(699,503)	(267,176)
Net position - beginning					8,088,225	12,606,880	20,695,105
Net position - ending					\$ 8,520,552	\$ 11,907,377	\$ 20,427,929

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

City of West Miami, Florida

Balance Sheet
Governmental Funds
September 30, 2013

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Cash Equivalents	\$ 578,735	\$ 10,174	\$ 588,909
Cash - Restricted	136,598	417,321	553,919
Certificates of Deposit	102,593	-	102,593
Receivables	185,115	151,058	336,173
Due From Other Funds	1,200,804	313,623	1,514,427
Total Assets	<u>\$ 2,203,845</u>	<u>\$ 892,176</u>	<u>\$ 3,096,021</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 286,465	\$ 40,539	\$ 327,004
Due To Other Funds	571,551	240,789	812,340
Unearned Revenue	<u>96,916</u>	<u>23,023</u>	<u>119,939</u>
Total Liabilities	954,932	304,351	1,259,283
Fund Balances			
Restricted			
Restricted for Transportation	-	185,660	185,660
Restricted for Public Safety Initiatives	-	230,778	230,778
Restricted for Parks and Recreation	-	122,835	122,835
Restricted for Capital Improvements	-	849	849
Committed			
Committed for Parks and Recreation	-	32,821	32,821
Assigned			
Assigned for Capital Outlay	10,975	14,882	25,857
Assigned for Specific Projects	6,500	-	6,500
Assigned for Comprehensive Plan	40,000	-	40,000
Assigned for Future Contingencies	270,000	-	270,000
Assigned for Retirement	70,000	-	70,000
Assigned for Public Works	150,000	-	150,000
Unassigned			
General Fund	<u>701,438</u>	<u>-</u>	<u>701,438</u>
Total Fund Balances	<u>1,248,913</u>	<u>587,825</u>	<u>1,836,738</u>
Total Liabilities and Fund Balances	<u>\$ 2,203,845</u>	<u>\$ 892,176</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	7,442,521
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	<u>(758,707)</u>
Net assets of governmental activities	<u>\$ 8,520,552</u>

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

City of West Miami, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Property	\$ 1,587,659	\$ 275,180	\$ 1,862,839
Franchise	277,100	-	277,100
Excise, Utility Service and Other	590,148	214,600	804,748
Licenses and Permits	59,656	-	59,656
Intergovernmental	722,642	-	722,642
Grant Revenues/Contributions	154,668	395,262	549,930
Fines and Forfeitures	518,845	101,007	619,852
Rent	220,975	28,605	249,580
Investment Earnings	425	275	700
Other	358,289	243,504	601,793
Total Revenues	<u>4,490,407</u>	<u>1,258,433</u>	<u>5,748,840</u>
Expenditures			
Current			
City Council	103,862	-	103,862
Legal	169,766	-	169,766
Executive	319,352	-	319,352
Finance and Administration	228,762	-	228,762
Law Enforcement	2,196,361	82,905	2,279,266
Streets	400,597	127,718	528,315
Garage	73,900	-	73,900
Recreation	-	992,191	992,191
Parks	83,124	-	83,124
Facilities Maintenance	153,840	-	153,840
Non-Departmental	119,030	-	119,030
Capital Outlay	218,544	102,019	320,563
Debt Service			
Principal Retirement	64,809	-	64,809
Interest	13,970	-	13,970
Total Expenditures	<u>4,145,917</u>	<u>1,304,833</u>	<u>5,450,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>344,490</u>	<u>(46,400)</u>	<u>298,090</u>
Other Financing Sources (Uses)			
Proceeds from Equipment Installment Obligations	56,013	-	56,013
Proceeds from Sale of Property	10,975	-	10,975
Operating Transfers In	50,000	49,677	99,677
Operating Transfers Out	(49,677)	-	(49,677)
Total Other Financing Sources (Uses)	<u>67,311</u>	<u>49,677</u>	<u>116,988</u>
Net Change in Fund Balances	411,801	3,277	415,078
Fund Balances at Beginning of Year	<u>837,112</u>	<u>584,548</u>	<u>1,421,660</u>
Fund Balances at End of Year	<u>\$ 1,248,913</u>	<u>\$ 587,825</u>	<u>\$ 1,836,738</u>

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

City of West Miami, Florida
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds (Page 13) \$ 415,078

Amounts reported for governmental activities in the statement of activities (page 11) are different because:

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

The details of the difference are as follows:

Capital outlay	320,563	
Depreciation expense	(280,351)	
		40,212

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

The details of the differences are as follows:

Proceeds from loans and other long-term debt	(56,013)	
Amortization of issuance costs	(5,027)	
Principal payments	64,809	
		3,769

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

The details of the difference are as follows:

Change in long-term compensated absences	(23,253)	
Change in long-term workman's compensation claims	(3,479)	
		(26,732)

Change in net position of governmental activities (Page 11) \$ 432,327

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

City of West Miami, Florida

Statement of Net Position

Enterprise Funds

September 30, 2013

	Business-Type Activities - Enterprise Funds				Total
	Sewer System Fund	Water System Fund	Stormwater Utility Fund	Sanitation Fund	
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 22,854	\$ 403	\$ -	\$ 23,905	\$ 47,162
Cash - Restricted	76,454	-	17,937	-	94,391
Certificates of Deposit	592,133	113,287	-	-	705,420
Certificates of Deposit - Restricted	115,229	-	-	-	115,229
Receivables	173,084	168,657	35,708	235,394	612,843
Due From Other Funds	113,134	568,255	53,163	105,952	840,504
Total Current Assets	<u>1,092,888</u>	<u>850,602</u>	<u>106,808</u>	<u>365,251</u>	<u>2,415,549</u>
Notes Receivable - Non Current	46,738	-	-	-	46,738
Capital Assets	3,608,464	5,768	10,651,612	98,040	14,363,884
Total Assets	<u>\$ 4,748,090</u>	<u>\$ 856,370</u>	<u>\$ 10,758,420</u>	<u>\$ 463,291</u>	<u>\$ 16,826,171</u>
Liabilities					
Current Liabilities					
Current Portion of Notes and Loans Payable	\$ 303,720	\$ -	\$ -	\$ 15,186	\$ 318,906
Accounts Payable and Accrued Expenses	92,962	135,294	-	13,128	241,384
Due To Other Funds	956,921	215,671	56,165	313,834	1,542,591
Unearned Revenue	21,370	-	-	-	21,370
Total Current Liabilities	<u>1,374,973</u>	<u>350,965</u>	<u>56,165</u>	<u>342,148</u>	<u>2,124,251</u>
Customer Deposits	-	183,700	-	-	183,700
Notes and Loans Payable - Long-Term Portion	2,535,427	-	-	75,416	2,610,843
Total Liabilities	<u>3,910,400</u>	<u>534,665</u>	<u>56,165</u>	<u>417,564</u>	<u>4,918,794</u>
Net Position					
Net Investment in Capital Assets	769,317	5,768	10,651,612	7,438	11,434,135
Restricted for Stormwater	-	-	50,643	-	50,643
Unrestricted	68,373	315,937	-	38,289	422,599
Total Net Position	<u>837,690</u>	<u>321,705</u>	<u>10,702,255</u>	<u>45,727</u>	<u>11,907,377</u>
Total Liabilities and Net Position	<u>\$ 4,748,090</u>	<u>\$ 856,370</u>	<u>\$ 10,758,420</u>	<u>\$ 463,291</u>	<u>\$ 16,826,171</u>

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

City of West Miami, Florida
Statement of Revenues, Expenses
and Changes in Net Position
Enterprise Funds
For the Year Ended September 30, 2013

	Business-Type Activities - Enterprise Funds				Total
	Sewer System Fund	Water System Fund	Stormwater Utility Fund	Sanitation Fund	
Operating Revenues					
Water Sales	\$ -	\$ 684,421	\$ -	\$ -	\$ 684,421
Sewer Service	708,712	-	-	-	708,712
Sanitation Fees	-	-	-	611,881	611,881
Licenses, Permits and Fees	-	-	88,105	-	88,105
Other	2,121	18,238	-	1,057	21,416
Total Operating Revenues	<u>710,833</u>	<u>702,659</u>	<u>88,105</u>	<u>612,938</u>	<u>2,114,535</u>
Operating Expenses					
Water Purchased	-	346,560	-	-	346,560
Salaries and Wages	71,247	93,952	52,828	182,665	400,692
Waste Disposal and Recycling	-	-	-	251,969	251,969
Drain Cleaning	-	-	80,771	-	80,771
Sewer Processing	397,512	-	-	-	397,512
Depreciation and Amortization	213,113	268	587,969	8,985	810,335
Other	128,024	102,111	31,931	133,887	395,953
Total Operating Expenses	<u>809,896</u>	<u>542,891</u>	<u>753,499</u>	<u>577,506</u>	<u>2,683,792</u>
Operating Income (Loss)	(99,063)	159,768	(665,394)	35,432	(569,257)
Non-Operating Revenues (Expenses)					
Investment Income	1,865	84	-	9	1,958
Hook-Up Fees	10,421	-	-	-	10,421
Gain (Loss) on Sale/Disposal of Property	-	-	30,000	(4,500)	25,500
Interest Expense	(113,879)	-	-	(4,246)	(118,125)
Total Non-Operating Revenues (Expenses)	<u>(101,593)</u>	<u>84</u>	<u>30,000</u>	<u>(8,737)</u>	<u>(80,246)</u>
Other Financing Sources (Uses)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(50,000)	-	-	-	(50,000)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Change in Net Position	<u>(250,656)</u>	<u>159,852</u>	<u>(635,394)</u>	<u>26,695</u>	<u>(699,503)</u>
Net Position at Beginning of Year	1,088,346	161,853	11,337,649	19,032	12,606,880
Net Position at End of Year	<u>\$ 837,690</u>	<u>\$ 321,705</u>	<u>\$ 10,702,255</u>	<u>\$ 45,727</u>	<u>\$ 11,907,377</u>

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

City of West Miami, Florida
Statement of Cash Flows
Enterprise Funds
For the Year Ended September 30, 2013

	Business-Type Activities - Enterprise Funds				Total
	Sewer System	Water System	Stormwater Utility	Sanitation	
Cash Flows from Operating Activities					
Operating Income (Loss)	\$ (99,063)	\$ 159,768	\$ (665,394)	\$ 35,432	\$ (569,257)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	195,520	268	587,969	8,985	792,742
Amortization	17,593	-	-	-	17,593
Change in Assets and Liabilities:					
Decrease (Increase) in Receivables	(42,838)	(28,471)	(4,915)	(60,530)	(136,754)
Decrease (Increase) in Due To/From Other Funds	364,598	(141,380)	56,393	30,645	310,256
Decrease in Notes Receivable	14,764	-	-	-	14,764
Increase (Decrease) in Accounts Payable and Accrued Expenses	19,749	1,782	-	13,128	34,659
(Decrease) in Customer Deposits	-	(5,992)	-	-	(5,992)
Increase in Deferred Revenue	10,426	-	-	-	10,426
Net Cash Provided by (Used for) Operating Activities	<u>480,749</u>	<u>(14,025)</u>	<u>(25,947)</u>	<u>27,660</u>	<u>468,437</u>
Cash Flows from Noncapital Financing Activities					
Operating Transfers In (Out)	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Cash Flows from Capital and Related Financing Activities					
Hook-Up Fees	10,421	-	-	-	10,421
Interest Paid on Capital Debt	(113,879)	-	-	(4,246)	(118,125)
Principal Payments of Long-Term Debt	(291,984)	-	-	(14,554)	(306,538)
Proceeds from Sale of Assets	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(395,442)</u>	<u>-</u>	<u>30,000</u>	<u>(18,800)</u>	<u>(384,242)</u>
Cash Flows From Investing Activities					
Interest on investments	<u>92</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>101</u>
Net Increase (Decrease) in Cash and Cash Equivalents	35,399	(14,025)	4,053	8,869	34,296
Cash and Cash Equivalents at Beginning of Year	63,909	14,428	13,884	15,036	107,257
Cash and Cash Equivalents at End of Year	<u>\$ 99,308</u>	<u>\$ 403</u>	<u>\$ 17,937</u>	<u>\$ 23,905</u>	<u>\$ 141,553</u>

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

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2013

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2013

I. Summary of Significant Accounting Policies - (continued)

C. Basis of Presentation and Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the City considers all revenues available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred as required by accrual accounting, except for debt service expenditures and compensated absences, which are recorded when payment is due.

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

The City reports the following major *governmental* funds:

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

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
September 30, 2013

I. Summary of Significant Accounting Policies - (continued)

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

1. Deposits and Investments

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

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

2. Interfund Receivables and Payables

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

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2013

I. Summary of Significant Accounting Policies - (continued)

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

3. Receivables

Property Taxes

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mills. The tax rate to finance general governmental services for the fiscal year ended September 30, 2013 was \$6.8858 per \$1,000 of assessed taxable property value. The rate of \$6.8858 is allocated to the general fund and recreation fund, with the general fund receiving \$5.8858, the recreation fund \$1.00.

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

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

The following are the significant components of the accounts receivable due to the City at September 30, 2013. The City considers all amounts receivable fully collectible; consequently, no allowance for doubtful accounts was estimated.

1. Water, Sewer and Waste Fees - This amount represents the unpaid, billed charges for various fines and municipal services;
2. Fines and Assessments - This amount represents the unpaid, billed charges for various fines and assessments levied for violations of various City code provisions;
3. Notes Receivable - This amount represents amounts due for sewer hookup fees as evidenced by loan agreements with users;
4. Delinquent Taxes and Other Taxes Receivable - This amount represents the amount of levied but uncollected delinquent property taxes outstanding at September 30, 2013 and amounts due from governmental agencies at year end; and
5. Government Grants/Contributions - This amount represents amounts due from grantor agencies and/or governmental agencies at year end.

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
 September 30, 2013

I. Summary of Significant Accounting Policies - (continued)

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

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

5. Restricted Assets

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

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., sidewalks and other similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

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

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
September 30, 2013

I. Summary of Significant Accounting Policies - (continued)

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

7. Unearned Revenues

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

8. Deferred outflows/inflows of resources

In addition to assets, the balance sheet/statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of fund balance/net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the balance sheet/statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has no items that qualify for reporting in this category.

9. Compensated Absences

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

10. Long-Term Obligations

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

11. Fund Balance

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

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

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2013

I. Summary of Significant Accounting Policies - (continued)

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

11. Fund Balance - (continued)

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

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

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

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

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, actual results could differ from estimates.

E. New Pronouncements

The City has adopted all current statements of the GASB that are applicable to the fiscal year ended September 30, 2013. During 2013, management implemented the following new standards issued by GASB and deemed relevant to the City:

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2013

I. Summary of Significant Accounting Policies - (continued)

E. New Pronouncements - (continued)

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This Statement also provides other financial reporting guidance related to the impact of these financial statement elements, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of this \$7,442,521 difference are as follows:

Land	\$	184,839
Land Improvements		652,515
Construction in Progress		30,505
Buildings		1,771,053
Building Improvements		969,986
Infrastructure - Drainage		3,937,664
Infrastructure - Roads		7,511,070
Machinery and Equipment		2,040,867
		<u>17,098,499</u>
Less: Accumulated Depreciation		<u>9,655,978</u>
	\$	<u>7,442,521</u>

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$758,707 difference are as follows:

Promissory note payable -		
U.S. Century Bank	\$	203,533
Compensated absences		377,316
Workmen's comp. claims		81,316
Equipment installment obligations		96,542
		<u>758,707</u>

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
September 30, 2013

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures." However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Another element that requires reconciliation is the principal payment of long-term liabilities, including notes payable, which are in part a reduction of notes payable in the government-wide financial statements, and not a use of financing resources in the current period. The details of these \$17,249 differences are in page 14 of the financial statements.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

B. Excess of Expenditures over Appropriations

The general fund capital outlay expenditures exceeded appropriations by a combined \$151,979. This unfavorable variance was caused by unbudgeted costs related to infrastructure and capital asset acquisitions. These unbudgeted expenditures were approved by the City Commission and were funded by grant revenues and proceeds from equipment installment obligations. The general fund city council expenditures exceeded appropriations by a combined \$22. This unfavorable variance was caused by unanticipated reclassification adjustments originally budgeted through a different department. The general fund law enforcement expenditures exceeded appropriations by a combined \$14,218. This unfavorable variance was caused by unexpected costs of overtime and reclassifications of amounts originally classified as capital outlay expenditures. The general fund streets expenditures exceeded appropriations by a combined \$8,306. This unfavorable variance was caused by unexpected repair costs incurred during the year. The general fund parks expenditures exceeded appropriations by a combined \$4,648. This unfavorable variance was caused by reclassifications of amounts originally classified as capital outlay expenditures. The negative variances are disclosed in the Budgetary Comparison Statements and Schedules – General Fund - pages 37-38. The overall budget variance ends with a positive variance of \$411,801 when combined with revenue and interfund transfer variances.

C. Deficit Fund Equity

The City has no deficit fund balances or net position as of September 30, 2013.

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2013

IV. Detailed Notes on all Funds

A. Deposits and Investments

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

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires every qualified public depository to deposit with the Treasurer, or another institution, eligible collateral equal to or in excess of the required collateral of the depository. The Treasurer, by rule, shall establish minimum required collateral pledging levels and shall notify each qualified public depository of its required pledging level. Each qualified public depository shall calculate the amount of its required collateral based upon any one or any combination of the formulas allowable under this Chapter. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized. The City's deposits include cash with a reported amount of \$1,284,381 and a bank balance of \$1,570,570, and certificates of deposit with a balance of \$923,242. The difference between the City's reported amount and the bank balance is due to outstanding checks and deposits in transit in these demand accounts.

Restricted Cash and Deposits

The City maintains separate bank accounts within the general fund and for certain special revenue funds. The City also maintains cash and deposit reserves required by the long-term debt covenants in the proprietary fund.

Restricted cash and deposit reserves at September 30, 2013 were as follows:

Note payable - State of Florida	\$ 191,683
Stormwater utility improvements	17,937
Federal and local forfeiture funds	250,964
Capital projects and improvements	59,288
Building deposits and other miscellaneous	61,568
Transportation and other grantor restrictions	182,099
	<u>\$ 763,539</u>

Investments

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

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
 September 30, 2013

IV. Detailed Notes on all Funds - (continued)

A. Deposits and Investments - (continued)

Credit risk and concentration of credit risk

Credit risk and concentration of credit risk disclosures exclude investments issued or explicitly guaranteed by the U.S. government. All investments of the City are with government-backed agencies; therefore, these disclosures are not applicable.

Interest Rate Risk

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

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

	Maturity Less Than 1 Year	Fair Value
Deposits:		
Cash and cash equivalents	x	\$ 1,284,381
Certificates of deposit	x	923,242
		\$ 2,207,623

B. Receivables

Accounts receivable at September 30, 2013 are summarized as follows:

	General Fund	Special Revenue Fund	Enterprise Fund	Total
Franchise and other taxes	\$ 92,401	\$ 51,048	\$ -	\$ 143,449
Government grants/contributions	87,845	96,746	-	184,591
Customers and other	4,869	3,264	612,843	620,976
	\$ 185,115	\$ 151,058	\$ 612,843	\$ 949,016

Notes Receivable

The City's notes receivable at September 30, 2013 are unsecured notes from commercial enterprises and residences that have elected to finance the hook-up fees on the sewer system over periods ranging from twelve months to 15-year periods. The City receives monthly installments of principal and interest, ranging from 2% to 5%. As of September 30, 2013, the total balance remaining to be collected amounted to \$46,738.

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
 September 30, 2013

IV. Detailed Notes on all Funds - (continued)

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 184,839	\$ -	\$ -	\$ 184,839
Construction in progress	21,600	27,005	18,100	30,505
Total capital assets not being depreciated	<u>206,439</u>	<u>27,005</u>	<u>18,100</u>	<u>215,344</u>
Capital Assets, being depreciated				
Land improvements	652,515	-	-	652,515
Buildings	1,771,053	-	-	1,771,053
Building improvements	969,986	-	-	969,986
Infrastructure - Drainage	3,937,664	-	-	3,937,664
Infrastructure - Roads	7,418,395	92,675	-	7,511,070
Machinery and equipment	2,018,740	218,983	196,856	2,040,867
Total capital assets being depreciated	<u>16,768,353</u>	<u>311,658</u>	<u>196,856</u>	<u>16,883,155</u>
Less accumulated depreciation for:				
Land improvements	121,943	37,366	-	159,309
Buildings	325,296	45,411	-	370,707
Building improvements	645,123	17,365	-	662,488
Infrastructure - Drainage	3,680,775	729	-	3,681,504
Infrastructure - Roads	3,224,535	40,121	-	3,264,656
Machinery and equipment	1,574,811	139,359	196,856	1,517,314
Total accumulated depreciation	<u>9,572,483</u>	<u>280,351</u>	<u>196,856</u>	<u>9,655,978</u>
Total capital assets, being depreciated, net	<u>7,195,870</u>	<u>31,307</u>	<u>-</u>	<u>7,227,177</u>
Governmental activities capital assets, net	<u>\$ 7,402,309</u>	<u>\$ 58,312</u>	<u>\$ 18,100</u>	<u>\$ 7,442,521</u>
Business-type Activities:				
Capital Assets, not being depreciated				
Land	\$ 171,591	\$ -	\$ -	\$ 171,591
Capital Assets, being depreciated				
Sewer systems	7,773,897	-	-	7,773,897
Water - main and extensions	484,981	-	-	484,981
Stormwater improvements	14,699,261	-	-	14,699,261
Machinery and equipment	851,489	-	69,989	781,500
Total capital assets being depreciated	<u>23,809,628</u>	<u>-</u>	<u>69,989</u>	<u>23,739,639</u>
Less accumulated depreciation for:				
Sewer systems	3,973,748	194,347	-	4,168,095
Water - main and extensions	478,943	268	-	479,211
Stormwater improvements	3,631,267	587,969	-	4,219,236
Machinery and equipment	736,135	10,158	65,489	680,804
Total accumulated depreciation	<u>8,820,093</u>	<u>792,742</u>	<u>65,489</u>	<u>9,547,346</u>
Total capital assets, being depreciated, net	<u>14,989,535</u>	<u>(792,742)</u>	<u>4,500</u>	<u>14,192,293</u>
Business-type activities capital assets, net	<u>\$ 15,161,126</u>	<u>\$ (792,742)</u>	<u>\$ 4,500</u>	<u>\$ 14,363,884</u>

CITY OF WEST MIAMI, FLORIDA

Notes to Financial Statements

September 30, 2013

IV. Detailed Notes on all Funds - (continued)

C. Capital Assets - (continued)

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

Governmental Activities:

General Government	\$ 49,820
Public Safety	65,603
Parks and Recreational	82,364
Transportation, Roads and Streets	82,564
Total depreciation expense - governmental activities	<u>\$ 280,351</u>

Business-type Activities:

Sewer System	\$ 195,520
Water System	268
Sanitation	8,985
Stormwater Utility	587,969
Total depreciation expense - business-type activities	<u>\$ 792,742</u>

D. Interfund Receivables, Payables and Transfers

Due from and to other funds at September 30, 2013 are summarized as follows:

	Due From Other	Due To Other
General Fund	\$ 1,200,804	\$ 571,551
Special Revenue Funds:		
Recreation	85,599	30,904
Community Center	197,120	131,099
Transportation Surtax	-	32,303
Sidewalk and Park Improvement	30,904	30,837
Law Enforcement Grant	-	3,107
Police Law Forfeiture	-	12,539
Enterprise Funds:		
Sewer System	113,134	956,921
Water System	568,255	215,671
Stormwater Utility	53,163	56,165
Sanitation	105,952	313,834
	<u>\$ 2,354,931</u>	<u>\$ 2,354,931</u>

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

Interfund transfers for the year ended September 30, 2013 consisted of transfers used to move revenues or expenditures based on the City budget.

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

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
 September 30, 2013

IV. Detailed Notes on all Funds - (continued)

E. Long-Term Debt

Long-term debt activity for the year ended September 30, 2013 was as follows:

	<u>October 1, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30, 2013</u>	<u>Due Within One Year</u>
Governmental Activities:					
Promissory note payable -					
U.S. Century Bank	\$ 236,229	\$ -	\$ 32,696	\$ 203,533	\$ 34,114
Compensated absences	354,063	231,180	207,927	377,316	200,000
Workmen's comp. claims	77,837	125,345	121,866	81,316	81,316
Equipment installment obligations	72,642	56,013	32,113	96,542	30,982
Subtotal	<u>740,771</u>	<u>412,538</u>	<u>394,602</u>	<u>758,707</u>	<u>346,412</u>
Business-type Activities					
Promissory note payable -					
U.S. Century Bank	1,315,522	-	182,075	1,133,447	189,976
Mortgage Note -					
State of Florida	1,920,765	-	124,463	1,796,302	128,930
Subtotal	<u>3,236,287</u>	<u>-</u>	<u>306,538</u>	<u>2,929,749</u>	<u>318,906</u>
Total Long-Term Debt	<u>\$ 3,977,058</u>	<u>\$ 412,538</u>	<u>\$ 701,140</u>	<u>\$ 3,688,456</u>	<u>\$ 665,318</u>

Combined aggregate maturities for all long-term debt for each of the next five years and to maturity are as follows:

Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 665,318	\$ 119,361	\$ 784,679
2015	577,649	102,946	680,595
2016	390,150	85,818	475,968
2017	406,275	69,606	475,881
2018	423,070	52,717	475,787
2019 - 2023	948,401	119,331	1,067,732
2024 - 2025	277,593	4,995	282,588
	<u>\$ 3,688,456</u>	<u>\$ 554,774</u>	<u>\$ 4,243,230</u>

Mortgage Note - State of Florida

The City has a revolving loan agreement with the State of Florida Department of Environmental Regulation for the construction of the Phase II wastewater collection and transmission facilities. The amount of the loan authorized was \$4,366,844 including capitalized interest of \$201,844. In September of 2004 the commission adopted a resolution authorizing the City Manager to execute an amendment to the mortgage note agreement with the State of Florida. The amendment and related promissory note was signed in October of 2004. Under the new terms, the existing aggregate principal amount outstanding of \$2,679,314 was to be repaid with semi-annual payments for 20 additional years. Each semi-annual payment shall be in the amount of \$95,842 and shall be received by the department beginning on April 15, 2005, and semiannually thereafter on October 15 and April 15 of each year until all amounts due have been paid. The rate of interest on the unpaid principal balance of the loan continued to be 3.57 percent per annum (except for \$180,000 which would be at the rate of 3.24 percent per annum) and may be adjusted, if appropriate, pursuant to the provisions of Section 17-503.430 of the Florida Administrative Code. The debt repayment reserve account requirement was changed to a total required deposit of \$191,683. The City is required to pledge revenues equal to 1.15 times the sum of semi-annual payments due in any fiscal year. Revenues pledged, related to rates and charges for services furnished by the Sewer System as well as connection charges, are required to serve as sufficient collateral for purposes of the agreement underlying the mortgage note.

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
 September 30, 2013

IV. Detailed Notes on all Funds - (continued)

E. Long-Term Debt - (continued)

The revolving loan debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2014	\$ 128,930	\$ 60,461
2015	133,555	55,752
2016	138,348	50,875
2017	143,313	45,822
2018	148,455	40,588
2019 - 2023	826,108	117,617
2024 - 2025	277,593	4,995
	<u>\$ 1,796,302</u>	<u>\$ 376,110</u>

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

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

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

The annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2014	\$ 224,090	\$ 53,337
2015	233,954	43,473
2016	244,252	33,175
2017	255,004	22,424
2018	266,228	11,199
2019	113,452	1,237
	<u>\$ 1,336,980</u>	<u>\$ 164,845</u>

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
 September 30, 2013

IV. Detailed Notes on all Funds - (continued)

E. Long-Term Debt - (continued)

Equipment Installment Obligations

During 2012, the City entered into an equipment lease-purchase agreement for the amount of \$99,869. The purpose of the lease was to finance the cost of four police vehicles. The debt is secured by the vehicles acquired with the proceeds of the lease. Commencing in August 2012, the lease is payable in annual installments of \$27,227. After the initial payment, interest accrues at a rate of 6.10% per annum. The final installment is due in August 2015. The outstanding principal balance of the lease-purchase agreement at September 30, 2013 amounted to \$49,847.

During fiscal year ended September 30, 2013, the City entered into an equipment lease-purchase agreement for the amount of \$56,013. The purpose of the lease was to finance the cost of a tractor loader. The debt is secured by the vehicle acquired with the proceeds of the lease. Commencing in December 2012, the lease is payable in annual installments of \$9,318. After the initial payment, interest accrues at a rate of 5.40% per annum. The final installment is due in December 2018. The outstanding principal balance of the lease-purchase agreement at September 30, 2013 amounted to \$46,695.

F. Segment Information for Enterprise Funds

The City maintains four enterprise funds. Segment information for the year ended September 30, 2012 is as follows:

	Sewer System Fund	Water System Fund	Stormwater Utility Fund	Sanitation Fund	Total
Operating revenues	\$ 710,833	\$ 702,659	\$ 88,105	\$ 612,938	\$ 2,114,535
Depreciation and amortization	213,113	268	587,969	8,985	810,335
Operating income (loss)	(99,063)	159,768	(665,394)	35,432	(569,257)
Operating transfers					
In	-	-	-	-	-
(Out)	(50,000)	-	-	-	(50,000)
Net income (loss)	(250,656)	159,852	(635,394)	26,695	(699,503)
Property and equipment					
Additions	-	-	-	-	-
Deletions	-	-	49,989	20,000	69,989
Net working capital	(282,085)	499,637	50,643	23,103	291,298
Total assets	4,748,090	856,370	10,758,420	463,291	16,826,171
Long-term debt payable from operating revenues	2,839,147	-	-	90,602	2,929,749
Total net position	\$ 837,690	\$ 321,705	\$ 10,702,255	\$ 45,727	\$ 11,907,377

G. Employee Retirement Plans

The City participates in the Florida Retirement System (the "System"), a multiple-employer cost sharing Public Employee Retirement System ("PERS"). The Division of Retirement of the Department of Management Services administers the System. The City's payroll for employees covered by the System for the year ended September 30, 2013 was approximately \$2.933 million.

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

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
September 30, 2013

IV. Detailed Notes on all Funds - (continued)

G. Employee Retirement Plans - (continued)

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

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

Funding Policy

Commencing on July 1, 2011, employees are required to contribute 3% of salaries to the System. Prior to that date, employees could not contribute to the System. The City is currently required by statute to contribute 5.18%, 6.30%, and 14.90% of salaries for regular, senior management, and special risk members, respectively. Total contributions for the year ended September 30, 2013, 2012, and 2011 were approximately \$377,230, \$322,222, and \$430,662, respectively. Employees within 5 years of retirement may elect to participate in the DROP program. The City contributes 5.44% of salaries for participants of the DROP program. During 2013 the City had six employees participating in this program.

Actuarial Accrued Liability

The “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to indicate the system’s funding status on a going concern basis, assets progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among public employee retirement systems and employers. The system does not make separate measurements of assets and pension benefit obligations of participating employers.

The System does not make separate measurements of assets and the actuarial accrued liability for individual employers. The actuarial liability, which is the actuarial present value of credited projected benefits, is a standardized disclosure measurement of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial accrued liability at June 30, 2013 for the System as a whole, determined through an actuarial valuation update performed as of that date, was \$154.1 billion. The System’s valuation assets were \$131.7 billion, leaving an under-funded actuarial accrued liability of approximately \$22.4 billion. The City’s fiscal year 2013, 2012, and 2011 contributions represented approximately .02, .02, and .01 percent, respectively, of total contributions required of all participating entities. Historical trend information showing the System’s progress in accumulating sufficient assets to pay benefits when due is presented in the System’s June 30, 2013 annual report.

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
September 30, 2013

IV. Detailed Notes on all Funds - (continued)

G. Employee Retirement Plans - (continued)

Section 457 Deferred Compensation Plan

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

H. Fund Equity

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

1. Restricted for Transportation - This amount represents the amount of fund equity in the transportation surtax fund which is to be used (externally imposed) only for specific transportation related expenditures.
2. Restricted for Public Safety Initiatives - This amount represents the amount of fund equity in the law enforcement grant fund and the police law forfeiture fund which is to be used (externally imposed) only for specific expenditures.
3. Restricted for Parks and Recreation - This amount represents the amount of fund equity in the community center fund which is to be used (externally imposed) only for specific expenditures.
4. Restricted for Capital Improvements - This amount represents the amount of fund equity in the sidewalk and park improvement fund which is to be used (externally imposed) only for specific capital related expenditures.
5. Committed for Parks and Recreation - This amount represents the amount of fund equity in the recreation fund which is to be used (commission imposed) only for specific expenditures.
6. Assigned for Capital Outlay - This amount represents the amount of fund equity in the general fund and recreation fund which is to be used, as assigned by management, for capital outlay expenditures.
7. Assigned for Specific Projects - This amount represents the amount of fund equity in the general fund which is to be used, as assigned by management, for a parking stalls project.
8. Assigned for Comprehensive Plan - This amount represents the amount of fund equity in the general fund which is to be used, as assigned by management, for the City's comprehensive plan.
9. Assigned for Future Contingencies - This amount is related to various proceedings involving certain claims which the City believes not to be covered by its insurance policies, and other amounts assigned by management for insurance premiums and the red light camera settlement (See Note IV - J - 2).
10. Assigned for Retirement - This amount has been assigned by management for the retirement of long-term City employees.
11. Assigned for Public Works - This amount has been assigned by management for capital outlay expenditures and improvements to the public works building.

Restrictions of Net Position include the following:

1. Restricted for Stormwater - This amount represents the amount of earnings accumulated in the stormwater utility fund which is to be used (externally imposed) only for stormwater and drainage improvements.

CITY OF WEST MIAMI, FLORIDA
Notes to Financial Statements
 September 30, 2013

IV. Detailed Notes on all Funds - (continued)

I. 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 commercial insurance. There were no significant reductions in insurance coverage from coverage in the prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

The City is self insured for workers' compensation claims. The total liability for reported claims and the incurred but not reported claims (IBNR), is accrued when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated based on estimates provided by the claims administrator, Miami-Dade County. During fiscal years 2013 and 2012, the City estimated a portion of the liability for reported claims as long-term debt.

	2013	2012
Unpaid Claims, beginning	\$ 77,837	\$ 96,053
Incurred Claims (including IBNR)	125,345	39,826
Estimated Claim Reductions	(121,866)	(58,042)
Unpaid Claims, ending	\$ 81,316	\$ 77,837

J. Commitments and Contingencies

1. Several longtime employees of the City will be eligible for retirement in the near future. As a result, the City has assigned \$70,000 of fund balance as an estimate for these possible contingencies. The actual claims will be negotiated when the requests for retirement are submitted.
2. The City is involved in various proceedings involving certain claims which the City believes not to be covered by its general liability insurance policies. In the opinion of management and its legal counsel, the outcome of these claims should not have a significant impact on the City's financial condition. Proceedings involving several workmen's compensation claims are also closely monitored by the City's management and legal counsel. The City has assigned \$270,000 of fund balance for various possible future contingencies, of which \$130,000 is for potential general liability claims, \$80,000 is for insurance costs, and \$60,000 is the total potential contingency for a class action settlement as related to the red light camera ordinance.
3. The City receives several grants from governmental agencies that require compliance with certain provisions stated in the grant agreements. Failure to comply with the provisions could result in the return of funds to the grantors. Although that is a possibility, the City deems the contingency remote since, in management's opinion, the City has complied in all material respects with the provisions of the grants.
4. At September 30, 2013, the City did not have any significant construction projects in progress.

REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)

City of West Miami, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2013

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final	Amounts	
Revenues				
Real Estate Taxes	\$ 1,619,654	\$ 1,619,654	\$ 1,587,659	\$ (31,995)
Franchise Taxes	293,600	293,600	277,100	(16,500)
Excise, Utility Service and Other Taxes	575,000	575,000	590,148	15,148
Licenses and Permits	59,000	59,000	59,656	656
Intergovernmental Revenue	676,595	676,595	722,642	46,047
Fines and Forfeitures	388,000	375,300	518,845	143,545
Grant Revenues	-	-	154,668	154,668
Rent	180,570	180,570	220,975	40,405
Interest	300	300	425	125
Other	175,954	175,954	358,289	182,335
Total Revenues	3,968,673	3,955,973	4,490,407	534,434
Expenditures				
Current				
City Council	107,080	103,840	103,862	(22)
Legal	173,876	170,576	169,766	810
Executive	312,836	319,494	319,352	142
Finance and Administration	247,038	228,930	228,762	168
Law Enforcement	2,163,284	2,182,143	2,196,361	(14,218)
Streets	391,031	392,291	400,597	(8,306)
Garage	76,961	74,311	73,900	411
Parks	75,630	78,476	83,124	(4,648)
Facilities Maintenance	154,954	154,609	153,840	769
Non-Departmental	178,506	148,591	119,030	29,561
Capital Outlay	59,700	66,565	218,544	(151,979)
Balance Carried Forward	\$ 3,940,896	\$ 3,919,826	\$ 4,067,138	\$ (147,312)

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2013
(Continued)

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Balance Brought Forward	\$ 3,940,896	\$ 3,919,826	\$ 4,067,138	\$ (147,312)
Debt Service				
Principal Retirement	69,100	77,470	64,809	12,661
Interest	-	-	13,970	(13,970)
Total Expenditures	<u>4,009,996</u>	<u>3,997,296</u>	<u>4,145,917</u>	<u>(148,621)</u>
Excess (Deficiency) of Revenues and Over (Under) Expenditures	(41,323)	(41,323)	344,490	385,813
Other Financing Sources (Uses)				
Proceeds from Equipment Installment Obligations	-	-	56,013	56,013
Proceeds from Sale of Property	-	-	10,975	10,975
Operating Transfers In	91,000	91,000	50,000	(41,000)
Operating Transfers (Out)	(49,677)	(49,677)	(49,677)	-
Total Other Financing Sources (Uses)	<u>41,323</u>	<u>41,323</u>	<u>67,311</u>	<u>25,988</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,801</u>	<u>\$ 411,801</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Revenues-Budget and Actual
General Fund
For the Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Real Estate Taxes	\$ 1,619,654	\$ 1,587,659	\$ (31,995)
Franchise Taxes			
Electricity	275,000	257,628	(17,372)
Gas	13,000	13,872	872
Bus Benches	5,600	5,600	-
	<u>293,600</u>	<u>277,100</u>	<u>(16,500)</u>
Excise, Utility Service and Other Taxes			
Excise	296,000	328,448	32,448
Utility Service	275,000	257,261	(17,739)
BED	4,000	4,439	439
	<u>575,000</u>	<u>590,148</u>	<u>15,148</u>
Licenses and Permits			
Occupational Licenses	39,500	40,632	1,132
Building Permits	4,500	5,771	1,271
Alarm Permits	10,000	13,178	3,178
Miscellaneous Permits	5,000	75	(4,925)
	<u>59,000</u>	<u>59,656</u>	<u>656</u>
Intergovernmental			
Sales Tax	370,000	410,464	40,464
Revenue Sharing	200,385	206,345	5,960
Fuel Tax	105,510	105,599	89
Mobile Homes	700	234	(466)
	<u>676,595</u>	<u>722,642</u>	<u>46,047</u>
Fines and Forfeitures			
Red Light Camera	288,300	426,123	137,823
Collected by Metro-Dade	75,000	75,622	622
Performance Bonds Forfeitures	12,000	17,100	5,100
	<u>375,300</u>	<u>518,845</u>	<u>143,545</u>
Grant Revenues	-	154,668	154,668
Rent	180,570	220,975	40,405
Interest	300	425	125
Other			
Accident Reports	3,000	3,025	25
False Alarms	1,000	2,885	1,885
Zoning Fees and Certificates of Use	14,000	10,913	(3,087)
Passport	50,000	135,667	85,667
Miscellaneous	107,954	205,799	97,845
	<u>175,954</u>	<u>358,289</u>	<u>182,335</u>
Total Revenues	<u>\$ 3,955,973</u>	<u>\$ 4,490,407</u>	<u>\$ 534,434</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures-Budget and Actual
General Fund
For the Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
City Council			
Salaries	\$ 2,295	\$ 2,260	\$ 35
Medical and Life Insurance	71,759	71,760	(1)
Council Expense	6,040	6,040	-
Other Insurance Costs	500	500	-
Telephone	1,000	1,000	-
Postage	1,500	1,500	-
Office Supplies	3,513	3,477	36
Computer Service	4,871	4,872	(1)
Commission Representation	12,362	12,453	(91)
	<u>\$ 103,840</u>	<u>\$ 103,862</u>	<u>\$ (22)</u>
Legal			
Salaries	\$ 130,966	\$ 130,924	\$ 42
Medical and Life Insurance	11,939	11,939	-
Miscellaneous Legal	50	-	50
Code Enforcement	500	-	500
Legal Advertising	8,765	8,762	3
Office Supplies	1,600	1,600	-
Telephone Services	1,200	1,200	-
Postage	1,000	1,000	-
General Liability	8,500	8,500	-
Computer Service	3,071	3,071	-
Miscellaneous	800	756	44
Fuel and Lubricants	1,900	1,846	54
Protective Clothing Vehicle Reparis	85	-	85
Vehicle Repairs	200	168	32
	<u>\$ 170,576</u>	<u>\$ 169,766</u>	<u>\$ 810</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures-Budget and Actual
General Fund
For the Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Executive			
Salaries	\$ 226,168	\$ 226,094	\$ 74
Payroll Taxes	15,454	15,454	-
Retirement	11,953	11,953	-
Workmen's Compensation	3,572	3,572	-
Medical and Life Insurance	20,376	20,376	-
Conferences and Training	2,016	2,016	-
Printed Forms	600	595	5
Car Allowance	4,200	4,200	-
Telephone Service	2,350	2,350	-
City Manager's Expenses	584	575	9
Other Insurance Costs	500	500	-
Other Miscellaneous	3,250	3,200	50
Postage	600	600	-
Computer Service	4,671	4,671	-
General Liability Insurance	10,000	10,000	-
ICMA	12,000	12,000	-
Channel 49 Expenses	1,200	1,196	4
	<u>\$ 319,494</u>	<u>\$ 319,352</u>	<u>\$ 142</u>
Finance and Administration			
Salaries	\$ 120,266	\$ 120,255	\$ 11
Payroll Taxes	16,164	16,164	-
Retirement	10,629	10,629	-
Workmen's Compensation	3,900	3,900	-
Medical and Life Insurance	46,085	46,085	-
Office Supplies	3,200	3,200	-
Telephone Service	2,500	2,500	-
Postage	3,700	3,634	66
Printed Forms	5,300	5,257	43
General Liability	7,000	7,000	-
Other Insurance Costs	500	500	-
Repairs to Equipment	1,515	1,512	3
Rental of Equipment	3,100	3,055	45
Computer Service	5,071	5,071	-
	<u>\$ 228,930</u>	<u>\$ 228,762</u>	<u>\$ 168</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures-Budget and Actual
General Fund
For the Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Law Enforcement			
Salaries	\$ 1,400,648	\$ 1,406,572	\$ (5,924)
Other Personal Services	36,600	36,581	19
Payroll Taxes	111,107	111,107	-
Retirement	192,981	192,981	-
Workmens' Compensation	40,798	40,798	-
Medical and Life Insurance	208,184	208,184	-
Printed Forms	900	863	37
Fuel and Lubricants	90,638	90,638	-
Vehicle Repair Parts and Labor	32,562	32,562	-
Operating Equipment Repair Parts	2,670	2,670	-
Uniform Purchases	5,895	5,894	1
Telephone Services	3,000	3,000	-
General Liability Insurance	34,594	34,594	-
Other Insurance Costs	1,000	1,000	-
Repairs to Equipment	2,555	2,515	40
Other Miscellaneous	1,475	1,473	2
Office Supplies	3,400	3,400	-
Building and Maintenance Supplies	900	883	17
Small Tools and Minor Equipment	1,870	1,869	1
Postage	600	600	-
Dues and Subscriptions	980	980	-
Plaques, Awards, Recognition	762	762	-
Other Professional Services	2,133	2,127	6
Computer Service	5,571	11,821	(6,250)
Court Costs and Investigations	20	17	3
Information Expense	300	281	19
Rental Machine and Equipment	-	2,189	(2,189)
	<u>\$ 2,182,143</u>	<u>\$ 2,196,361</u>	<u>\$ (14,218)</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures-Budget and Actual
General Fund
For the Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Streets			
Salaries	\$ 140,663	\$ 140,562	\$ 101
Payroll Taxes	16,809	16,809	-
Retirement	12,146	12,146	-
Workmen's Compensation	30,800	30,800	-
Medical and Life Insurance	42,271	42,271	-
Fuel and Lubricants	16,300	16,275	25
Protective Clothing	2,300	2,237	63
Building Materials and Supplies	5,175	5,170	5
Small Tools and Minor Equipment	2,400	2,393	7
Vehicle Repair Parts and Labor	14,500	14,500	-
Operating Equipment Repair Parts	7,755	16,409	(8,654)
Telephone Service	2,000	2,000	-
General Liability Insurance	20,406	20,406	-
Street Lighting Electricity	61,000	61,000	-
Repairs to Equipment	900	882	18
Computer Service	4,521	4,521	-
Rental of Equipment	2,000	1,977	23
Landscape Maintenance	3,800	3,786	14
Other Miscellaneous	1,010	1,009	1
Office Supplies	2,300	2,300	-
Postage	800	800	-
Conference and Training Costs	35	35	-
Uniform Rental	2,400	2,309	91
	<u>\$ 392,291</u>	<u>\$ 400,597</u>	<u>\$ (8,306)</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures-Budget and Actual
General Fund
For the Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Garage			
Salaries	\$ 44,886	\$ 44,775	\$ 111
Payroll Taxes	3,097	3,097	-
Retirement	2,082	2,082	-
Workmen's Compensation	4,696	4,696	-
Medical and Life Insurance	5,950	5,950	-
Cleaning Supplies	200	132	68
Fuel and Lubricants	700	661	39
Small Tools and Minor Equipment	675	673	2
Vehicle Repair Parts	1,800	1,742	58
Operating Equipment Repair Parts	50	-	50
Uniform Rental	775	773	2
Hazardous Waste Disposal	200	120	80
General Liability Insurance	9,000	9,000	-
Other Miscellaneous	200	199	1
	<u>\$ 74,311</u>	<u>\$ 73,900</u>	<u>\$ 411</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures-Budget and Actual
General Fund
For the Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Parks			
Salaries	\$ 34,025	\$ 34,025	\$ -
Payroll Taxes	2,316	2,316	-
Retirement	1,582	1,582	-
Workmen's Compensation	4,652	4,652	-
Medical and Life Insurance	10,060	10,060	-
Horticultural Supplies	3,965	3,916	49
Fuel and Lubricants	3,670	3,613	57
Protective Clothing	200	193	7
Small Tools and Minor Equipment	335	331	4
Vehicle Repair Parts and Labor	200	196	4
Other Repair and Maintenance Supplies	95	92	3
General Liability Insurance	7,000	7,000	-
Other Insurance	200	200	-
Other Miscellaneous	6,646	11,490	(4,844)
Rental of Equipment	100	40	60
Uniform Rental	800	791	9
Electricity	2,630	2,627	3
	<u>\$ 78,476</u>	<u>\$ 83,124</u>	<u>\$ (4,648)</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures-Budget and Actual
General Fund
For the Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Facilities Maintenance			
Salaries	\$ 57,728	\$ 57,691	\$ 37
Payroll Taxes	4,518	4,518	-
Retirement	3,447	3,447	-
Workmen's Compensation	7,511	7,511	-
Medical and Life Insurance	5,950	5,950	-
Horticultural Supplies	800	759	41
Cleaning and Sanitation Supplies	3,400	3,324	76
Fuel and Lubricants	1,200	1,186	14
Household and Institutional Supplies	3,200	3,190	10
Protective Clothing	500	429	71
Building Material and Supplies	21,120	21,103	17
Small Tools and Minor Equipment	1,625	1,625	-
Vehicle Repair Parts	375	318	57
Operating Equipment Repair Parts	35	-	35
Installed Building Equipment Repair Parts	1,100	1,001	99
Other Repairs and Maintenance Supplies	100	-	100
General Liability Insurance	10,000	10,000	-
Electricity	24,000	23,908	92
Water	4,000	3,930	70
Other Miscellaneous	30	28	2
Uniform Rental	1,865	1,862	3
Telephone Service	1,000	1,000	-
Other Insurance Building	500	500	-
Repairs to Equipment	600	560	40
Rental of Equipment	5	-	5
	<u>\$ 154,609</u>	<u>\$ 153,840</u>	<u>\$ 769</u>

See accompanying notes to budgetary comparison schedules.

City of West Miami, Florida
Schedule of Expenditures-Budget and Actual
General Fund
For the Year Ended September 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Non-Departmental			
Payroll Taxes	\$ 219,595	\$ 219,557	\$ 38
Retirement	262,975	271,794	(8,819)
Workmen's Compensation	165,000	125,000	40,000
Medical and Life Insurance	509,388	559,387	(49,999)
Allowance to Board Members	360	330	30
Auditing Services	21,000	21,000	-
Engineer Services	3,400	3,200	200
Other Professional Services	34,200	62,367	(28,167)
Code Enforcement Allowance	498	480	18
Court Recordings	400	342	58
General Liability Insurance	185,000	159,263	25,737
Other Insurance Costs	300	240	60
Dues and Subscriptions	3,115	3,113	2
Contingency Fund	26,087	26,086	1
Real Estate Taxes	500	(454)	954
Office Supplies	18,085	17,834	251
Telephone	27,340	27,332	8
Postage	15,000	14,905	95
Computer Service	68,000	63,936	4,064
Retirement Deferred Payment	15,783	15,783	-
Reserve	63,106	-	63,106
Settlement Expense	-	18,075	(18,075)
Interdepartmental Allocations	(1,490,541)	(1,490,540)	(1)
	<u>\$ 148,591</u>	<u>\$ 119,030</u>	<u>\$ 29,561</u>

See accompanying notes to budgetary comparison schedules.

CITY OF WEST MIAMI, FLORIDA
Notes to Budgetary Comparison Schedules
September 30, 2013

Note 1. Budgets and Budgetary Accounting

The City legally adopts annual budgets for the general fund and most of the special revenue funds. The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States. The following procedures are used by the City in establishing the budgetary data reflected in the financial statements.

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

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

Note 2. Excess of Expenditures over Appropriations

The general fund capital outlay expenditures exceeded appropriations by a combined \$151,979. This unfavorable variance was caused by unbudgeted costs related to infrastructure and capital asset acquisitions. These unbudgeted expenditures were approved by the City Commission and were funded by grant revenues and proceeds from equipment installment obligations. The general fund city council expenditures exceeded appropriations by a combined \$22. This unfavorable variance was caused by unanticipated reclassification adjustments originally budgeted through a different department. The general fund law enforcement expenditures exceeded appropriations by a combined \$14,218. This unfavorable variance was caused by unexpected costs of overtime and reclassifications of amounts originally classified as capital outlay expenditures. The general fund streets expenditures exceeded appropriations by a combined \$8,306. This unfavorable variance was caused by unexpected repair costs incurred during the year. The general fund parks expenditures exceeded appropriations by a combined \$4,648. This unfavorable variance was caused by reclassifications of amounts originally classified as capital outlay expenditures. The negative variances are disclosed in the Budgetary Comparison Statements and Schedules – General Fund - pages 37-38. The overall budget variance ends with a positive variance of \$411,801 when combined with revenue and interfund transfer variances.

Note 3. Budget/GAAP Reconciliation

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

COMBINING FINANCIAL STATEMENTS

City of West Miami, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

	Special Revenue						Total Nonmajor Governmental Funds
	Community Center Fund	Transportation Surtax Fund	Recreation Fund	Sidewalk and Park Improvement Fund	Law Enforcement Grant Fund	Police Law Forfeiture Fund	
Assets							
Cash and Cash Equivalents	\$ 34	\$ -	\$ 10,140	\$ -	\$ -	\$ -	\$ 10,174
Cash - Restricted	-	166,915	-	3,982	3,162	243,262	417,321
Receivables	98,548	51,048	1,462	-	-	-	151,058
Due From Other Funds	197,120	-	85,599	30,904	-	-	313,623
Total Assets	<u>\$ 295,702</u>	<u>\$ 217,963</u>	<u>\$ 97,201</u>	<u>\$ 34,886</u>	<u>\$ 3,162</u>	<u>\$ 243,262</u>	<u>\$ 892,176</u>
Liabilities and Fund Balances							
Liabilities							
Accounts Payable and Accrued Expenses	\$ 40,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,539
Due To Other Funds	131,099	32,303	30,904	30,837	3,107	12,539	240,789
Unearned Revenue	1,229	-	18,594	3,200	-	-	23,023
Total Liabilities	<u>172,867</u>	<u>32,303</u>	<u>49,498</u>	<u>34,037</u>	<u>3,107</u>	<u>12,539</u>	<u>304,351</u>
Fund Balances							
Restricted - for Transportation	-	185,660	-	-	-	-	185,660
Restricted - for Public Safety Initiatives	-	-	-	-	55	230,723	230,778
Restricted - for Parks and Recreation	122,835	-	-	-	-	-	122,835
Restricted - for Capital Improvements	-	-	-	849	-	-	849
Committed - for Parks and Recreation	-	-	32,821	-	-	-	32,821
Assigned - for Capital Outlay	-	-	14,882	-	-	-	14,882
Total Fund Balances	<u>122,835</u>	<u>185,660</u>	<u>47,703</u>	<u>849</u>	<u>55</u>	<u>230,723</u>	<u>587,825</u>
Total Liabilities and Fund Balances	<u>\$ 295,702</u>	<u>\$ 217,963</u>	<u>\$ 97,201</u>	<u>\$ 34,886</u>	<u>\$ 3,162</u>	<u>\$ 243,262</u>	<u>\$ 892,176</u>

City of West Miami, Florida
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Community Center Fund	Transportation Surtax Fund	Recreation Fund	Sidewalk and Park Improvement Fund	Law Enforcement Grant Fund	Police Law Forfeiture Fund	
Revenues							
Real Estate Taxes	\$ -	\$ -	\$ 275,180	\$ -	\$ -	\$ -	\$ 275,180
Government Grants/Contributions	395,262	-	-	-	-	-	395,262
Surtax	-	214,600	-	-	-	-	214,600
Fines and Forfeitures	-	-	-	-	-	101,007	101,007
Interest	-	-	-	2	-	273	275
Other	38,752	-	233,357	-	-	-	272,109
Total Revenues	434,014	214,600	508,537	2	-	101,280	1,258,433
Expenditures							
Salaries and Wages	117,652	47,524	272,202	-	-	72,329	509,707
Personnel Benefits	38,907	17,368	55,872	-	-	-	112,147
Meals for Seniors	242,129	-	-	-	-	-	242,129
Other	78,367	62,826	187,062	-	-	10,576	338,831
Capital Outlay/Construction in Progress	40,750	12,575	-	-	-	48,694	102,019
Debit Service							
Principal retirement	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Expenditures	517,805	140,293	515,136	-	-	131,599	1,304,833
Excess (Deficiency) of Revenues Over (Under) Expenditures	(83,791)	74,307	(6,599)	2	-	(30,319)	(46,400)
Other Financing Sources (Uses)							
Operating Transfers In	49,677	-	-	-	-	-	49,677
Operating Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	49,677	-	-	-	-	-	49,677
Net Change in Fund Balances	(34,114)	74,307	(6,599)	2	-	(30,319)	3,277
Fund Balances at Beginning of Year	156,949	111,353	54,302	847	55	261,042	584,548
Fund Balances at End of Year	<u>\$ 122,835</u>	<u>\$ 185,660</u>	<u>\$ 47,703</u>	<u>\$ 849</u>	<u>\$ 55</u>	<u>\$ 230,723</u>	<u>\$ 587,825</u>

COMPLIANCE SECTION

Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Miami, Florida (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of West Miami, Florida's basic financial statements, and have issued our report thereon dated March 14, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rodriguez, Trueba & Company

Rodríguez, Trueba & Company, P.A.

Doral, Florida

March 14, 2014

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

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

We have audited the financial statements of the City of West Miami, Florida (the “City”), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 14, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Report of Independent Certified Public Accountants 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*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 14, 2014, should be considered in conjunction with this management letter.

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

1. Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Any exceptions are noted in the accompanying Schedule of Findings and Questioned Costs (Part V. Prior Year Findings, Comments and Recommendations).
2. Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of West Miami, Florida complied with Section 218.415, Florida Statutes.
3. Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, findings and recommendations are included in the accompanying Schedule of Findings and Questioned Costs.
4. Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
5. Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

6. Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of West Miami, Florida was established by Section 14 of Article I, Laws of Florida 1949, Ch. 26301. There were no component units related to the City of West Miami, Florida.
7. Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
8. Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of West Miami, Florida, for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
9. Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The assessment was completed as of the fiscal year end. Based on this assessment, overall financial conditions were not deteriorating.

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

Rodriguez, Trueba & Company

Rodriguez, Trueba & Company, P.A.
Doral, Florida
March 14, 2014

CITY OF WEST MIAMI, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

PART I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	_X_ no
Significant deficiencies identified not considered to be material weaknesses?	___ yes	_X_ no
Non-compliance material to financial statements noted?	___ yes	_X_ no

Federal Awards and State Financial Assistance

Federal Program expenditures for the year ended September 30, 2013 were less than \$500,000; as a result a Federal Single Audit was not required.

State Project expenditures for the year ended September 30, 2013 were less than \$500,000; as a result a Florida Single Audit was not required.

PART II. FINANCIAL STATEMENTS FINDINGS AND RECOMMENDATIONS

There are no new findings. See status of prior year findings, comments and recommendations in Part V below.

PART III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Federal Single Audit not required for the year ended September 30, 2013.

PART IV. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE INCLUDING AUDIT FINDINGS AS DEFINED IN RULE 10.554(1)(I).

Florida Single Audit not required for the year ended September 30, 2013.

PART V. PRIOR YEAR FINDINGS, COMMENTS AND RECOMMENDATIONS

The following is a summary of prior year findings and recommendations that were not repeated in the current year findings and recommendations, were not implemented, or were only partially implemented by the City during the current year.

Finding Number	Prior Years' Observation	Comment is Still Relevant	Comment is no Longer Relevant
2010-1	Restricted Cash and Customer Deposits	X	
2007-1	Audit Journal Entries		X

CITY OF WEST MIAMI, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

PART V. PRIOR YEAR FINDINGS, COMMENTS AND RECOMMENDATIONS - (continued)

Finding 2010-1

Restricted Cash and Customer Deposits

The City should maintain enough cash and/or deposits in the water system fund to be able to cover customer deposits within that fund. As of September 30, 2010, the City does not have sufficient cash and/or deposits in the water system fund to restrict for customer deposits. This has been an issue for several years; however, in the current year it is compounded by the fact that the water system fund has a net asset deficit.

Recommendation

The City should collect interfund amounts due to the water system fund in an effort to have enough cash to be able to restrict for customer deposits. If this is not feasible during the following year, the City should develop a repayment plan for amounts owed across funds in order to be able to reduce the interfund balance in the water system fund.

Management's Response

Management does not deem this to be a deficiency since it is extremely unlikely that all customer deposits will have to be repaid at the same time. The City has increased its water rates in fiscal year 2011 as a means to address the net asset deficit and the shortage of cash in the water system fund. In the event that the City's water system fund would not be able to repay a customer deposit, cash would be transferred in from another fund as necessary. Although management does not deem this to be a deficiency, it agrees that a repayment plan should be made for amounts owed across all funds. Financial conditions have been deteriorating in the enterprise funds throughout the past several years, and it is management's goal for these funds to become self-sufficient. If these issues can be addressed successfully, this finding will be corrected.

Current Status

This deficiency still exists in the current year; however, due to previous years' increases in water rates, the City has continued to improve conditions in the water system fund by generating an increase in net position during fiscal years ended September 30, 2013 and 2012. Management is continuing to analyze all interfund accounts to determine a plan of repayment across funds in order to further address this deficiency.

Finding 2007-1

Significant Deficiency - Audit Journal Entries

The City's audit required several audit adjustments to prepare GAAP financial statements. The financial statements are required to be the product of a financial reporting system that offers reasonable assurance that management is able to produce financial statements in accordance with GAAP. This creates an absence of an internal process to report deficiencies in internal control to management on a timely basis. The independent auditors assist the City with the preparation of the financial statements as a convenience because the City has the skills to do so. Having the City staff prepare the financial statements would not be a cost-efficient alternative to the current situation.

The circumstances described above have always existed in the City. However, in May 2006, the Auditing Standards Board issued Statement on Auditing Standards No 112, Communicating Internal Control Related Matters Identified in an Audit. SAS 112 introduced terms, definitions and guidance for identifying and evaluating control deficiencies and communicating significant deficiencies and material weaknesses. Under SAS 112, a deficiency exists if the governmental unit does not have effective controls to prevent, detect and correct misstatements in the financial statements and auditors are now required to communicate in writing any significant deficiencies and material weaknesses in internal control over financial reporting identified during an audit. Under these guidelines, the City's condition meets the criteria of a significant deficiency.

CITY OF WEST MIAMI, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

PART V. PRIOR YEAR FINDINGS, COMMENTS AND RECOMMENDATIONS - (continued)

Recommendation

Management should assess the risk associated with these conditions and identify any processes that can be incorporated into their existing controls to improve the deficiencies; such as, minimizing the likelihood of material audit adjustments through reviews of transactions and balances on a monthly basis for general propriety and accuracy. Follow up can then be made on significant and unusual items and verify supporting documents to resolve exceptions.

Management's Response

Management accepts the finding and recommendation. The City's Finance Director will meet with the independent auditors prior to closing the books of the City and try to identify possible adjustments and circumstances that would prevent this finding. Correcting this situation may not provide a cost-effective solution to the finding. The independent auditors assist the City with the preparation of the financial statements as a convenience, because the City has the skills to do so. Having the City staff prepare the financial statements would not be a cost-efficient alternative to the current situation.

Management does not presently deem the risk of this deficiency as significant.

Current Status

This deficiency is deemed to be corrected in the current year. Management and the finance department were able to address the deficiency by completing an extensive review of transactions and balances throughout the year and prior to closing the fiscal year.