

City of Wildwood, Florida

Audit Report

September 30, 2015



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September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Commissioners
City of Wildwood, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wildwood, Florida (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the OPEB and pension trend information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2016 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* in considering the City's internal control over financial reporting and compliance.

Car, Riggs & Ingram, L.L.C.

Gainesville, Florida
July 20, 2016

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, 2015. 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 Position. This statement includes all of the City's assets, deferred outflows, liabilities and deferred inflows 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 position – consisting of total assets plus deferred outflows less total liabilities less deferred inflows – 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 position during the fiscal year. Over time, the increases or decreases in net position 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.

Management's Discussion and Analysis

CONDENSED FINANCIAL INFORMATION

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Non-capital assets	\$ 4,124,141	\$ 3,978,941	\$ 6,388,593	\$ 6,300,418	\$ 10,512,734	\$ 10,279,359
Capital assets	8,783,529	8,733,123	22,572,745	21,504,895	31,356,274	30,238,018
Total assets	12,907,670	12,712,064	28,961,338	27,805,313	41,869,008	40,517,377
Deferred outflows of resources:						
Deferred loss on bond refunding	-	-	10,091	15,136	10,091	15,136
Pension related	1,289,485	-	245,616	-	1,535,101	-
Total deferred outflows of resources	1,289,485	-	255,707	15,136	1,545,192	15,136
Liabilities:						
Current liabilities	1,070,316	1,379,171	1,615,791	895,038	2,686,106	2,274,209
Long-term liabilities	4,928,855	2,229,805	7,099,915	7,589,856	12,028,771	9,819,661
Total liabilities	5,999,171	3,608,976	8,715,706	8,484,894	14,714,877	12,093,870
Deferred inflows of resources:						
Pension related	1,116,814	-	212,727	-	1,329,541	-
Net position:						
Net investment in capital assets	6,903,469	6,606,232	15,264,892	14,964,806	22,168,361	21,571,038
Restricted	309,831	655,752	-	-	309,831	655,752
Unrestricted	(132,130)	1,841,104	5,023,720	4,370,749	4,891,590	6,211,853
Total net position	\$ 7,081,170	\$ 9,103,088	\$ 20,288,612	\$ 19,335,555	\$ 27,369,782	\$ 28,438,643

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	\$ 211,445	\$ 219,363	\$ 6,847,678	\$ 6,669,767	\$ 7,059,123	\$ 6,889,130
Operating grants & contributions	391,240	390,380	-	-	391,240	390,380
Capital grants & contributions	-	-	-	-	-	-
General revenues:						
Property taxes	2,039,593	1,595,959	-	-	2,039,593	1,595,959
Other taxes and shared revenues	3,675,006	3,450,507	-	-	3,675,006	3,450,507
Miscellaneous	208,744	240,502	-	-	208,744	240,502
Investment earnings	2,093	2,577	6,331	5,629	8,424	8,206
Gain on sale of asset	215,642	-	-	4,695	215,642	4,695
Transfers	360,000	350,000	(360,000)	(350,000)	-	-
Total revenues	7,103,763	6,249,288	6,494,009	6,330,091	13,597,772	12,579,379
Program expenses:						
General government	1,363,587	1,911,303	-	-	1,363,587	1,911,303
Public safety	2,793,535	2,610,747	-	-	2,793,535	2,610,747
Physical environment	848	1,848	-	-	848	1,848
Transportation	1,227,694	1,042,430	-	-	1,227,694	1,042,430
Economic environment	113,836	66,444	-	-	113,836	66,444
Culture and recreation	632,051	590,277	-	-	632,051	590,277
Interest on long-term debt	64,576	90,270	-	-	64,576	90,270
Utility	-	-	4,975,868	4,558,838	4,975,868	4,558,838
Industrial park	-	-	7,074	7,358	7,074	7,358
Total expenses	6,196,127	6,313,319	4,982,942	4,566,196	11,179,069	10,879,515
Change in net position	907,636	(64,031)	1,511,067	1,763,895	2,418,703	1,699,864
Beginning net position, as restated for 2015	6,173,534	9,167,119	18,777,545	17,571,660	24,951,079	26,738,779
Ending net position	\$ 7,081,170	\$ 9,103,088	\$ 20,288,612	\$ 19,335,555	\$ 27,369,782	\$ 28,438,643

Management's Discussion and Analysis

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$602,685 in program revenues and \$6,501,078 of general revenues and transfers, and incurred \$6,196,127 of program expenses. This resulted in a \$907,636 increase in net position.

Business-type Activities

Net revenues of the business-type activities were \$6,494,009 compared to expenses of \$4,982,942. This resulted in a \$1,511,067 increase in net position.

THE CITY'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$172,753 from \$3,293,843 to \$3,466,596.

Utility

The Utility Fund's net position increased by \$1,527,987 from \$18,458,592 to \$19,986,579.

BUDGETARY HIGHLIGHTS

The City increased its budgeted General Fund expenditures by \$2,612,164. This was mostly in relation to debt service.

Revenues of the General Fund were over budgeted amounts. A variance between final budget amounts and actual results occurred in taxes because utility and franchise taxes were higher than expected.

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 some significant capital asset activity during the year primarily due to utility fund construction projects. 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.

Management's Discussion and Analysis

Debt Administration

Overall, the City's governmental activities long-term obligations increased by about \$957,000 during the year. The business-type activities long-term obligations decreased by about \$562,000. 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 Position
September 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and equivalents	\$ 3,685,909	\$ 5,904,790	\$ 9,590,699
Investments	-	199,504	199,504
Accounts receivable	137,015	421,145	558,160
Internal balances	137,350	(137,350)	-
Due from other governments	145,064	504	145,568
Inventory	18,803	-	18,803
Capital assets:			
Non-depreciable	1,768,835	2,487,512	4,256,347
Depreciable, net	7,014,694	20,085,233	27,099,927
Total assets	12,907,670	28,961,338	41,869,008
Deferred outflows of resources			
Pension related	1,289,485	245,616	1,535,101
Deferred loss on refunding	-	10,091	10,091
Total deferred outflows of resources	1,289,485	255,707	1,545,192
Liabilities			
Accounts payable and accrued liabilities	250,785	523,941	774,726
Customer deposits	-	247,141	247,141
Unearned revenue	484,370	-	484,370
Noncurrent liabilities:			
Due within one year	335,161	844,708	1,179,869
Due in more than one year	4,928,855	7,099,916	12,028,771
Total liabilities	5,999,171	8,715,706	14,714,877
Deferred inflows of resources			
Pension related	1,116,814	212,727	1,329,541
Net position			
Net investment in capital assets	6,903,469	15,264,892	22,168,361
Restricted:			
Law enforcement trust fund	20,009	-	20,009
Greenwood cemetery fund	42,116	-	42,116
Community redevelopment agencies	241,806	-	241,806
Culture/recreation grant	5,900	-	5,900
Unrestricted	(132,130)	5,023,720	4,891,590
Total net position	\$ 7,081,170	\$ 20,288,612	\$ 27,369,782

See accompanying notes.

City of Wildwood, Florida

Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and equivalents	\$ 3,611,352	\$ 74,557	\$ 3,685,909
Accounts receivable	137,015	-	137,015
Due from other funds	149,782	20	149,802
Due from other governments	145,064	-	145,064
Inventory	18,803	-	18,803
Total assets	\$ 4,062,016	\$ 74,577	\$ 4,136,593
Liabilities			
Accounts payable and accrued liabilities	\$ 111,030	\$ 20	\$ 111,050
Due to other funds	20	12,432	12,452
Unearned revenue	484,370	-	484,370
Total liabilities	595,420	12,452	607,872
Fund balances			
Nonspendable:			
Inventory	18,803	-	18,803
Restricted	247,706	62,125	309,831
Assigned	269,230	-	269,230
Unassigned	2,930,857	-	2,930,857
Total fund balances	3,466,596	62,125	3,528,721
Total liabilities and fund balances	\$ 4,062,016	\$ 74,577	\$ 4,136,593

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
September 30, 2015**

Fund balances – total governmental funds	\$	3,528,721
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported in the governmental funds.		
Capital assets – net		8,783,529
Certain amounts are not due and payable in the current period and therefore are not reported in governmental funds.		
Accrued liability for lawsuit settlement		(139,735)
Deferred outflows and inflows associated with pensions are not reported in the governmental funds.		
Deferred outflows		1,289,485
Deferred inflows		(1,116,814)
Long-term liabilities are not reported in the governmental funds.		
Bonds payable		(1,631,124)
Lease payable		(248,936)
Compensated absences		(282,000)
Net pension liability		(2,938,798)
Net OPEB obligation		(163,158)
<hr/>		
Net position of governmental activities	\$	7,081,170

See accompanying notes.

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2015**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 5,291,769	\$ -	\$ 5,291,769
Intergovernmental	665,723	-	665,723
Charges for services	155,341	-	155,341
Fines and forfeitures	34,908	-	34,908
Miscellaneous	374,439	5,941	380,380
Total revenues	6,522,180	5,941	6,528,121
Expenditures			
Current:			
General government	1,657,320	-	1,657,320
Public safety	3,135,946	-	3,135,946
Physical environment	-	848	848
Transportation	1,199,358	-	1,199,358
Economic environment	115,560	-	115,560
Culture and recreation	529,687	-	529,687
Debt service:			
Principal	246,831	-	246,831
Interest	64,575	-	64,575
Total expenditures	6,949,277	848	6,950,125
Excess of revenues over (under) expenditures	(427,097)	5,093	(422,004)
Other financing sources (uses)			
Debt issuance	1,684,964	-	1,684,964
Paid to refund debt	(1,684,964)	-	(1,684,964)
Proceeds from capital asset sale	239,850	-	239,850
Transfers in	360,000	-	360,000
Net change in fund balances	172,753	5,093	177,846
Fund balances – beginning of year	3,293,843	57,032	3,350,875
Fund balances – end of year	\$ 3,466,596	\$ 62,125	\$ 3,528,721

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year ended September 30, 2015**

Net change in fund balances – total governmental funds \$ 177,846

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	571,113
Current year depreciation expense	(496,264)
Gain on sale	(24,443)

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

Payments on revenue bonds	150,178
Payments on capital lease	96,653

The change in the net pension liability and the related deferred outflows and deferred inflows are reported in the statement of activities, but not in governmental funds.

Change in net pension liability	(1,141,460)
Change in deferred outflows	1,001,780
Change in deferred inflows	303,107

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	(34,000)
OPEB expense	(28,821)
Lawsuit settlement	331,947

Change in net position of governmental activities **\$ 907,636**

See accompanying notes.

City of Wildwood, Florida

Statement of Net Position
Proprietary Funds
September 30, 2015

	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
Current assets			
Cash and equivalents	\$ 5,761,510	\$ 143,280	\$ 5,904,790
Investments	199,504	-	199,504
Accounts receivable	421,145	-	421,145
Due from other governments	504	-	504
Due from other funds	26	-	26
Total current assets	6,382,689	143,280	6,525,969
Noncurrent assets			
Capital assets, net	22,412,992	159,753	22,572,745
Total assets	28,795,681	303,033	29,098,714
Deferred outflows of resources			
Pension related	245,616	-	245,616
Deferred loss on bond refunding	10,091	-	10,091
Total deferred outflows of resources	255,707	-	255,707
Current liabilities			
Accounts payable and accrued liabilities	523,942	-	523,942
Customer deposits	247,141	-	247,141
Due to other funds	136,376	1,000	137,376
Current portion of long-term liabilities	844,708	-	844,708
Total current liabilities	1,752,167	1,000	1,753,167
Noncurrent liabilities	7,099,915	-	7,099,915
Total liabilities	8,852,082	1,000	8,853,082
Deferred inflows of resources			
Pension related	212,727	-	212,727
Net position			
Net investment in capital assets	15,105,139	159,753	15,264,892
Unrestricted	4,881,440	142,280	5,023,720
Total net position	\$ 19,986,579	\$ 302,033	\$ 20,288,612

See accompanying notes.

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended September 30, 2015

	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
Operating revenues			
User fees	\$ 6,847,678	\$ -	\$ 6,847,678
Operating expenses			
Personal services	1,363,856	-	1,363,856
Operating expenses	2,163,639	200	2,163,839
Depreciation	1,292,806	6,874	1,299,680
Total operating expenses	4,820,301	7,074	4,827,375
Operating income (loss)	2,027,377	(7,074)	2,020,303
Nonoperating revenues (expenses)			
Investment earnings	6,177	154	6,331
Interest expense	(155,567)	-	(155,567)
Total nonoperating revenues (expenses)	(149,390)	154	(149,236)
Income (loss) before transfers	1,877,987	(6,920)	1,871,067
Transfers out	(350,000)	(10,000)	(360,000)
Change in net position	1,527,987	(16,920)	1,511,067
Net position – beginning of year, as restated	18,458,592	318,953	18,777,545
Net position – end of year	\$ 19,986,579	\$ 302,033	\$ 20,288,612

See accompanying notes.

City of Wildwood, Florida

Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2015

	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
Operating activities			
Receipts from customers	\$ 6,995,184	\$ -	\$ 6,995,184
Payments to suppliers	(1,396,389)	(200)	(1,396,589)
Payments to employees	(1,403,859)	-	(1,403,859)
Net cash provided (used) by operating activities	4,194,936	(200)	4,194,736
Noncapital financing activities			
Transfers out	(350,000)	(10,000)	(360,000)
Due to other funds	(194)	-	(194)
Net cash used by noncapital financing activities	(350,194)	(10,000)	(360,194)
Capital and related financing activities			
Acquisitions of capital assets	(2,367,530)	-	(2,367,530)
Principal paid on debt	(782,814)	-	(782,814)
Interest paid on debt	(155,567)	-	(155,567)
Net cash used by capital and related financing activities	(3,305,911)	-	(3,305,911)
Investing activities			
Interest received	6,177	154	6,331
Sale/acquisition of investments	(2,231)	152,991	150,760
Net cash provided by investing activities	3,946	153,145	157,091
Change in cash and equivalents	542,777	142,945	685,722
Cash and equivalents – beginning of year	5,218,733	335	5,219,068
Cash and equivalents – end of year	\$ 5,761,510	\$ 143,280	\$ 5,904,790
Operating income (loss)	\$ 2,027,377	\$ (7,074)	\$ 2,020,303
Depreciation	1,292,806	6,874	1,299,680
Change in:			
Receivables	133,434	-	133,434
Due from other governments	313,547	-	313,547
Compensated absences	3,000	-	3,000
Wages payable	(16,919)	-	(16,919)
Payables	453,703	-	453,703
Deferred outflows	(185,770)	-	(185,770)
Deferred inflows	(57,735)	-	(57,735)
Net pension liability	217,421	-	217,421
Customer deposits	14,072	-	14,072
Net cash provided (used) by operating activities	\$ 4,194,936	\$ (200)	\$ 4,194,736

See accompanying notes.

Notes to Financial Statements

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 or entities that would be misleading to exclude.

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 Commission serves as the governing board of, and is able to impose its will on, 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 2014–2015 fiscal year.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component unit. 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 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*.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 general operating fund, used to account for and report all financial resources not accounted for and reported 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.

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.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$41,600 allowance.

Inventory

Inventory is valued at cost under the first-in, first-out method and is accounted for using the consumption method. An offsetting “nonspendable fund balance” is reported in the governmental 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:

	Years
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 2015.

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is defined as the consumption of net assets applicable to a future reporting period.

A *deferred inflow of resources* is defined as the acquisition of net assets applicable to a future reporting period.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Position

In the accompanying statements of net position, *restricted net position* is 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 position reports \$42,116 net position restricted by enabling legislation for the Greenwood cemetery.

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

The City follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the City’s highest level of decision-making authority, which is an ordinance. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the City Commission or (b) a body or official to which the City Commission has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

When the components of fund balance can be used for the same purpose, it is the City’s policy to expend resources in the following order: restricted, committed, assigned, and unassigned.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 solely in certificates of deposit in qualified public depositories.

NOTE 3 – INTERFUND BALANCES AND TRANSFERS

At September 30, 2015, interfund balances are as follows:

	Interfund Receivable	Interfund Payable
General fund	\$ 149,782	\$ 20
Other governmental funds	20	12,432
Utility fund	26	136,376
Other enterprise fund	-	1,000
Total	\$ 149,828	\$ 149,828

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

Notes to Financial Statements

NOTE 3 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended September 30, 2015 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 360,000	\$ -
Industrial park	-	10,000
Utility fund	-	350,000
Total	\$ 360,000	\$ 360,000

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 – FUND BALANCE CLASSIFICATIONS

Fund balance is restricted for the following purposes:

	General Fund	Other Governmental Funds	Total
Public safety	\$ -	\$ 20,009	\$ 20,009
Physical environment	-	42,116	42,116
Economic environment	241,806	-	241,806
Culture and recreation	5,900	-	5,900
Total restricted fund balance	\$ 247,706	\$ 62,125	\$ 309,831

Fund balance is assigned for the following purposes:

	General Fund	Other Governmental Funds	Total
General government	\$ 13,789	\$ -	\$ 13,789
Culture and recreation	21,105	-	21,105
Planned expenditures for 2015	234,336	-	234,336
Total assigned fund balance	\$ 269,230	\$ -	\$ 269,230

Notes to Financial Statements

NOTE 5 – CAPITAL ASSET ACTIVITY

	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
Governmental Activities				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,793,043	\$ -	\$ 24,208	\$ 1,768,835
Capital assets, being depreciated:				
Buildings and improvements	7,997,754	189,144	-	8,186,898
Furniture and equipment	3,475,605	374,739	6,919	3,843,425
Infrastructure	735,172	7,230	-	742,402
Total capital assets, being depreciated	12,208,531	571,113	6,919	12,772,725
Less accumulated depreciation for:				
Buildings and improvements	2,797,245	205,035	-	3,002,280
Furniture and equipment	2,386,750	268,340	6,684	2,648,406
Infrastructure	84,456	22,889	-	107,345
Total accumulated depreciation	5,268,451	496,264	6,684	5,758,031
Total capital assets being depreciated, net	6,940,080	74,849	235	7,014,694
Governmental activities capital assets, net	\$ 8,733,123	\$ 74,849	\$ 24,443	\$ 8,783,529
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,328,002	\$ -	\$ -	\$ 1,328,002
Construction in progress	1,724,666	722,626	1,287,782	1,159,510
Total capital assets, not being depreciated	3,052,668	722,626	1,287,782	2,487,512
Capital assets, being depreciated:				
Buildings and improvements	33,269,671	2,716,409	-	35,986,080
Machinery and equipment	2,827,773	216,277	-	3,044,050
Plant assets and equipment	868,628	-	-	868,628
Total capital assets, being depreciated	36,966,072	2,932,686	-	39,898,758
Less accumulated depreciation for:				
Building and improvements	15,468,688	1,224,368	-	16,693,056
Machinery and equipment	2,469,690	75,312	-	2,545,002
Plant assets and equipment	575,467	-	-	575,467
Total accumulated depreciation	18,513,845	1,299,680	-	19,813,525
Total capital assets being depreciated, net	18,452,227	1,633,006	-	20,085,233
Business-type activities capital assets, net	\$ 21,504,895	\$ 2,355,632	\$ 1,287,782	\$ 22,572,745

Notes to Financial Statements

NOTE 5 – CAPITAL ASSET ACTIVITY (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 116,020
Public safety	170,609
Transportation	51,866
Economic environment	3,335
Culture and recreation	154,434
Total depreciation expense – governmental activities	\$ 496,264
Business-type activities:	
Utility	\$ 1,292,806
Industrial park	6,874
Total depreciation expense – business-type activities	\$ 1,299,680

NOTE 6 – LONG-TERM OBLIGATIONS

Governmental Activities

	Balance October 1, 2014 (restated)	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Capital improvement revenue bonds	\$ 1,781,302	\$ -	\$ 1,781,302	\$ -	\$ -
Capital improvement refunding revenue note (series 2015)	-	1,684,964	53,840	1,631,124	94,882
Capital lease obligation	345,589	-	96,653	248,936	98,035
Compensated absences	248,000	201,000	167,000	282,000	101,000
Net OPEB obligation	134,337	28,821	-	163,158	-
Net pension liability	1,797,338	1,141,460	-	2,938,798	41,244
Total	\$ 4,306,566	\$ 3,056,245	\$ 2,098,795	\$ 5,264,016	\$ 335,161

Business-type Activities

	Balance October 1, 2014 (restated)	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Refunding revenue bond, 2013	\$ 3,639,000	\$ -	\$ 494,000	\$ 3,145,000	\$ 502,000
FDEP revolving fund loans	4,451,667	-	288,814	4,162,853	294,852
Compensated absences	74,000	80,000	77,000	77,000	40,000
Net pension liability	342,350	217,421	-	559,771	7,856
Total	\$ 8,507,017	\$ 297,421	\$ 859,814	\$ 7,944,624	\$ 844,708

Notes to Financial Statements

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Governmental Activities

Series 2015 capital improvement refunding revenue note in the amount of \$1,684,964, issued January 30, 2015 with a maturity date of March 1, 2030 and interest rate of 2.46%.

\$ 1,631,124

Business-type Activities

Revenue Bonds

Series 2013 water and sewer refunding revenue bond, payable in annual installments of \$276,000, including interest of 1.69%. The loan matures in October 2021 and is secured by revenues of the water and sewer systems.

\$ 3,145,000

FDEP Revolving Fund Loans

#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. This loan matures in February of 2028.

\$ 4,162,853

Notes to Financial Statements

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Aggregate maturities are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 94,882	\$ 39,546	\$ 796,852	\$ 136,100
2017	97,230	37,197	812,018	121,417
2018	99,637	34,791	827,311	106,445
2019	102,103	32,324	841,737	91,199
2020	104,630	29,797	858,296	75,673
2021-2025	563,303	108,835	2,250,779	201,725
2026-2030	569,339	35,585	920,860	28,930
Totals	\$ 1,631,124	\$ 318,075	\$ 7,307,853	\$ 761,489

Capital Lease Obligations

At September 30, 2015, the City had outstanding capital leases for equipment with interest ranging from 1.41% to 1.45%.

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
2016	\$ 101,583
2017	101,583
2018	52,191
Less: amount representing interest	(6,421)
Present value of net minimum lease payments	\$ 248,936

NOTE 7 – REFUNDING OF DEBT

On January 30, 2015, the City issued a \$1,684,964 Capital Improvement Refunding Revenue Note, Series 2015, with an interest rate of 2.46%, to refund Capital Improvement Revenue Bond, Series 2000 and 2000A.

As a result of the refunding, the City decreased its total debt service requirements by approximately \$1,200,000, and achieved an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$900,000.

Notes to Financial Statements

NOTE 8 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide 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 State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Notes to Financial Statements

NOTE 8 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The City’s contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The City’s contributions for the year ended September 30, 2015, were \$425,699 to the FRS and \$55,552 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2015, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 2,162,813	\$ 1,335,757
Proportion at:		
Current measurement date	0.0167%	0.0131%
Prior measurement date	0.0160%	0.0124%
Pension expense (benefit)	\$ 178,857	\$ 107,838

Notes to Financial Statements

NOTE 8 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228,329	\$ 51,295	\$ -	\$ -
Changes of assumptions	143,553	-	105,089	-
Net difference between projected and actual earnings on pension plan investments	761,803	1,278,246	723	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	122,284	-	51,595	-
Employer contributions subsequent to the measurement date	105,489	-	16,236	-
Total	\$ 1,361,458	\$ 1,329,541	\$ 173,643	\$ -

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2016	\$ (45,551)	\$ 25,453
2017	(45,551)	25,453
2018	(45,551)	25,453
2019	(45,550)	25,452
2020	83,560	25,272
Thereafter	25,071	30,324
Total	\$ (73,572)	\$ 157,407

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

Notes to Financial Statements

NOTE 8 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	<u>100%</u>		

Notes to Financial Statements

NOTE 8 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City’s proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	Current Discount			Current Discount		
	1% Decrease (6.65%)	Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Rate (3.80%)	1% Increase (4.80%)
Employer’s proportionate share of the net pension liability	\$ 5,604,337	\$2,162,813	\$ (701,101)	\$ 1,522,033	\$1,335,757	\$ 1,180,431

Pension Plans’ Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled \$286,695.

Notes to Financial Statements

NOTE 9 – 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, 2015, participants consisted of:

Active employees	95
Retirees participants	-
Covered spouses	-
<hr/>	
Total	<u>95</u>

Annual OPEB Cost and Net OPEB Obligation

The City had an actuarial valuation performed for the OPEB Plan as of October 1, 2012 to determine the annual required contribution for the fiscal year ended September 30, 2015. It is assumed that the payment of the net OPEB obligation will be covered entirely by the General Fund.

The annual cost (expense) of the OPEB Plan is calculated based on the Annual Required Contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the City’s OPEB cost for the year, the estimated amount contributed by the employer, and the change in the net OPEB obligation.

Notes to Financial Statements

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual required contribution	\$ 35,367
Interest on net OPEB obligation	6,045
Adjustments to ARC	(5,309)
<hr/>	
Annual OPEB cost (expense)	36,103
Contributions made	(7,282)
<hr/>	
Increase in net OPEB obligation	28,821
Net OPEB obligation - beginning of year	134,337
<hr/>	
Net OPEB obligation - end of year	\$ 163,158
<hr/>	

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2015	\$ 36,103	\$ 7,282	20.2%	\$ 163,158
September 30, 2014	\$ 34,862	\$ 7,282	20.9%	\$ 134,337
September 30, 2013	\$ 33,986	\$ 5,535	16.3%	\$ 106,757

Funded Status

The funded status of the OPEB Plan as of the October 1, 2012 valuation date was as follows:

Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
\$ -	\$ 192,797	\$ 192,797	0.0%	\$ 3,264,668	5.9%

Notes to Financial Statements

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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.

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	8.5% in 2014; trending to 4.5% in 2017

Notes to Financial Statements

NOTE 10 – 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.

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 11 – PLEDGED REVENUES

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay approximately \$4 million in state revolving fund loans and \$3.1 million of revenue bonds. The debt was used to construct the City's water and sewer systems and is payable through 2030. Additionally, the City has pledged sales tax revenues to repay approximately \$1.6 million of capital improvement refunding revenue bonds. The debt was used to refund Series 2000 and 2000A. The total principal and interest remaining to be paid on all loans secured by pledged revenues is approximately \$12.1 million. For 2015, the City paid approximately \$930,000 of principal and interest on debt secured by pledged revenues. Pledged net revenues for the water and sewer system for 2015 were \$3,320,183. Pledged revenues from telecommunications and sales taxes were \$646,186.

NOTE 12 – COMMUNITY REDEVELOPMENT AGENCY

The activity for the Community Redevelopment Agencies for the year ended September 30, 2015 is as follows:

	Original CRA	Expanded CRA
Balance, October 1, 2014	\$ 119,773	\$ 71,010
Revenues	131	161,904
Expenditures	(41,988)	(69,024)
Balance, September 30, 2015	\$ 77,916	\$ 163,890

Notes to Financial Statements

NOTE 13 – REFUSE COLLECTION OPERATIONS

During 2011, the City executed an agreement with Waste Management Inc. of Florida for refuse collections. Waste Management collects all refuse in the City. The City is responsible for invoicing and collections for refuse services and the City retains a 10% franchise fee. The term of the agreement is seven years and expires on September 30, 2017.

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

The Town restated the beginning net position of the governmental and business-type activities and its Enterprise Funds to implement the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Governmental Activities	Business-Type Activities
Net position - beginning of year, as previously reported	\$ 9,103,088	\$ 19,335,555
Restatement:		
Net pension liability	(1,797,338)	(342,350)
Deferred outflows	82,988	15,807
Deferred inflows	(1,419,921)	(270,461)
Deferred outflows for contributions made subsequent to the measurement date	204,717	38,994
Net position - beginning of year, as restated	\$ 6,173,534	\$ 18,777,545

	Utility Fund	Other Enterprise Fund
Net position - beginning of year, as previously reported	\$ 19,016,602	\$ 318,953
Restatement:		
Net pension liability	(342,350)	-
Deferred outflows	15,807	-
Deferred inflows	(270,461)	-
Deferred outflows for contributions made subsequent to the measurement date	38,994	-
Net position - beginning of year, as restated	\$ 18,458,592	\$ 318,953

Notes to Financial Statements

NOTE 15 – CONDUIT DEBT OBLIGATIONS

The City approved Capital Trust Agency to issue approximately \$28,600,000 in revenue bonds for loan to Mainsail Healthcare Group II, LLC, for the purpose of financing the cost of the acquisition, construction, development, installation and equipping of a senior living facility to be located within the jurisdiction of the City. The City has no obligation with respect to the bonds or the payment of the bonds. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loan. As of September 30, 2015, the aggregate principal amount payable is not reasonably determinable.

NOTE 16 – SUBSEQUENT EVENTS

On February 16, 2016, the City borrowed \$1.7 million Utility System Revenue Note, Series 2016 to purchase the Continental Country Club utility system and to make improvements to the system.

NOTE 17 – FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Fair Value
- OPEB
- GAAP Hierarchy
- Tax Abatement Disclosures
- External Investment Pools
- Blending certain Component Units
- Split – Interest Agreements

The City is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,949,476	\$ 4,949,476	\$ 5,291,769	\$ 342,293
Intergovernmental	739,154	739,154	665,723	(73,431)
Charges for services	151,200	151,200	155,341	4,141
Fines and forfeitures	21,500	21,500	34,908	13,408
Miscellaneous	294,546	294,546	374,439	79,893
Total revenues	6,155,876	6,155,876	6,522,180	366,304
Expenditures				
Current:				
General government	1,500,333	1,972,015	1,657,320	314,695
Public safety	3,095,220	3,355,830	3,135,946	219,884
Transportation	1,267,600	1,267,600	1,199,358	68,242
Economic environment	330,420	330,420	115,560	214,860
Culture and recreation	589,848	629,848	529,687	100,161
Reserve for contingency	-	-	-	-
Debt service	121,630	1,961,502	311,406	1,650,096
Total expenditures	6,905,051	9,517,215	6,949,277	2,567,938
Excess of revenues over (under) expenditures	(749,175)	(3,361,339)	(427,097)	2,934,242
Other financing sources				
Debt issuance	-	-	1,684,964	1,684,964
Paid to refund debt	-	-	(1,684,964)	(1,684,964)
Proceeds from capital asset sale	-	-	239,850	239,850
Transfers in	360,000	360,000	360,000	-
Total other financing sources	360,000	360,000	599,850	239,850
Net change in fund balances	(389,175)	(3,001,339)	172,753	3,174,092
Fund balances – beginning of year	-	-	3,293,843	3,293,843
Fund balances – end of year	\$ (389,175)	\$ (3,001,339)	\$ 3,466,596	\$ 6,467,935

(See accompanying notes to this schedule)

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2015**

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.

Other Postemployment Benefits Plan

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
10/1/2012	\$ -	\$ 192,797	\$ 192,797	0.0%	\$ 3,264,668	5.9%
10/1/2009	\$ -	\$ 178,191	\$ 178,191	0.0%	\$ 3,390,574	5.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
9/30/2015	\$ 35,367	\$ 7,282	20.6%
9/30/2014	\$ 35,367	\$ 7,282	20.6%
9/30/2013	\$ 35,367	\$ 5,535	15.6%

Notes:

- 1) The City has implemented GASB Statement No. 45 effective October 1, 2009. Trend information for one more valuation will be provided prospectively.
- 2) See Note 9 to the financial statements for detailed information on the City's OPEB Plan.

Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

	Florida Retirement System	2015
Employer's proportion of the net pension liability (asset)		0.0167%
Employer's proportionate share of the net pension liability (asset)	\$	2,162,813
Employer's covered-employee payroll (2)	\$	3,973,610
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		54.43%
Plan fiduciary net position as a percentage of the total pension liability		92.00%
	Health Insurance Subsidy Program	2015
Employer's proportion of the net pension liability (asset)		0.0131%
Employer's proportionate share of the net pension liability (asset)	\$	1,335,757
Employer's covered-employee payroll (2)	\$	3,973,610
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		33.62%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

City of Wildwood, Florida

Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System	2015
Contractually required contribution	\$ 425,699
Contributions in relation to the contractually required contribution	425,699
Contribution deficiency (excess)	\$ -
Employer's covered-employee payroll (1)	\$ 4,098,115
Contributions as a percentage of covered-employee payroll	10.39%

Health Insurance Subsidy Program	2015
Contractually required contribution	\$ 55,552
Contributions in relation to the contractually required contribution	55,552
Contribution deficiency (excess)	\$ -
Employer's covered-employee payroll (1)	\$ 4,098,115
Contributions as a percentage of covered-employee payroll	1.36%

Notes to schedules:

(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Supplementary Information

City of Wildwood, Florida

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015

	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Total Nonmajor Govern- mental Funds
Assets			
Cash and equivalents	\$ 42,142	\$ 32,415	\$ 74,557
Due from other funds	20	-	20
Total assets	\$ 42,162	\$ 32,415	\$ 74,577
Liabilities			
Accounts payable	\$ 20	\$ -	\$ 20
Due to other funds	26	12,406	12,432
Total liabilities	46	12,406	12,452
Fund balances			
Restricted	42,116	20,009	62,125
Total liabilities and fund balances	\$ 42,162	\$ 32,415	\$ 74,577

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended September 30, 2015**

	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Total Nonmajor Govern- mental Funds
Revenues			
Miscellaneous	\$ 3,011	\$ 2,930	\$ 5,941
Expenditures			
Physical environment	848	-	848
Excess of revenues over expenditures	2,163	2,930	5,093
Fund balances, beginning of year	39,953	17,079	57,032
Fund balances, end of year	\$ 42,116	\$ 20,009	\$ 62,125

Additional Required Elements

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, 2015, and have issued our report thereon dated July 20, 2016. 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 and 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. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter.

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(8). 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 2014-2015 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, 2015.

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 the State of Florida Auditor General, 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, L.L.C.

Gainesville, Florida

July 20, 2016

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*

The Honorable Mayor and
City Commissioners
City of Wildwood, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 20, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control 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 2015-001 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*.

City's Response to Finding

The City's response to the finding identified in our audit is described in its accompanying letter of response. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the 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.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
July 20, 2016

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

The Honorable Mayor and
City Commissioners
City of Wildwood, Florida

We have examined the City of Wildwood, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City'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 the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of the Mayor and City Commissioners, management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
July 20, 2016

Schedule of Findings

2015-001 (Reported in previous audit reports as items 2014-001 and 2013-001.)

Condition – Generally accepted auditing standards require 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.



July 20, 2016

Sherrill F Norman, Auditor General, State of Florida
Local Government Section Room 401
Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Audit Response to Finding 2015-001

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 at this time it is in the best interests of the City to continue to outsource this task to our independent auditors. This has been an ongoing issue with the City of Wildwood for a number of years. However, our staff is evolving due to retirement succession and we are setting new goals; one of those goals is to gradually improve in the financial statement development each year until we no longer have this finding in our audit report. We acknowledge that this may not happen in one year, but we will seek gradual improvement each year.

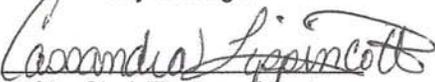
It is our hope that our Governing body realizes that in spite of the finding we again have an excellent audit and that our staff should feel very proud of the accomplishment. The Audit reflects that teamwork and organization leads to success.

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

Sincerely,

Signed: 
City Manager

Date: July 20, 2016

Signed: 
City Clerk/Finance Director

Date: July 20, 2016