

City of Westlake, Florida
ANNUAL FINANCIAL REPORT
September 30, 2020

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ANNUAL FINANCIAL REPORT

September 30, 2020

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REPORT OF INDEPENDENT AUDITORS

To the Honorable Mayor and Members of the City Council
City of Westlake, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Westlake, Florida (the "City") as of and for the year ended September 30, 2020, and the related notes to 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 an opinion 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 Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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To the Honorable Mayor and Members of the City Council
City of Westlake, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Westlake, Florida, as of September 30, 2020, and the respective changes in financial position and the budgetary comparison for the General and Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

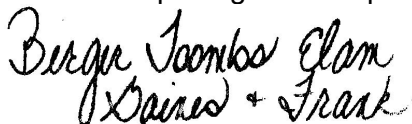
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 2021 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 the City's internal control over financial reporting and compliance.



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

May 4, 2021

City of Westlake, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

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 special assessments.

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.

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, 2020

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, 2020.

- ◆ The City's total assets exceeded total liabilities by \$2,601,260 (net position). Net investment in capital assets totaled \$974,235 and unrestricted net position was \$1,627,025.
- ◆ Governmental activities revenues totaled \$4,664,707 while governmental activities expenses totaled \$4,049,571.

City of Westlake, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

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	
	2020	2019
Current assets	\$ 2,219,718	\$ 1,609,907
Capital assets	1,001,509	1,009,438
Total Assets	<u>3,221,227</u>	<u>2,619,345</u>
Current liabilities	600,322	605,947
Non-Current liabilities	19,645	27,274
Total Liabilities	<u>619,967</u>	<u>633,221</u>
Net position-net investment in capital assets	974,235	975,316
Net position-unrestricted	1,627,025	1,010,808
Total Net Position	<u>\$ 2,601,260</u>	<u>\$ 1,986,124</u>

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

City of Westlake, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (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	
	2020	2019
Program Revenues		
Charges for services	\$ 3,216,735	\$ 1,337,013
Operating contributions	625,000	1,100,000
General Revenues		
Taxes	805,515	363,327
Investment earnings	7,413	8,751
Miscellaneous revenues	10,044	1,180
Total Revenues	<u>4,664,707</u>	<u>2,810,271</u>
Expenses		
General government	3,311,583	2,541,896
Public safety	650,451	74,067
Physical environment	84,171	-
Interest and other charges	3,366	2,988
Total Expenses	<u>4,049,571</u>	<u>2,618,951</u>
Changes in Net Position	615,136	191,320
Net Position - beginning of year	<u>1,986,124</u>	<u>1,794,804</u>
Net Position - end of year	<u>\$ 2,601,260</u>	<u>\$ 1,986,124</u>

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

The increase in taxes is related to the increase in property taxes levied and franchise taxes received 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 building permit expense, management services, legal and engineering fees.

The increase in public safety is related to a new contract with the Sheriff in the current year.

**City of Westlake, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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, 2020 and 2019.

Description	Governmental Activities	
	2020	2019
Land improvements	\$ 976,400	\$ 976,400
Equipment	39,646	39,646
Less: accumulated depreciation	(14,537)	(6,608)
Total Capital Assets, Net	\$ 1,001,509	\$ 1,009,438

The activity for the year was depreciation of \$7,929.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily because consulting fees and reserve expenditures were lower than anticipated.

The September 30, 2020 budget was amended for legal fees that were higher than anticipated in the original budget.

Economic Factors and Next Year's Budget

The City will continue to develop in 2021 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, 2020

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,758,416
Accounts receivable	5,578
Due from other governments	70
Due from developer	325,867
Deposits	641
Mortgages receivable	129,146
Total Current Assets	2,219,718
Non-current Assets	
Capital Assets	
Land	976,400
Equipment	39,646
Less: accumulated depreciation	(14,537)
Total Non-current Assets	1,001,509
Total Assets	3,221,227
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	191,174
Due to other governments	377,495
Lease payable	7,629
Unearned revenues	24,024
Total Current Liabilities	600,322
Non-current Liabilities	
Lease payable	19,645
Total Liabilities	619,967
NET POSITION	
Net investment in capital assets	974,235
Unrestricted	1,627,025
Total Net Position	\$ 2,601,260

See accompanying notes to financial statements.

City of Westlake, Florida
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General government	\$ (3,311,583)	\$ 2,630,031	\$ 625,000	\$ (56,552)
Public safety	(650,451)	519,481	-	(130,970)
Physical environment	(84,171)	67,223	-	(16,948)
Interest and other charges	(3,366)	-	-	(3,366)
Total Governmental Activities	\$ (4,049,571)	\$ 3,216,735	\$ 625,000	(207,836)
General Revenues				
Taxes				
Property taxes levied for general purposes				535,282
Gas taxes				138
Communication taxes				15,190
Franchise taxes				254,905
Investment earnings				7,413
Miscellaneous revenues				10,044
Total General Revenues				822,972
Change in Net Position				615,136
Net Position - October 1, 2019				1,986,124
Net Position - September 30, 2020				\$ 2,601,260

See accompanying note to financial statements.

**City of Westlake, Florida
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 482,101	\$ 1,276,315	\$ 1,758,416
Accounts receivable	5,578	-	5,578
Due from other governments	70	-	70
Due from developer	307,867	18,000	325,867
Deposits	641	-	641
Mortgages receivable	-	129,146	129,146
Total Assets	<u><u>\$ 796,257</u></u>	<u><u>\$ 1,423,461</u></u>	<u><u>\$ 2,219,718</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 191,174	\$ -	\$ 191,174
Unearned revenues	24,024	-	24,024
Due to other governments	377,495	-	377,495
Total Liabilities	<u><u>592,693</u></u>	<u><u>-</u></u>	<u><u>592,693</u></u>
Fund balance:			
Nonspendable - deposits	641	-	641
Assigned - loan program	-	1,423,461	1,423,461
Unassigned	202,923	-	202,923
Total Fund Balance	<u><u>203,564</u></u>	<u><u>1,423,461</u></u>	<u><u>1,627,025</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 796,257</u></u>	<u><u>\$ 1,423,461</u></u>	<u><u>\$ 2,219,718</u></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, 2020

Total Governmental Fund Balances	\$ 1,627,025
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, land, \$976,400, and equipment, \$39,646, net of accumulated depreciation, \$(14,537) used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	1,001,509
Long-term liabilities, including leases payable, are not due and payable in the current period and therefore, are not reported at the fund level.	<u>(27,274)</u>
Net Position of Governmental Activities	<u><u>\$ 2,601,260</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, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Taxes			
Property	\$ 535,282	\$ -	\$ 535,282
Gas	138	-	138
Communication	15,190	-	15,190
Licenses and permits	2,401,877	-	2,401,877
Franchise fees	254,905	-	254,905
Charges for services	76,625	736,863	813,488
Fines and forfeitures	1,370	-	1,370
Developer contributions	625,000	-	625,000
Investment earnings	638	6,775	7,413
Miscellaneous revenues	10,044	-	10,044
Total Revenues	<u>3,921,069</u>	<u>743,638</u>	<u>4,664,707</u>
Expenditures			
Current:			
General government	3,293,104	10,550	3,303,654
Public safety	650,451	-	650,451
Physical environment	84,171	-	84,171
Debt Service			
Principal	6,848	-	6,848
Interest	3,366	-	3,366
Total Expenditures	<u>4,037,940</u>	<u>10,550</u>	<u>4,048,490</u>
Net change in fund balances	(116,871)	733,088	616,217
Fund Balances - October 1, 2019	<u>320,435</u>	<u>690,373</u>	<u>1,010,808</u>
Fund Balances - September 30, 2020	<u>\$ 203,564</u>	<u>\$ 1,423,461</u>	<u>\$ 1,627,025</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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	616,217
<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 of depreciation, in the current year.</p>		
		(7,929)
<p>Repayments of lease principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.</p>		
		<u>6,848</u>
Change in Net Position of Governmental Activities	\$	<u><u>615,136</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property	\$ 535,630	\$ 535,630	\$ 535,282	\$ (348)
Gas	100	100	138	38
Communications	30,000	30,000	15,190	(14,810)
Licenses and permits	1,168,700	1,168,700	2,401,877	1,233,177
Impact fees	57,100	57,100	-	(57,100)
Franchise fees	267,900	267,900	254,905	(12,995)
Charges for services	86,600	86,600	76,625	(9,975)
Fines and forfeitures	-	-	1,370	1,370
Developer contributions	1,958,269	1,958,269	625,000	(1,333,269)
Investment earnings	-	-	638	638
Miscellaneous revenues	2,401	2,401	10,044	7,643
Total Revenues	<u>4,106,700</u>	<u>4,106,700</u>	<u>3,921,069</u>	<u>(185,631)</u>
Expenditures				
Current:				
General government	3,159,200	3,159,200	3,293,104	(133,904)
Public safety	677,000	677,000	650,451	26,549
Physical environment	114,500	114,500	84,171	30,329
Culture/recreation	50,000	50,000	-	50,000
Capital outlay	106,000	106,000	-	106,000
Debt Service				
Principal	-	-	6,848	(6,848)
Interest	-	-	3,366	(3,366)
Total Expenditures	<u>4,106,700</u>	<u>4,106,700</u>	<u>4,037,940</u>	<u>68,760</u>
Net change in fund balances	-	-	(116,871)	(116,871)
Fund Balances - October 1, 2019	<u>170,434</u>	<u>320,434</u>	<u>320,435</u>	<u>1</u>
Fund Balances - September 30, 2020	<u>\$ 170,434</u>	<u>\$ 320,434</u>	<u>\$ 203,564</u>	<u>\$ (116,870)</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
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 150,000	\$ 150,000	\$ 736,863	\$ 586,863
Investment earnings	-	-	6,775	6,775
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>743,638</u>	<u>593,638</u>
Expenditures				
Current:				
General government	<u>150,000</u>	<u>150,000</u>	<u>10,550</u>	<u>139,450</u>
Net change in fund balances	-	-	733,088	733,088
Fund Balances - October 1, 2019	<u>493,057</u>	<u>493,057</u>	<u>690,373</u>	<u>197,316</u>
Fund Balances - September 30, 2020	<u><u>\$ 493,057</u></u>	<u><u>\$ 493,057</u></u>	<u><u>\$1,423,461</u></u>	<u><u>\$ 930,404</u></u>

See accompanying notes to financial statements.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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 will be 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, 2020

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, 2020

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 Fund – The Special Revenue Fund accounts for the housing assistance program of the City.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, 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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, 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.

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, 2020, the City's bank balance was \$1,780,057 and the carrying value was \$1,758,416. 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, 2020

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, 2020 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, 2020.

NOTE C – LOANS RECEIVABLE

The activity of loans receivable is as follows:

Beginning balance, October 1, 2019	\$	67,696
Mortgages issued		80,000
Loan repayment		(8,000)
Amortized forgiveness of mortgages		(10,550)
Ending Balance, September 30, 2020	\$	129,146

NOTE D – CAPITAL ASSETS

	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020
<u>Governmental Activities:</u>				
Capital assets				
Land and improvements	\$ 976,400	\$ -	\$ -	\$ 976,400
Equipment	39,646	-	-	39,646
Total Capital Assets	1,016,046	-	-	1,016,046
Less accumulated depreciation for:				
Equipment	(6,608)	(7,929)	-	(14,537)
Governmental Activities Capital Assets	\$ 1,009,438	\$ (7,929)	\$ -	\$ 1,001,509

Current year depreciation of \$7,929 was charged to general government.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE E – CAPITAL LEASE

The City entered into a lease agreement for software during the year ended September 30, 2019. The lease agreement qualifies as capital lease for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payment as of the lease inception date. The first lease commenced in December 2018 for a term of 60 months. As of September 30, 2020, the City held equipment under capital lease of \$39,646, with accumulated depreciation of \$14,537. Depreciation of capital assets under capital leases is included in general government.

The future minimum lease payments and net present value of minimum lease payments at September 30, 2020 were as follows:

Year Ending September 30,	Amount
2021	\$ 10,214
2022	10,214
2023	10,214
2024	1,703
Total minimum lease payments	32,345
Less: amount representing interest	(5,071)
Present value of minimum lease payments	\$ 27,274

NOTE F – 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 G – 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 five years with the option to renew for additional terms.

City of Westlake, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE H – OPERATING LEASES

The City entered into a lease agreement for a copier machine. The lease term is 51 months and \$3,782 was recognized as an expense in 2020. The future minimum payments on the lease are as follows:

<u>Year Ending September 30,</u>	<u>Payments</u>
2021	\$ 10,132
2022	10,132
2023	630
Total	<u>\$ 20,894</u>



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

To the Honorable Mayor and Members of 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 of the City of Westlake, Florida (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated May 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Honorable Mayor and Members of the City Council
City of Westlake, Florida

Compliance and Other Matters

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

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

May 4, 2021



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MANAGEMENT LETTER

To the Honorable Mayor and Members of 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, 2020, and have issued our report thereon dated May 4, 2021.

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 May 4, 2021, 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. There were no findings or recommendations in the preceding audit.

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.

To the Honorable Mayor and Members of the City Council
City of Westlake, Florida

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, 2020.

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 not note any such findings.

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

May 4, 2021



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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
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, 2020. 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, 2020.

*Berger Toombs Elam
Gaines + Frank*

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

May 4, 2021