

CITY OF WILDWOOD,
FLORIDA

AUDIT REPORT

SEPTEMBER 30, 2010

**City of Wildwood, Florida
Audit Report
September 30, 2010**

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Independent Auditors' Report

The Honorable Mayor and
City Commissioners
City of Wildwood, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wildwood, Florida (the "City"), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

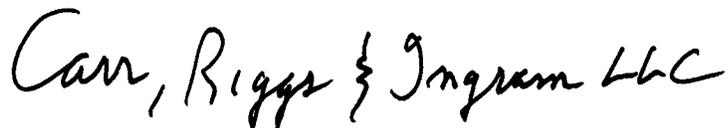
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the other "Required Supplementary Information" listed in the Table of Contents 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The information listed in the table of contents as "Supplemental Information" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

June 9, 2011
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Wildwood's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2010. Please read it in conjunction with the City's financial statements, which follow this section.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the City's activities as a whole and fund financial statements that report on the City's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Assets. This statement includes all of the City's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net assets – the difference between assets and liabilities – can be used to measure the City's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net assets during the fiscal year. Over time, the increases or decreases in net assets are useful indicators of whether the City's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the City.

In these statements, the City's activities are divided as follows:

- Governmental activities – Most of the City's basic services are reported here, including administration, police services, road and bridge, and maintenance. Taxes and charges for services finance most of these activities.
- Business-type activities – These activities are financed in whole or in part by fees charged to external parties for goods or services. The activities of the water and sewer system and industrial park are reported as business-type activities.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the City's funds.

- Governmental funds – The City's governmental funds are the General Fund, Greenwood Cemetery and Law Enforcement Trust Funds. These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.
- Proprietary funds – The City's proprietary funds are the Utility and Industrial Park Funds. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

CONDENSED FINANCIAL INFORMATION

The following tables present condensed, government-wide data about net assets and changes in net assets.

Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Assets:						
Non-capital assets	\$ 1,854,279	\$ 1,334,433	\$ 2,007,976	\$ 2,232,105	\$ 3,862,255	\$ 3,566,538
Capital assets	8,176,712	8,302,333	23,963,262	25,054,363	32,139,974	33,356,696
Total assets	<u>10,030,991</u>	<u>9,636,766</u>	<u>25,971,238</u>	<u>27,286,468</u>	<u>36,002,229</u>	<u>36,923,234</u>
Liabilities:						
Current liabilities	248,127	609,224	1,347,286	1,503,161	1,595,413	2,112,385
Long-term liabilities	2,037,894	2,039,388	8,231,992	9,231,791	10,269,886	11,271,179
Total liabilities	<u>2,286,021</u>	<u>2,648,612</u>	<u>9,579,278</u>	<u>10,734,952</u>	<u>11,865,299</u>	<u>13,383,564</u>
Net assets:						
Invested in capital assets, net of related debt	6,241,124	6,258,526	14,906,140	14,904,077	21,147,264	21,162,603
Restricted	771,667	597,871	-	-	771,667	597,871
Unrestricted	732,179	131,757	1,485,820	1,647,439	2,217,999	1,779,196
Total net assets	<u>\$ 7,744,970</u>	<u>\$ 6,988,154</u>	<u>\$ 16,391,960</u>	<u>\$ 16,551,516</u>	<u>\$ 24,136,930</u>	<u>\$ 23,539,670</u>

Change in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Program revenues:						
Charges for services	\$ 711,009	\$ 1,070,009	\$ 5,537,730	\$ 5,177,100	\$ 6,248,739	\$ 6,247,109
Operating grants & contributions	288,319	319,253	-	-	288,319	319,253
Capital grants & contributions	94,859	100,752	-	-	94,859	100,752
General revenues:						
Property taxes	1,147,064	1,097,301	-	-	1,147,064	1,097,301
Other taxes and shared revenues	2,396,093	2,150,162	-	-	2,396,093	2,150,162
Miscellaneous	129,213	270,757	450,182	569,956	579,395	840,713
Investment earnings	4,029	11,826	6,966	24,215	10,995	36,041
Transfers	720,243	700,450	(720,243)	(700,450)	-	-
Total revenues	<u>5,490,829</u>	<u>5,720,510</u>	<u>5,274,635</u>	<u>5,070,821</u>	<u>10,765,464</u>	<u>10,791,331</u>
Program expenses:						
General government	1,604,916	2,065,151	-	-	1,604,916	2,065,151
Public safety	1,705,025	1,793,063	-	-	1,705,025	1,793,063
Physical environment	667	605	-	-	667	605
Transportation	641,761	836,811	-	-	641,761	836,811
Economic environment	127,501	-	-	-	127,501	-
Culture and recreation	556,285	796,010	-	-	556,285	796,010
Interest on long-term debt	97,858	101,988	-	-	97,858	101,988
Utility	-	-	5,411,650	5,006,846	5,411,650	5,006,846
Industrial park	-	-	22,541	42,092	22,541	42,092
Total expenses	<u>4,734,013</u>	<u>5,593,628</u>	<u>5,434,191</u>	<u>5,048,938</u>	<u>10,168,204</u>	<u>10,642,566</u>
Change in net assets	756,816	126,882	(159,556)	21,883	597,260	148,765
Beginning net assets	6,988,154	6,861,272	16,551,516	16,529,633	23,539,670	23,390,905
Ending net assets	<u>\$ 7,744,970</u>	<u>\$ 6,988,154</u>	<u>\$ 16,391,960</u>	<u>\$ 16,551,516</u>	<u>\$ 24,136,930</u>	<u>\$ 23,539,670</u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$1,094,187 in program revenues and \$4,396,642 of general revenues, and incurred \$4,734,013 of program expenses. This resulted in a \$756,816 increase in net assets.

Business-type Activities

Revenues of the business-type activities were \$5,274,635 compared to expenses of \$5,434,191. This resulted in a \$159,556 decrease in net assets.

THE CITY'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$763,926 from \$949,707 to \$1,713,633.

Utility

The Utility Fund's net assets decreased by \$127,405 from \$16,131,380 to \$16,003,975.

BUDGETARY HIGHLIGHTS

There were changes between the original and final budgets for the General Fund primarily due to receiving less revenue from charges for services than originally expected.

Revenues of the General Fund were over budgeted amounts. The largest variance between final budget amounts and actual results occurred due to recognition of deferred revenue from impact fees earned during 2010.

General Fund expenditures were under budgeted amounts. This was generally due to the reserve for contingency not being utilized during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had significant construction activity during the year. Please refer to a note to the accompanying financial statements entitled *Capital Asset Activity* for more detailed information about the City's capital asset activity.

Debt Administration

Overall, the City's long-term obligations were reduced by about \$1.2 million during the year. No new debt was incurred. Please refer to a note to the accompanying financial statements entitled *Long-term Obligations* for more detailed information about the City's long-term debt activity.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the City's financial position or results of operations.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact City Hall at 352-330-1330, Wildwood, Florida.

City of Wildwood, Florida
Statement of Net Assets
September 30, 2010

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Equivalents	\$ 1,504,003	\$ 1,408,158	\$ 2,912,161
Investments	-	194,335	194,335
Accounts Receivable	98,836	446,735	545,571
Internal Balances	84,886	(84,886)	-
Due from Other Governments	157,879	-	157,879
Inventory	8,675	-	8,675
Unamortized Debt Issuance Costs	-	43,634	43,634
Capital Assets:			
Non-Depreciable	1,492,143	2,267,992	3,760,135
Depreciable, Net	<u>6,684,569</u>	<u>21,695,270</u>	<u>28,379,839</u>
TOTAL ASSETS	<u>10,030,991</u>	<u>25,971,238</u>	<u>36,002,229</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	70,928	106,564	177,492
Customer Deposits	-	178,442	178,442
Unearned Revenue	33,656	90,150	123,806
Noncurrent Liabilities:			
Due Within One Year	143,543	972,130	1,115,673
Due in More Than One Year	<u>2,037,894</u>	<u>8,231,992</u>	<u>10,269,886</u>
TOTAL LIABILITIES	<u>2,286,021</u>	<u>9,579,278</u>	<u>11,865,299</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	6,241,124	14,906,140	21,147,264
Restricted:			
Law Enforcement Trust Fund	630	-	630
Greenwood Cemetary Fund	35,432	-	35,432
Community Redevelopment Agencies	655,605	-	655,605
Police Grant	80,000	-	80,000
Unrestricted	<u>732,179</u>	<u>1,485,820</u>	<u>2,217,999</u>
TOTAL NET ASSETS	<u><u>\$ 7,744,970</u></u>	<u><u>\$ 16,391,960</u></u>	<u><u>\$ 24,136,930</u></u>

See accompanying notes.

City of Wildwood, Florida
Statement of Activities
For the Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General Government	\$ 1,604,916	\$ 447,670	\$ -	\$ -	\$ (1,157,246)	\$ -	\$ (1,157,246)
Public Safety	1,705,025	198,850	20,043	60,000	(1,426,132)	-	(1,426,132)
Physical Environment	667	6,350	-	-	5,683	-	5,683
Transportation	641,761	-	263,166	-	(378,595)	-	(378,595)
Economic Environment	127,501	-	-	-	(127,501)	-	(127,501)
Culture and Recreation	556,285	58,139	5,110	34,859	(458,177)	-	(458,177)
Interest on Long-Term Debt	97,858	-	-	-	(97,858)	-	(97,858)
TOTAL GOVERNMENTAL ACTIVITIES	4,734,013	711,009	288,319	94,859	(3,639,826)	-	(3,639,826)
BUSINESS-TYPE ACTIVITIES:							
Utility	5,411,650	5,537,730	-	-	-	126,080	126,080
Industrial Park	22,541	-	-	-	-	(22,541)	(22,541)
TOTAL BUSINESS-TYPE ACTIVITIES	5,434,191	5,537,730	-	-	-	103,539	103,539
TOTAL	\$ 10,168,204	\$ 6,248,739	\$ 288,319	\$ 94,859	(3,639,826)	103,539	(3,536,287)
GENERAL REVENUES:							
Property Taxes					1,147,064	-	1,147,064
Other Taxes					1,362,161	-	1,362,161
Shared Revenues					1,033,932	-	1,033,932
Gain on Disposal of Capital Assets					10,500	349,983	360,483
Investment Earnings					4,029	6,966	10,995
Miscellaneous					118,713	100,199	218,912
Transfers					720,243	(720,243)	-
TOTAL GENERAL REVENUES AND TRANSFERS					4,396,642	(263,095)	4,133,547
CHANGE IN NET ASSETS					756,816	(159,556)	597,260
NET ASSETS – BEGINNING OF YEAR					6,988,154	16,551,516	23,539,670
NET ASSETS – END OF YEAR					\$ 7,744,970	\$ 16,391,960	\$ 24,136,930

See accompanying notes.

**City of Wildwood, Florida
Balance Sheet
Governmental Funds
September 30, 2010**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and Equivalents	\$ 1,455,535	\$ 48,468	\$ 1,504,003
Accounts Receivable	98,836	-	98,836
Due from Other Funds	97,292	-	97,292
Due from Other Governments	157,879	-	157,879
Inventory	8,675	-	8,675
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,818,217</u>	<u>\$ 48,468</u>	<u>\$ 1,866,685</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	\$ 70,928	\$ -	\$ 70,928
Due to Other Funds	-	12,406	12,406
Deferred Revenue	33,656	-	33,656
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>104,584</u>	<u>12,406</u>	<u>116,990</u>
<u>FUND BALANCES</u>			
Reserved For Inventory	8,675	-	8,675
Reserved For Community Redevelopment Agencies	655,605	-	655,605
Reserved for Police Grant	80,000	-	80,000
Unreserved, Reported In:			
General Fund	969,353	-	969,353
Special Revenue Funds	-	36,062	36,062
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>1,713,633</u>	<u>36,062</u>	<u>1,749,695</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,818,217</u>	<u>\$ 48,468</u>	<u>\$ 1,866,685</u>

See accompanying notes.

City of Wildwood, Florida
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
September 30, 2010

FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 1,749,695

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

Capital assets used in governmental activities are not reported in the
governmental funds.

 Capital Assets – Net 8,176,712

Long-term liabilities are not reported in the governmental funds.

 Bonds Payable (1,908,678)

 Capital Lease Obligations (26,910)

 Compensated Absences (219,900)

 Net OPEB Obligation (25,949)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 7,744,970

See accompanying notes.

City of Wildwood, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Taxes	\$ 3,123,143	\$ -	\$ 3,123,143
Permits and Fees	10,226	-	10,226
Intergovernmental	531,132	-	531,132
Charges for Services	627,625	-	627,625
Fines and Forfeitures	32,584	-	32,584
Miscellaneous	439,102	6,774	445,876
TOTAL REVENUES	4,763,812	6,774	4,770,586
<u>EXPENDITURES</u>			
Current:			
General Government	1,516,925	-	1,516,925
Public Safety	1,780,704	166	1,780,870
Physical Environment	-	667	667
Transportation	595,753	-	595,753
Economic Environment	216,756	-	216,756
Culture and Recreation	403,914	-	403,914
Debt Service:			
Principal	108,219	-	108,219
Interest	97,858	-	97,858
TOTAL EXPENDITURES	4,720,129	833	4,720,962
EXCESS OF REVENUES OVER EXPENDITURES	43,683	5,941	49,624
<u>OTHER FINANCING SOURCES</u>			
Transfers In	720,243	-	720,243
NET CHANGE IN FUND BALANCES	763,926	5,941	769,867
FUND BALANCES – BEGINNING OF YEAR	949,707	30,121	979,828
FUND BALANCES – END OF YEAR	\$ 1,713,633	\$ 36,062	\$ 1,749,695

See accompanying notes.

City of Wildwood, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended September 30, 2010

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 769,867

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

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

Acquisitions of Capital Assets	291,038
Current Year Depreciation Expense	(416,659)

The repayment of long-term debt consumes current financial resources, but does not have any effect on net assets.

Payments on Capital Lease Obligations	79,948
Payments on Revenue Bonds	28,271

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

Compensated Absences	30,300
OPEB Expense	<u>(25,949)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 756,816

See accompanying notes.

City of Wildwood, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2010

	<u>Utility Fund</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<u>CURRENT ASSETS</u>			
Cash and Equivalents	\$ 1,215,368	\$ 192,790	\$ 1,408,158
Investments	194,335	-	194,335
Accounts Receivable	<u>446,735</u>	<u>-</u>	<u>446,735</u>
TOTAL CURRENT ASSETS	<u>1,856,438</u>	<u>192,790</u>	<u>2,049,228</u>
<u>NONCURRENT ASSETS</u>			
Unamortized Debt Issuance Costs	43,634	-	43,634
Capital Assets, Net	<u>23,768,067</u>	<u>195,195</u>	<u>23,963,262</u>
TOTAL NONCURRENT ASSETS	<u>23,811,701</u>	<u>195,195</u>	<u>24,006,896</u>
TOTAL ASSETS	<u>25,668,139</u>	<u>387,985</u>	<u>26,056,124</u>
<u>CURRENT LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	106,564	-	106,564
Customer Deposits	178,442	-	178,442
Due to Other Funds	84,886	-	84,886
Unearned Revenue	90,150	-	90,150
Current Portion of Long-Term Liabilities	<u>972,130</u>	<u>-</u>	<u>972,130</u>
TOTAL CURRENT LIABILITIES	1,432,172	-	1,432,172
NONCURRENT LIABILITIES	<u>8,231,992</u>	<u>-</u>	<u>8,231,992</u>
TOTAL LIABILITIES	<u>9,664,164</u>	<u>-</u>	<u>9,664,164</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	14,710,945	195,195	14,906,140
Unrestricted	<u>1,293,030</u>	<u>192,790</u>	<u>1,485,820</u>
TOTAL NET ASSETS	<u>\$ 16,003,975</u>	<u>\$ 387,985</u>	<u>\$ 16,391,960</u>

See accompanying notes.

City of Wildwood, Florida
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2010

	<u>Utility Fund</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<u>OPERATING REVENUES</u>			
User Fees	\$ 5,537,730	\$ -	\$ 5,537,730
<u>OPERATING EXPENSES</u>			
Personal Services	1,851,822	-	1,851,822
Operating Expenses	1,799,241	15,399	1,814,640
Depreciation and Amortization	1,363,670	7,142	1,370,812
TOTAL OPERATING EXPENSES	<u>5,014,733</u>	<u>22,541</u>	<u>5,037,274</u>
OPERATING INCOME (LOSS)	<u>522,997</u>	<u>(22,541)</u>	<u>500,456</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Sale of Equipment	349,983	-	349,983
Investment Earnings	6,576	390	6,966
Miscellaneous Income	100,199	-	100,199
Interest Expense	(396,917)	-	(396,917)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>59,841</u>	<u>390</u>	<u>60,231</u>
INCOME BEFORE TRANSFERS	582,838	(22,151)	560,687
TRANSFERS OUT	<u>(710,243)</u>	<u>(10,000)</u>	<u>(720,243)</u>
CHANGE IN NET ASSETS	(127,405)	(32,151)	(159,556)
NET ASSETS – BEGINNING OF YEAR	<u>16,131,380</u>	<u>420,136</u>	<u>16,551,516</u>
NET ASSETS – END OF YEAR	<u>\$ 16,003,975</u>	<u>\$ 387,985</u>	<u>\$ 16,391,960</u>

See accompanying notes.

City of Wildwood, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2010

	<u>Utility Fund</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<u>OPERATING ACTIVITIES</u>			
Receipts From Customers	\$ 5,438,959	\$ -	\$ 5,438,959
Payments to Suppliers	(1,777,328)	(15,399)	(1,792,727)
Payments to Employees	(1,853,633)	-	(1,853,633)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,807,998</u>	<u>(15,399)</u>	<u>1,792,599</u>
<u>NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers Out	(710,243)	(10,000)	(720,243)
Transactions with Other Funds	67,859	-	67,859
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(642,384)</u>	<u>(10,000)</u>	<u>(652,384)</u>
<u>CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisitions of Capital Assets	(574,457)	-	(574,457)
Principal Paid on Debt	(1,093,164)	-	(1,093,164)
Interest Paid on Debt	(403,178)	-	(403,178)
Proceeds from Sale of Equipment	654,650	-	654,650
Impact Fees Collected	22,180	-	22,180
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,393,969)</u>	<u>-</u>	<u>(1,393,969)</u>
<u>INVESTING ACTIVITIES</u>			
Interest Received	6,576	390	6,966
Acquisition of Investments	(2,988)	-	(2,988)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,588</u>	<u>390</u>	<u>3,978</u>
CHANGE IN CASH AND EQUIVALENTS	(224,767)	(25,009)	(249,776)
CASH AND EQUIVALENTS – BEGINNING OF YEAR	<u>1,440,135</u>	<u>217,799</u>	<u>1,657,934</u>
CASH AND EQUIVALENTS – END OF YEAR	<u>\$ 1,215,368</u>	<u>\$ 192,790</u>	<u>\$ 1,408,158</u>
OPERATING INCOME (LOSS)	\$ 522,997	\$ (22,541)	\$ 500,456
Depreciation and Amortization	1,363,670	7,142	1,370,812
Bad Debt	2,875	-	2,875
Change In:			
Receivables	(103,314)	-	(103,314)
Payables	17,227	-	17,227
Customer Deposits	4,543	-	4,543
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,807,998</u>	<u>\$ (15,399)</u>	<u>\$ 1,792,599</u>

See accompanying notes.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Wildwood, Florida (the “City”), conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The City is a Florida municipality established under the Laws of Florida, Chapter 9950(1923), with an elected mayor and four elected City Commissioners.

As required by generally accepted accounting principles, the accompanying financial statements present the City as a primary government. Component units are entities for which a primary government is considered to be financially accountable.

The City is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The City may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended component units, although legally separate entities, are in substance part of the City's operations and, accordingly, data from these units are combined with data of the City. There is one blended component unit included in the City's reporting entity: the Wildwood Community Redevelopment Agency, a dependent special district established by resolution pursuant to the authority provided in Chapter 163, Florida Statutes. The City Commissioners also serve as the governing board of the Redevelopment Agency. Separate financial statements of the Redevelopment Agency are not available.

Discretely presented component units, on the other hand, would be reported in separate columns to emphasize that they are legally separate from the City. There are no discretely presented component units included in the City's financial reporting entity.

The City did not participate in any joint ventures during the 2009 - 2010 fiscal year.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: charges for services that are directly related to a given function; and grants and contributions that

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements, but all nonmajor funds are aggregated and displayed in a single column. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The City reports the following major governmental fund:

General Fund – the primary operating fund, used to account for all activities except those required to be accounted for in another fund.

The City reports the following major enterprise fund:

Utility Fund – to account for the activities of the City-owned water and sewer system.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. 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. Certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Application of FASB Pronouncements

For its enterprise funds, the City applies all applicable GASB pronouncements. Additionally, the City applies pronouncements of the FASB and its predecessor bodies issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

For purpose of the Statement of Cash Flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments consist of certificates of deposit, stated at cost.

Accounts Receivable

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Utility Fund are net of a \$40,808 allowance.

Inventory

Inventory is valued at cost under the first-in, first-out method and is accounted for using the consumption method. An offsetting “reserve” is reported in the fund financial statements to indicate that inventories do not represent “available spendable resources”.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets which are recorded at fair value at the date of contribution. The City uses a capitalization threshold of \$30,000 for infrastructure and \$750 for all other classes of capital assets.

In accordance with GASB Statement No. 34, the City has elected to report general infrastructure prospectively, effective October 1, 2003.

Depreciation of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and improvements	20 - 40
Furniture, equipment and vehicles	7 - 10
Water and sewer distribution system	20 – 40

For its business-type activities, the City’s policy is to capitalize construction period interest costs on projects funded specifically through debt financing. No interest costs were capitalized during 2010.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

The City's policy is to allow limited vesting of employee vacation pay and sick leave. A liability for accrued compensated absences of employees of the governmental funds has been accrued. Since this liability will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements.

Property Taxes

Details of the City's tax calendar are presented below:

Lien Date	January 1
Levy Date	October 1
Discount Period	November - February
No Discount Period	March
Delinquent Date	April 1

Operating Revenues and Expenses

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

Restricted Net Assets

In the accompanying statements of net assets, *restricted net assets* are subject to restrictions beyond the City's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation.

The statement of net assets reports \$35,432 of net assets restricted by enabling legislation.

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

Fund Balance Reserves

In the accompanying balance sheet, reserves represent portions of fund balances which cannot be appropriated for expenditure or which have been legally restricted for specific future uses.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Debt Issuance Costs

Debt issuance costs are amortized over the repayment term of the related debt on a straight-line basis.

Future Accounting Pronouncement

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for the City's fiscal year beginning October 1, 2010. The objectives of Statement No. 54 are to enhance the usefulness of fund balance information and clarify the existing governmental fund type definitions. The City is currently evaluating the effects this Statement will have on its financial statements for the year ending September 30, 2011.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions

The City's deposits, including certificates of deposit, are with qualified public depositories and are entirely insured or collateralized pursuant to the Florida Public Deposits Act.

Investments

Pursuant to the provisions of Section 218.415, Florida Statutes, the City has adopted a written investment plan governing the investment of its excess public funds. In accordance with the plan, the City's excess public funds are invested in certificates of deposit in qualified public depositories.

NOTE 3 – INTERFUND BALANCES AND TRANSFERS

At September 30, 2010, interfund balances are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 97,292	\$ -
Other Governmental Funds	-	12,406
Utility Fund	-	84,886
Total	<u>\$ 97,292</u>	<u>\$ 97,292</u>

Interfund balances occurred during the normal course of operations. It is the intent of the City to repay these balances within the next year.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 3 – INTERFUND BALANCES AND TRANSFERS

Interfund transfers for the year ended September 30, 2010 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 720,243	\$ -
Utility Fund	-	710,243
Other Enterprise Fund	-	10,000
Total	<u>\$ 720,243</u>	<u>\$ 720,243</u>

The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

NOTE 4 – CAPITAL ASSET ACTIVITY

During the year ended September 30, 2010, the following changes in capital assets occurred:

	<u>Balance</u> <u>October 1,</u> <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>September 30,</u> <u>2010</u>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land and Improvements	\$ 1,342,143	\$ 150,000	\$ -	\$ 1,492,143
Capital Assets, Being Depreciated:				
Buildings and Improvements	7,569,932	19,848	-	7,589,780
Furniture and Equipment	2,634,767	32,739	-	2,667,506
Infrastructure	91,943	88,451	-	180,394
Total Capital Assets, Being Depreciated	<u>10,296,642</u>	<u>141,038</u>	<u>-</u>	<u>10,437,680</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	1,800,671	185,516	-	1,986,187
Furniture and Equipment	1,528,885	224,335	-	1,753,220
Infrastructure	6,896	6,808	-	13,704
Total Accumulated Depreciation	<u>3,336,452</u>	<u>416,659</u>	<u>-</u>	<u>3,753,111</u>
Total Capital Assets Being Depreciated, Net	<u>6,960,190</u>	<u>(275,621)</u>	<u>-</u>	<u>6,684,569</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,302,333</u>	<u>\$ (125,621)</u>	<u>\$ -</u>	<u>\$ 8,176,712</u>

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 4 – CAPITAL ASSET ACTIVITY

<u>Business-type Activities</u>	<u>Balance</u> <u>October 1,</u> <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>September 30,</u> <u>2010</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 1,328,002	\$ -	\$ -	\$ 1,328,002
Construction in Progress	1,957,338	574,457	1,591,805	939,990
Total Capital Assets, Not Being Depreciated	<u>3,285,340</u>	<u>574,457</u>	<u>1,591,805</u>	<u>2,267,992</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	30,157,596	1,591,805	-	31,749,401
Machinery and Equipment	3,344,886	-	828,873	2,516,013
Plant Assets and Equipment	868,628	-	-	868,628
Total Capital Assets, Being Depreciated	<u>34,371,110</u>	<u>1,591,805</u>	<u>828,873</u>	<u>35,134,042</u>
Less Accumulated Depreciation for:				
Building and Improvements	9,843,835	1,116,869	-	10,960,704
Machinery and Equipment	2,319,166	222,306	524,206	2,017,266
Plant Assets and Equipment	439,086	21,716	-	460,802
Total Accumulated Depreciation	<u>12,602,087</u>	<u>1,360,891</u>	<u>524,206</u>	<u>13,438,772</u>
Total Capital Assets Being Depreciated, Net	<u>21,769,023</u>	<u>230,914</u>	<u>304,667</u>	<u>21,695,270</u>
Business-type Activities Capital Assets, Net	<u>\$ 25,054,363</u>	<u>\$ 805,371</u>	<u>\$ 1,896,472</u>	<u>\$ 23,963,262</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 91,502
Public Safety	101,588
Transportation	49,752
Culture and Recreation	173,817
Total Depreciation Expense – Governmental Activities	<u>\$ 416,659</u>
Business-type Activities:	
Utility	\$1,353,749
Industrial Park	7,142
Total Depreciation Expense – Business-type Activities	<u>\$1,360,891</u>

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 5 – LONG-TERM OBLIGATIONS

Governmental Activities

	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010	Due Within One Year
Capital Improvement Revenue					
Bonds	\$ 1,936,949	\$ -	\$ 28,271	\$ 1,908,678	\$ 29,633
Capital Lease Obligations	106,858	-	79,948	26,910	26,910
Compensated Absences	250,200	225,000	255,300	219,900	87,000
Net OPEB Obligation	-	25,949	-	25,949	-
Total	<u>\$ 2,294,007</u>	<u>\$ 250,949</u>	<u>\$ 363,519</u>	<u>\$ 2,181,437</u>	<u>\$ 143,543</u>

Business-type Activities

	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010	Due Within One Year
Revenue Bonds	\$ 1,125,000	\$ -	\$ 224,679	\$ 900,321	\$ 232,681
FDEP Revolving Fund Loans	8,666,483	-	522,944	8,143,539	658,787
Capital Lease Obligations	358,803	-	345,541	13,262	13,262
Compensated Absences	147,000	120,300	120,300	147,000	67,400
Total	<u>\$ 10,297,286</u>	<u>\$ 120,300</u>	<u>\$ 1,213,464</u>	<u>\$ 9,204,122</u>	<u>\$ 972,130</u>

Governmental Activities

Series 2000 Capital Improvement Revenue Bond, payable in annual installments of \$86,878 through September 1, 2040. The interest rate is 4.75% and payments are payable from telecommunications and sales tax revenues.

\$ 1,374,450

Series 2000A Capital Improvement Revenue Bond, payable in annual installments of \$34,752 through September 1, 2040. The interest rate is 5.00% and payments are payable from telecommunications and sales tax revenues.

534,228

Total Capital Improvement Revenue Bonds

\$ 1,908,678

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 5 – LONG-TERM OBLIGATIONS

Business-type Activities

Revenue Bonds

Series 2009 Water and Sewer Revenue Bond, payable in annual installments of \$101,800, including interest of 4.64%. The loan matures in March 2019 and is secured by revenues of the water and sewer systems.

\$ 735,321

Series 1999 Water and Sewer Refunding Bond, payable in annual installments of \$170,891 through November 1, 2010. The bond's covenants require that net revenue be sufficient to cover 120% of the next fiscal year's debt service requirement.

165,000

Total Revenue Bonds

\$ 900,321

FDEP Revolving Fund Loans

#CS12076905 due in semi-annual installments of \$94,598, including interest of 2.59%. The loan is secured by revenues derived from the operation of the water and sewer systems, after payment of operation and maintenance expense. This loan matures in April of 2015.

\$ 881,947

#CS120769060 due in semi-annual installments of \$135,031, including interest of approximately 2.7%. The loan is secured by revenues derived from the operation of the water and sewer systems, after payment of all yearly payment obligations on account of the revolving fund loan #CS12076905. This loan matures in August of 2017.

1,712,618

#WW769070 due in semi-annual installments of \$189,957, including interest of approximately 2.08%. The loan is secured by revenues derived from the operation of the water and sewer systems, after payment of all yearly payment obligations on account of the revolving fund loan #CS12076905 and #CS120769060. This loan matures in February of 2028.

5,548,974

Total FDEP Revolving Fund Loans

\$ 8,143,539

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 5 – LONG-TERM OBLIGATIONS

Aggregate maturities are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 29,633	\$ 91,998	\$ 891,468	\$ 218,406
2012	31,060	90,570	745,639	195,334
2013	32,557	89,074	765,353	175,620
2014	34,126	87,505	785,624	155,349
2015	35,770	85,860	806,471	134,503
2016-2020	206,425	401,728	2,423,667	423,234
2021-2025	261,192	346,961	1,704,779	194,796
2026-2030	330,499	277,654	920,859	28,929
2031-2035	418,208	189,945	-	-
2036-2040	529,208	78,945	-	-
Totals	\$1,908,678	\$1,740,240	\$9,043,860	\$1,526,171

Capital Lease Obligations

At September 30, 2010, the City has outstanding capital leases, for equipment, at interest rates ranging from 4.14% to 4.78%.

Future lease payments, together with the present value of the minimum lease payments, are summarized in the following tabulation:

Year Ending September 30,	Governmental Activities	Business-type Activities
2011	\$ 28,058	\$ 13,855
Less: Amount Representing Interest	1,148	593
Present Value of Net Minimum Lease Payments	\$ 26,910	\$ 13,262

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 6 – PENSION PLAN

Plan Description. The City contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

Funding Policy. The System is employee noncontributory. The City is required to contribute at an actuarially determined rate. The rates at September 30, 2010 were as follows: Regular Employees 10.77%; Special Risk Employees 23.25%; Senior Management 14.57%; Elected Officials 18.64%. The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. The City's contributions to the System for the years ended September 30, 2010, 2009 and 2008 were \$449,628, \$473,761, and \$480,229, respectively, equal to the required contributions for each year.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City provides other postemployment benefits (OPEB) by providing retirement healthcare benefits through a single-employer defined benefit plan. Substantially all of the City's employees may become eligible for those benefits if they reach retirement age while working for the City.

Since it participates in the Florida Retirement System, the City is required to charge retirees and active employees the same blended-rate premium, instead of age-adjusted premiums, for health care benefits. This *implicit rate subsidy* creates an OPEB liability, even though the City makes no payments directly on behalf of retirees.

The OPEB Plan does not issue a stand-alone financial report.

At September 30, 2010, participants consisted of:

Active Employees	88
Retirees Participants	-
Covered Spouses	-
	<hr/>
Total	<u>88</u>

**City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

Annual OPEB Cost and Net OPEB Obligation

The City had an actuarial valuation performed for the OPEB Plan as of October 1, 2009 to determine the annual required contribution (ARC) for the fiscal year ended September 30, 2010. The City's annual OPEB cost for the fiscal year was \$32,415. It is assumed that the payment of this liability will be covered entirely by the General Fund. The transition liability was set to zero as of September 30, 2009. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2008	N/A	N/A	N/A	N/A
September 30, 2009	N/A	N/A	N/A	N/A
September 30, 2010	\$ 32,415	\$ 6,466	19.9%	\$ 25,949

In future years, three-year trend information will be presented. Fiscal Year 2010 was the year of implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and the City has elected to implement prospectively, therefore, prior year trend data is not available.

Funded Status

The funded status of the OPEB Plan as of the October 1, 2009 valuation date was as follows:

<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
\$ -	\$ 178,191	\$ 178,191	0.0%	\$ 3,390,574	5.3%

Funding Policy

Funding for the OPEB Plan is on a pay-as-you-go basis from the City's general resources. There is no separate trust through which benefits for retirees are funded. No resources are currently accumulated or earmarked for this purpose.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

Actuarial Methods and Assumptions

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following actuarial methods and assumptions were used:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of Payroll-Closed
Amortization Period	30 Years
Remaining Amortization Period	29 Years
Asset Valuation Method	Unfunded
Actuarial Assumptions:	
Funding Interest Rate	4.5%
Payroll Growth/ Inflation	0%
Healthcare Inflation	8% Initial; grading down to 5% in 2012

NOTE 8 – RISK MANAGEMENT

Public Entity Risk Pool

To manage its risks of loss related to worker's compensation, the City participates in the Preferred Governmental Insurance Trust (the "Trust"), a public entity risk pool currently operating as a common risk management and insurance program for several member governments. The Trust is designed to be self-sustaining through member premiums and reinsurance through commercial companies. There were no significant reductions in insurance coverages from the prior year and settlements have not exceeded coverage in any of the past three years.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2010

NOTE 8 – RISK MANAGEMENT

Commercial Insurance

The City is exposed to various risks of loss related to general liability, personal injury, property, and errors and omissions for which the City carries commercial insurance. There were no significant reductions in insurance coverages from prior years and settlements have not exceeded insurance coverages in any of the past three years.

NOTE 9 – PLEGGED REVENUES

The City has pledged future water, sewer and garbage customer revenues, net of specified operating expenses, to repay approximately \$8.1 million in state revolving fund loans and \$900,000 of revenue bonds. The debt was used to construct the City's water and sewer systems and is payable through 2028. Additionally, the City has pledged future telecommunications and sales tax revenues to repay approximately \$1.9 million of capital improvement revenue bonds. The debt was used primarily to construct the City Hall building. The total principal and interest remaining to be paid on all loans secured by pledged revenues is approximately \$14.2 million. For 2010, the City paid approximately \$1.2 million of principal and interest on debt secured by pledged revenues. Pledged net revenues for the water and sewer system for 2010 were \$1.9 million. Pledged revenues from telecommunications and sales taxes were \$429,000.

NOTE 10 – COMMUNITY REDEVELOPMENT AGENCY ACTIVITY

The activity for the Community Redevelopment Agencies for the year ended September 30, 2010 is as follows:

	Original CRA	Expanded CRA
Balance, October 1, 2009	\$ 567,750	\$ -
Revenues	166,717	119,051
Expenditures	(197,789)	(124)
Balance, September 30, 2010	<u>\$ 536,678</u>	<u>\$ 118,927</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Wildwood, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
For the Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 3,125,074	\$ 3,106,138	\$ 3,123,143	\$ 17,005
Permits and Fees	-	7,900	10,226	2,326
Intergovernmental	431,500	517,490	531,132	13,642
Charges for Services	785,000	620,137	627,625	7,488
Fines and Forfeitures	46,250	29,995	32,584	2,589
Miscellaneous	298,836	206,836	439,102	232,266
TOTAL REVENUES	4,686,660	4,488,496	4,763,812	275,316
<u>EXPENDITURES</u>				
Current:				
General Government	1,619,982	1,524,958	1,516,925	8,033
Public Safety	1,665,603	1,861,662	1,780,704	80,958
Transportation	643,806	600,075	595,753	4,322
Economic Environment	117,460	220,877	216,756	4,121
Culture and Recreation	427,236	406,032	403,914	2,118
Reserve for Contingency	1,127,824	554,852	-	554,852
Debt Service	206,077	206,077	206,077	-
TOTAL EXPENDITURES	5,807,988	5,374,533	4,720,129	654,404
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,121,328)	(886,037)	43,683	929,720
<u>OTHER FINANCING SOURCES</u>				
Transfers In	319,000	714,271	720,243	5,972
NET CHANGE IN FUND BALANCES	(802,328)	(171,766)	763,926	935,692
FUND BALANCES – BEGINNING OF YEAR	802,328	171,766	949,707	777,941
FUND BALANCES – END OF YEAR	\$ -	\$ -	\$ 1,713,633	\$ 1,713,633

(See accompanying notes to this schedule)

City of Wildwood, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended September 30, 2010

The budget was prepared on a basis that did not differ materially from generally accepted accounting principles.

The City's procedures in establishing the budgetary data reflected in the financial statements are generally as follows:

- In July, the Sumter County Property Appraiser notifies the City as to its tentative property tax assessed valuation, from which the City can estimate the property tax resources available and the limitations thereon.
- During August, budget workshops are held to determine proposed expenditures and the means of financing them. The Commission then adopts the proposed property tax millage rate and sets the date, time and place of the first public hearing.
- A public hearing on the tentative budget is held. Within fifteen (15) days of the first public hearing, the City advertises its intention to finalize its budget and millage rate, and a date, time, and place for a public hearing. The second public hearing is convened several days after the final advertisement, at which time the final budget and millage are adopted.
- Appropriations lapse at year-end.
- The fund is the legal level of control.

City of Wildwood, Florida
Other Postemployment Benefits Plan
September 30, 2010

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
10/1/2009	\$ -	\$ 178,191	\$ 178,191	0.0%	\$ 3,390,574	5.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>
9/30/2010	\$ 32,415	\$ 6,466	19.9%

Notes:

- 1) The City has implemented GASB Statement No. 45 effective October 1, 2009. Trend information for two more valuations will be provided prospectively.
- 2) See Note 7 to the financial statements for detailed information on the City's OPEB Plan.

SUPPLEMENTAL INFORMATION

**City of Wildwood, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010**

	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Total Nonmajor Govern- mental Funds
<u>ASSETS</u>			
Cash and Equivalents	<u>\$ 35,432</u>	<u>\$ 13,036</u>	<u>\$ 48,468</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ -	\$ 12,406	\$ 12,406
<u>FUND BALANCES</u>			
Unreserved	<u>35,432</u>	<u>630</u>	<u>36,062</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 35,432</u>	<u>\$ 13,036</u>	<u>\$ 48,468</u>

**City of Wildwood, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010**

	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Total Nonmajor Govern- mental Funds
<u>ASSETS</u>			
Cash and Equivalents	<u>\$ 35,432</u>	<u>\$ 13,036</u>	<u>\$ 48,468</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ -	\$ 12,406	\$ 12,406
<u>FUND BALANCES</u>			
Unreserved	<u>35,432</u>	<u>630</u>	<u>36,062</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 35,432</u>	<u>\$ 13,036</u>	<u>\$ 48,468</u>

**ADDITIONAL ELEMENTS REQUIRED BY THE RULES
OF THE AUDITOR GENERAL**

Management Letter

The Honorable Mayor and
City Commissioners
City of Wildwood, Florida

We have audited the financial statements of the City of Wildwood, Florida (the "City") as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated June 9, 2011. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit report. In that regard, the unresolved prior year audit finding is repeated in the accompanying Schedule of Findings as item 10-1.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency". In connection with our audit, we determined that the City has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the 2009-2010 annual financial report was filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, and is in substantial agreement with the audit report for the fiscal year ended September 30, 2010.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

This management letter is intended solely for the information and use of the Mayor and City Commissioners, management, and oversight audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carr, Riggs & Ingram LLC

June 9, 2011
Gainesville, Florida

The Honorable Mayor and
City Commissioners
City of Wildwood, Florida

We have audited the financial statements of the City of Wildwood, Florida (the "City") as of and for the year ended September 30, 2010, and have issued our report thereon dated June 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 10-1 to be a material weakness.

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*.

The City's response to the finding identified in our audit is described in its accompanying letter of response. We did not audit the City's response and, accordingly, we express no opinion on it.

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. During the year, the financial statements were affected by the implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The application of existing policies was not changed during the year. Next year, the City will need to implement GASB Statement No. 54 dealing with Fund Balance and Governmental Fund Type Definitions. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are sometimes particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are sometimes particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Certain material, misstatements were detected as a result of our audit procedures. These misstatements were corrected as described below:

General Fund

Receivables due from other governments and taxpayers at year end were recorded. The effect on the net change in fund balances was approximately \$190,000.

Deferred revenue from impact fees of approximately \$230,000 was reclassified as current year revenue.

Utility Fund

Debt service principal payments and capital lease payments of approximately \$1.1 million were reclassified and were properly charged against long-term debt balances.

Infrastructure projects of approximately \$680,000 were reclassified as capital assets instead of expenses.

Equipment with a book value of \$304,000 was removed from capital assets because the equipment was sold during the year.

Depreciation expense of approximately \$1.3 million on capital assets was recorded.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

The Honorable Mayor and
City Commissioners
City of Wildwood, Florida
Page 4

This report is intended solely for the information and use of the Honorable Mayor and City Commissioners, management and oversight audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Car, Riggs & Ingram LLC

June 9, 2011
Gainesville, Florida

City of Wildwood, Florida
Schedule of Findings
For the Year Ended September 30, 2010

- 10-1 Condition – Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, requires auditors to prepare a written communication if they identified misstatements during the audit process or if it was necessary to assist with the preparation of the financial statements. As part of the audit process, we proposed material adjustments to the City's financial statements. It was also necessary for us to assist with the preparation of your financial statements. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

Recommendation – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process.

City of
Wildwood,
Florida



City Hall

wildwood-fl.gov

Area Code: 352

Zip Code: 34785

CITY HALL

100 N. Main Street

330-1330 Phone

330-1338 Fax

CITY MANAGER

Extension 109

CITY CLERK/FINANCE

Extension 100

HUMAN RESOURCES

Extension 103

330-1339 Fax

CUSTOMER SERVICE

(Utility Accounts/TDD)

Extension 130

BUILDING SERVICES

Code/Inspections/Permits

Extension 119

330-1334 Fax

DEVELOPMENT SERVICES

Planning/Zoning/Concurrency

Extension 118

330-1334 Fax

PARKS & RECREATION

COMMUNITY CENTER

Reservations:

Extension 114

POLICE

100 E. Huey Street

330-1355

330-1358 Fax

WOODWASTE

601 W. Gulf-Atlantic Hwy.

330-1345

REFUSE / STREETS

410 Grey Street

330-1343

330-1353 Fax

WASTEWATER

1290 Industrial Drive

330-1349

330-1350 Fax

WATER

801 E. Huey Street

330-1346

330-1347 Fax

June 9, 2011

Auditor General
Local Government Section Room 401
Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Audit Response- 2010

Dear Auditor General:

We have evaluated the costs and benefits of establishing enhanced internal controls over the preparation of financial statements in accordance with generally accepted accounting principles. Based on our evaluation, we determined that it is in the best interests of the City to continue to outsource this task to our independent auditors.

We struggled for years to get rid of audit findings, but we find ourselves having to respond only because of new auditing Standards. We find it is to our best interest to have the auditors make adjustments for us to assure a smooth transition from one year to another.

It is our hope that our Governing body realizes that in spite of the finding we again have an excellent audit and that our staff should feel very proud of the accomplishment. The Audit reflects that teamwork and organization leads to success.

We strive to continue to do the very best job we can.

Sincerely,

Signed:

City Manager

Date: June 9, 2011

Signed:

City Clerk/Finance Director

Date: June 9, 2011

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Wildwood,
Florida



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June 9, 2011

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Signed: 
City Manager

Date: June 9, 2011

Signed: 
City Clerk/Finance Director

Date: June 9, 2011