

City of Westlake, Florida
ANNUAL FINANCIAL REPORT
September 30, 2022

City of Westlake, Florida
ANNUAL FINANCIAL REPORT

September 30, 2022

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REPORT OF INDEPENDENT AUDITORS

To the City Council
City of Westlake, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of City of Westlake, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of City of Westlake, Florida as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the General and Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

To the City Council
City of Westlake, Florida

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

To the City Council
City of Westlake, Florida

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 17, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

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 Westlake, Florida's internal control over financial reporting and compliance.

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

August 17, 2023

City of Westlake, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

Management's discussion and analysis of the City of Westlake, Florida (the "City") financial performance provides an analysis of the City's financial activities. The analysis provides summary financial information for the City and should be read in conjunction with the City's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the City's financial position and results of operations. The *Fund financial statements* present financial information for the City's major funds. The *Notes to financial statements* provide additional information concerning the City's finances.

The *Government-wide financial statements* include the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by taxes.

The **statement of net position** presents information on all assets and liabilities of the City, with the difference between assets and liabilities reported as net position. Net position is reported in two categories; 1) net investment in capital assets and, 2) unrestricted. Assets, liabilities, and net position are reported for all governmental activities.

The **statement of activities** presents information on all revenues and expenses of the City and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the City. To assist in understanding the City's operations, expenses have been reported as governmental activities. Governmental activities funded by the City include general government, public safety, physical environment and debt service.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major funds of the City. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

City of Westlake, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the City's General and Special Revenue Funds. *Fund financial statements* provide more detailed information about the City's activities. Individual funds are established by the City to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* are designed to provide the reader with a broad overview of the City's finances, in a manner similar to a private sector business. In the government-wide **statement of net position**, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations. The effect of interfund activity has been eliminated from the *government-wide financial statements*. In contrast, the governmental fund financial statements are grouped into funds to account for and to maintain control over resources that have been segregated for specific activities or objectives. The *fund financial statements* are presented using the current financial resources measurement focus and the modified accrual basis where as revenues are recorded when collected in the current year or within 60 days of year-end and expenditures are recorded when a liability is incurred. The difference between the two statements arises primarily from the long-term economic focus of the *government-wide statements* versus the current financial resources focus of the *fund financial statements*. A reconciliation of the *government-wide* and the *fund financial statement* is provided to illustrate these differences.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the City. Additional information about the accounting practices of the City are included in the *notes to financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2022.

- ◆ The City's total assets exceeded total liabilities by \$7,427,850 (net position). Net investment in capital assets totaled \$980,307 and unrestricted net position was \$6,447,543.
- ◆ Governmental activities revenues totaled \$6,898,750 while governmental activities expenses totaled \$5,262,650.

City of Westlake, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the City

The following schedule provides a summary of the assets, liabilities and net position of the City and is presented by category.

	Net Position	
	Governmental Activities	
	2022	2021
Current assets	\$ 7,389,740	\$ 5,741,200
Capital assets	994,562	1,011,101 *
Total Assets	<u>8,384,302</u>	<u>6,752,301</u>
Current liabilities	954,772	936,099
Non-Current liabilities	1,680	24,452 *
Total Liabilities	<u>956,452</u>	<u>960,551</u>
Net position-net investment in capital assets	980,307	979,027
Net position-unrestricted	6,447,543	4,812,723 *
Total Net Position	<u>\$ 7,427,850</u>	<u>\$ 5,791,750</u>

*Restated

The increase in current assets and net position is related to the excess of revenues over expenses in the current year.

The increase in current liabilities is related to the increase in accounts payable in the current year.

City of Westlake, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the City (Continued)

The following schedule provides a summary of the changes in net position of the City and is presented by category.

Change In Net Position

	Governmental Activities	
	2022	2021
Program Revenues		
Charges for services	\$ 4,001,893	\$ 5,439,643
Operating contributions	-	540,000
General Revenues		
Taxes	2,377,439	1,482,058
Intergovernmental revenues	362,367	362,368
Investment earnings	18,078	4,894
Miscellaneous revenues	138,973	35,456
Total Revenues	<u>6,898,750</u>	<u>7,864,419</u>
Expenses		
General government	3,953,539	3,555,182 *
Public safety	650,002	651,060
Physical environment	656,431	473,546
Interest and other charges	2,678	2,585
Total Expenses	<u>5,262,650</u>	<u>4,682,373</u>
Changes in Net Position	1,636,100	3,182,046
Net Position - beginning of year	5,791,750 *	2,609,704 *
Net Position - end of year	<u>\$ 7,427,850</u>	<u>\$ 5,791,750 *</u>

The decrease in charges for services is related to the decrease in building and engineering permits in the current year.

The increase in taxes is related to the increase in property taxes levied in the current year.

The decrease in developer contributions is related to the increase in other revenues in the current year.

The increase in general government expenses is primarily related to the increase in management services, and engineering fees.

**City of Westlake, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the City's capital assets as of September 30, 2022 and 2021.

Description	Governmental Activities	
	2022	2021
Land improvements	\$ 976,400	\$ 976,400
Equipment	46,665	44,810
Less: accumulated depreciation	(31,611)	(22,538)
Total Capital Assets, Net	\$ 991,454	\$ 998,672

The activity for the year was depreciation of \$9,073 and additions to equipment of \$1,855.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily because legal services and reserve expenditures were lower than anticipated.

The September 30, 2022 budget was not amended.

Debt Management

In December 2018, the City entered into a financed purchase agreement of \$39,646, for software. The balance outstanding at September 30, 2022 was \$11,147.

Economic Factors and Next Year's Budget

The City will continue to develop in 2023 and therefore, it is expected revenues and expenditures will increase as the City expands.

Request for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Westlake, Florida, Inframark Infrastructure Management Services, 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

City of Westlake, Florida
STATEMENT OF NET POSITION
September 30, 2022

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 6,649,481
Accounts receivable	24,949
Taxes receivable	48,048
Assessments receivable	43,059
Due from developer	12,000
Due from other governments	1,240
Deposits	666
Mortgages receivable	610,297
Total Current Assets	7,389,740
Non-current Assets	
Capital Assets	
Land	976,400
Equipment	46,665
Right to use leased equipment, net	3,108
Less: accumulated depreciation	(31,611)
Total Non-current Assets	994,562
Total Assets	8,384,302
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	431,862
Due to other governments	452,536
Lease payable	3,489
Unearned revenues	57,418
Financed purchase payable	9,467
Total Current Liabilities	954,772
Non-current Liabilities	
Financed purchase payable	1,680
Total Liabilities	956,452
NET POSITION	
Net investment in capital assets	980,307
Unrestricted	6,447,543
Total Net Position	\$ 7,427,850

See accompanying notes to financial statements.

City of Westlake, Florida
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Changes in Net Position
Governmental Activities:			
General government	\$ (3,953,539)	\$ 2,161,046	\$ (1,792,493)
Public safety	(650,002)	915,894	265,892
Physical environment	(656,431)	924,953	268,522
Interest and other charges	(2,678)	-	(2,678)
Total Governmental Activities	\$ (5,262,650)	\$ 4,001,893	(1,260,757)
General Revenues:			
Taxes			
Property taxes levied for general purposes			1,726,681
Communication taxes			47,770
Franchise taxes			602,988
Intergovernmental revenues			362,367
Investment earnings			18,078
Miscellaneous revenues			138,973
Total General Revenues			2,896,857
Change in Net Position			1,636,100
Net Position - October 1, 2021			5,791,750
Net Position - September 30, 2022			\$ 7,427,850

See accompanying note to financial statements.

City of Westlake, Florida
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2022

	General Fund	Special Revenue Funds		Total Governmental Funds
		Housing Assistance	Comprehensive Planning	
ASSETS				
Cash and cash equivalents	\$ 3,752,307	\$ 2,897,174	\$ -	\$ 6,649,481
Accounts receivable	1,072	-	23,877	24,949
Taxes receivable	48,048	-	-	48,048
Assessments receivable	43,059	-	-	43,059
Due from other funds	-	-	1,923,250	1,923,250
Due from developer	-	12,000	-	12,000
Due from other governments	1,240	-	-	1,240
Deposits	666	-	-	666
Mortgages receivable	-	610,297	-	610,297
Total Assets	<u>\$ 3,846,392</u>	<u>\$ 3,519,471</u>	<u>\$ 1,947,127</u>	<u>\$ 9,312,990</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 194,131	\$ 1,500	\$ 236,231	\$ 431,862
Due to other funds	1,923,250	-	-	1,923,250
Unearned revenues	41,999	-	15,419	57,418
Due to other governments	452,536	-	-	452,536
Total Liabilities	<u>2,611,916</u>	<u>1,500</u>	<u>251,650</u>	<u>2,865,066</u>
Deferred Inflows of Resources				
Unavailable revenues	<u>43,059</u>	<u>-</u>	<u>-</u>	<u>43,059</u>
Fund balance:				
Nonspendable - deposits	666	-	-	666
Assigned - loan program/planning	-	3,517,971	1,695,477	5,213,448
Unassigned	1,190,751	-	-	1,190,751
Total Fund Balance	<u>1,191,417</u>	<u>3,517,971</u>	<u>1,695,477</u>	<u>6,404,865</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,846,392</u>	<u>\$ 3,519,471</u>	<u>\$ 1,947,127</u>	<u>\$ 9,312,990</u>

See accompanying notes to financial statements.

City of Westlake, Florida
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2022

Total Governmental Fund Balances	\$ 6,404,865
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, land, \$976,400, and equipment, \$46,665, net of accumulated depreciation, \$(31,611), and right-to-use leased equipment, net, \$3,108, used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	994,562
Unavailable revenues are recognized as deferred inflows of resources at the fund level, however, revenues are recognized as earned at the government-wide level.	43,059
Long-term liabilities, including financed purchases and leases payable, are not due and payable in the current period and therefore, are not reported at the fund level.	<u>(14,636)</u>
Net Position of Governmental Activities	<u><u>\$ 7,427,850</u></u>

See accompanying notes to financial statements.

City of Westlake, Florida
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	General Fund	Special Revenue Funds		Total Governmental Funds
		Housing Assistance	Comprehensive Planning	
Revenues				
Taxes				
Property	\$ 1,726,681	\$ -	\$ -	\$ 1,726,681
Communication	47,770	-	-	47,770
Special assessments	214,718	-	-	214,718
Licenses and permits	128,717	-	2,394,127	2,522,844
Franchise fees	602,988	-	-	602,988
Intergovernmental revenues	362,367	-	-	362,367
Charges for services	266,233	1,001,028	-	1,267,261
Fines and forfeitures	880	-	-	880
Investment earnings	7,701	10,377	-	18,078
Miscellaneous revenues	138,973	-	-	138,973
Total Revenues	<u>3,497,028</u>	<u>1,011,405</u>	<u>2,394,127</u>	<u>6,902,560</u>
Expenditures				
Current:				
General government	1,533,675	53,246	2,348,224	3,935,145
Public safety	650,002	-	-	650,002
Physical environment	656,431	-	-	656,431
Capital outlay	1,855	-	-	1,855
Debt Service				
Principal	16,450	-	1,865	18,315
Interest	2,495	-	183	2,678
Total Expenditures	<u>2,860,908</u>	<u>53,246</u>	<u>2,350,272</u>	<u>5,264,426</u>
Net change in fund balances	636,120	958,159	43,855	1,638,134
Fund Balances - October 1, 2021	<u>555,297</u>	<u>2,559,812</u>	<u>1,651,622</u>	<u>4,766,731</u>
Fund Balances - September 30, 2022	<u>\$ 1,191,417</u>	<u>\$ 3,517,971</u>	<u>\$ 1,695,477</u>	<u>\$ 6,404,865</u>

See accompanying notes to financial statements.

City of Westlake, 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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 1,638,134
<p>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 as depreciation. This is the amount that depreciation, \$(9,073), and amortization, \$(9,321) exceeded capital outlay, \$1,855, in the current year.</p>	(16,539)
<p>At the fund level, unavailable revenues are recognized as deferred inflows of resources, however, revenues are recognized when earned at the government-wide level. This is the change in unavailable revenues in the current year.</p>	(3,810)
<p>Repayments of principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.</p>	<u>18,315</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,636,100</u></u>

See accompanying notes to financial statements.

City of Westlake, Florida
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
For the Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property	\$ 1,643,404	\$ 1,643,404	\$ 1,726,681	\$ 83,277
Communications	36,200	36,200	47,770	11,570
Special assessments	223,300	223,300	214,718	(8,582)
Licenses and permits	259,300	259,300	128,717	(130,583)
Impact fees	62,100	62,100	-	(62,100)
Franchise fees	329,100	329,100	602,988	273,888
Intergovernmental revenues	-	-	362,367	362,367
Charges for services	-	-	266,233	266,233
Fines and forfeitures	-	-	880	880
Developer contributions	1,051,796	1,051,796	-	(1,051,796)
Investment earnings	-	-	7,701	7,701
Miscellaneous revenues	88,200	88,200	138,973	50,773
Total Revenues	<u>3,693,400</u>	<u>3,693,400</u>	<u>3,497,028</u>	<u>(196,372)</u>
Expenditures				
Current:				
General government	2,395,900	2,395,900	1,533,675	862,225
Public safety	656,500	656,500	650,002	6,498
Physical environment	380,800	380,800	656,431	(275,631)
Capital outlay	250,000	250,000	1,855	248,145
Debt Service				
Principal	8,500	8,500	16,450	(7,950)
Interest	1,700	1,700	2,495	(795)
Total Expenditures	<u>3,693,400</u>	<u>3,693,400</u>	<u>2,860,908</u>	<u>832,492</u>
Net change in fund balances	-	-	636,120	636,120
Fund Balances - October 1, 2021	<u>203,643</u>	<u>203,643</u>	<u>555,297</u>	<u>351,654</u>
Fund Balances - September 30, 2022	<u>\$ 203,643</u>	<u>\$ 203,643</u>	<u>\$ 1,191,417</u>	<u>\$ 987,774</u>

See accompanying notes to financial statements.

City of Westlake, Florida
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
SPECIAL REVENUE FUND - HOUSING ASSISTANCE
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 300,000	\$ 300,000	\$1,001,028	\$ 701,028
Investment earnings	3,800	3,800	10,377	6,577
Total Revenues	<u>303,800</u>	<u>303,800</u>	<u>1,011,405</u>	<u>707,605</u>
Expenditures				
Current:				
General government	<u>303,800</u>	<u>303,800</u>	<u>53,246</u>	<u>250,554</u>
Net change in fund balances	-	-	958,159	958,159
Fund Balances - October 1, 2021	<u>2,625,992</u>	<u>2,625,992</u>	<u>2,559,812</u>	<u>(66,180)</u>
Fund Balances - September 30, 2022	<u><u>\$2,625,992</u></u>	<u><u>\$2,625,992</u></u>	<u><u>\$3,517,971</u></u>	<u><u>\$ 891,979</u></u>

See accompanying notes to financial statements.

City of Westlake, Florida
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
SPECIAL REVENUE FUND - COMPREHENSIVE PLANNING
For the Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Licenses and permits	\$2,383,400	\$ 2,598,400	\$ 2,394,127	\$ (204,273)
Developer contributions	25,000	25,000	-	(25,000)
Total Revenues	<u>2,408,400</u>	<u>2,623,400</u>	<u>2,394,127</u>	<u>(229,273)</u>
Expenditures				
Current:				
General government	2,383,400	2,598,400	2,348,224	250,176
Capital outlay	25,000	25,000	-	25,000
Debt Service				
Principal	-	-	1,865	(1,865)
Interest	-	-	183	(183)
Total Expenditures	<u>2,408,400</u>	<u>2,623,400</u>	<u>2,350,272</u>	<u>273,128</u>
Net change in fund balances	-	-	43,855	43,855
Fund Balances - October 1, 2021	<u>-</u>	<u>1,651,623</u>	<u>1,651,622</u>	<u>(1)</u>
Fund Balances - September 30, 2022	<u>\$ -</u>	<u>\$ 1,651,623</u>	<u>\$ 1,695,477</u>	<u>\$ 43,854</u>

See accompanying notes to financial statements.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The City was incorporated on June 20, 2016 under the authority of Chapter 165, Florida Statutes. The City has a Council-Manager form of government and operates under the City of Westlake Charter. The governing body of the City is the City Council, which is comprised of a Mayor and four council members, the first City Council serves until the first election in March 2020. In the March 2020 election, seats 1 and 3 were elected to a four-year term. In March 2022, the Mayor and seats 2 and 4 will be elected to a four-year term.

As required by GAAP, these financial statements present the City of Westlake, Florida (the primary government) as a stand-alone government. The reporting entity for the City includes all functions of government in which the City Council exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the City has identified no component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements (Continued)

Governmental activities normally are supported by charges for services and interest. Program revenues include charges for services, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

b. Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

The City classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The City has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Assigned Fund Balance – This classification consists of the City Councils' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the City's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned Fund Balance is considered to be utilized first.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current year or soon thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal year is considered to be an accrual item and so has been recognized as revenue of the current fiscal year.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a year.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

3. Basis of Presentation

Governmental Major Funds

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

Special Revenue Funds – The Special Revenue Fund accounts for the housing assistance program and the comprehensive planning services of the City.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The City is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories; and
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

The City had no investments during the current year.

b. Capital Assets

The City defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis is historical cost or estimated historical cost.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment	5 years
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City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

c. Mortgages Receivable

The City holds non-interest bearing second mortgages on homes within the City as part of the Housing Assistance Purchase Program. No payments are received for second mortgages. Instead, second mortgages held by the City are forgiven annually at the rate of 5% to 10% of the loan amount.

d. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 166, Florida Statutes. The City utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its general fund. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general fund. As a result, deficits in the budget variance columns of the accompanying financial statements may occur.

e. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District only has one time that qualifies for reporting in the category. Unavailable revenues are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

f. Leases

The City determines if an arrangement is a lease at inception. Lessee arrangements for governmental funds are included as right-to-use lease assets and lease liabilities in the Statement of Net Position, however, these leases are not reflected in the fund financial statements since they are not payable from available resources.

Payment for short-term leases with a lease term of twelve months or less are recognized as expenses as incurred. The City has a \$5,000 threshold, for total annual payments, for leases subject to GASB 87. Short-term leases and leases under the threshold are not included as lease liabilities or right-to-use lease assets on the Statement of Net Position. The right-to-use assets are amortized on a straight-line basis over the terms of the related leases.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

f. Leases (Continued)

Governmental Accounting Standards Board Statement No. 87

The City implemented GASB Statement No. 87, Leases, which changes the accounting and financial reporting for leases. GASB Statement No. 87 defines a lease as a contract that conveys the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Under GASB Statement No. 87, leases other than short-term leases, defined as having a maximum possible term of twelve months or less, are required to be recognized on the Statement of Net Position in the financial statements of the City. A lessee should recognize a lease liability and an intangible right-to-use leased asset, and a lessor should recognize a lease receivable and a deferred inflow of resources.

For one year look back at the implementation, October 1, 2020, the City, as lessee under the governmental activities, recognized a lease liability of \$22,260 along with a corresponding right-to-use lease asset of \$21,750.

NOTE B – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet and statement of net position as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The investment policy of the City follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2022, the City's bank balance was \$6,693,569 and the carrying value was \$6,649,481. The City controls its exposure to custodial credit risk because it maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Investments

The City's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The City's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer.

The types of deposits and investments and their level of risk exposure as of September 30, 2022 were typical of these items during the year then ended. The City considers any decline in fair value for certain investments to be temporary. In addition, the City has the ability to hold investments that have fair values less than cost until maturity.

The City did not hold any investments as of September 30, 2022.

NOTE C – LOANS RECEIVABLE

The activity of loans receivable is as follows:

Beginning balance, October 1, 2021	\$	385,722
Mortgages issued		300,000
Mortgages repaid		(36,000)
Amortized forgiveness of mortgages		(39,425)
Ending Balance, September 30, 2022		\$ 610,297

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022
<u>Governmental Activities:</u>				
Capital assets, not being depreciated				
Land and improvements	\$ 976,400	\$ -	\$ -	\$ 976,400
Capital assets, being depreciated				
Equipment	44,810	1,855	-	46,665
Less accumulated depreciation for:				
Equipment	(22,538)	(9,073)	-	(31,611)
Capital Assets Being Depreciated, Net	22,272	(7,218)	-	15,054
Governmental Activities Capital Assets	\$ 998,672	\$ (7,218)	\$ -	\$ 991,454

Current year depreciation of \$9,073 was charged to general government.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE E – LEASES

In October 2019, the City entered into an agreement to lease a copier for three years. Monthly payments under this agreement range from \$910.92 to \$891.92 due to changes in allocation of monthly payment between funds and entities. The agreement qualifies as a lease under GASB 87 and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. In addition, in accordance with the implementation of GASB 87, the City has recorded a right-to-use asset for the leased copier. The lease liability was measured at a discount rate of 10.843%, which is the City’s incremental borrowing rate. The right-to-use asset and related liability is allocated between the City’s General Fund and Comprehensive Planning Special Revenue Fund.

The future minimum payments under this lease agreement and the present value of the minimum payments as of September 30, 2022, are as follows:

Year Ending September 30,	Principal	Interest	Total
<u>2023</u>	<u>\$ 3,489</u>	<u>\$ 79</u>	<u>\$ 3,568</u>

The City recorded a right-to-use leased asset for the copier. Right-to-use asset activity for the year ended September 30, 2022, was as follows:

	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022
Right-to-use assets				
Copier	\$ 21,750	\$ -	\$ -	\$ 21,750
Less accumulated amortization:				
Copier	(9,321)	(9,321)	-	(18,642)
Right-to-use Assets, Net	<u>\$ 12,429</u>	<u>\$ (9,321)</u>	<u>\$ -</u>	<u>\$ 3,108</u>

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE F – FINANCED PURCHASE

During the year ended September 30, 2019, the City entered into a 60-month financed purchase agreement for software in the amount of \$39,646. The agreement has an end of finance purchase option which qualifies it as a financed purchase; therefore, the asset has been recorded at the present value of future minimum payments.

The annual requirements to amortize principal and interest of the financed purchase as of September 30, 2022, were as follows:

Year Ending September 30,	Amount
2023	\$ 10,214
2024	1,703
Total minimum lease payments	11,917
Less: amount representing interest	(770)
Present value of minimum lease payments	\$ 11,147

NOTE G – RISK MANAGEMENT

The government 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 government carries commercial insurance. The City has not filed any claims under this commercial coverage during the last three years.

NOTE H – RELATED PARTY TRANSACTION

In August 2016, the City entered into a lease agreement with the Developer for the use of certain facilities within the City. The City agreed to pay the Developer \$500 per year for a lease term of ten years with the option to renew for additional terms.

NOTE I – RESTATEMENT OF NET POSITION

Governmental Activities

Net position for Governmental activities was restated at October 1, 2021, to properly reflect the implementation of a new accounting standard.

Net Positon October 1, 2021, as previously reported	\$ 5,792,627
Increase in right-of-use assets, net	12,429
Increase in lease liability	(13,306)
Net Position October 1, 2021, Restated	\$ 5,791,750



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

To the City Council
City of Westlake, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, as listed in the table of contents, of City of Westlake, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated August 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Westlake, Florida's internal control over financial reporting (internal control) as a basis for designing 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 City of Westlake, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Westlake, Florida'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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the City Council
City of Westlake, Florida

Report on Compliance and Other Matters

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

Purpose of this Report

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



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

August 17, 2023



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MANAGEMENT LETTER

To the City Council
City of Westlake, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Westlake, Florida as of and for the year ended September 30, 2022, and have issued our report thereon dated August 17, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 17, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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 financial audit report. The following finding was noted in the preceding audit.

Finding 2021-01

Finding: The actual expenditures of the Comprehensive Planning Special Revenue Fund exceeded the approved budgeted amounts in violation of Section 166.241(2), Florida Statutes.

Recommendation: The City should monitor expenditures in future years to ensure that actual expenditures do not exceed the budget.

Management Response: Expenditures will be monitored in future years to ensure budget compliance.

Current Status: The finding was corrected in the current year.

To the City Council
City of Westlake, Florida

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not City of Westlake, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the City of Westlake, Florida did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for City of Westlake, Florida. It is management's responsibility to monitor the City of Westlake, Florida's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2022.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did note the following finding.

Purpose of this Letter

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, the Mayor and Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

August 17, 2023



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INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the City Council
City of Westlake, Florida

We have examined City of Westlake, Florida's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2022. Management is responsible for City of Westlake, Florida's compliance with those requirements. Our responsibility is to express an opinion on City of Westlake, Florida's compliance based on our examination.

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

In our opinion, City of Westlake, Florida complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2022.

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

August 17, 2023