

# City of Wildwood, Florida

## Audit Report

September 30, 2013

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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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2013, 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.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 April 29, 2014 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.

*Carly Riggs & Ingram, L.L.C.*

Gainesville, Florida  
April 29, 2014

## Management's Discussion and Analysis

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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, 2013. 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 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 position – 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 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

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

## Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Non-capital assets	\$ 3,276,201	\$ 2,595,004	\$ 3,674,890	\$ 2,875,075	\$ 6,951,091	\$ 5,470,079
Capital assets	8,769,611	8,901,469	20,972,333	22,126,092	29,741,944	31,027,561
<b>Total assets</b>	<b>12,045,812</b>	<b>11,496,473</b>	<b>24,647,223</b>	<b>25,001,167</b>	<b>36,693,035</b>	<b>36,497,640</b>
<b>Liabilities:</b>						
Current liabilities	681,655	501,246	1,159,411	1,195,891	1,841,066	1,697,137
Long-term liabilities	2,197,038	2,050,733	5,892,776	6,706,450	8,089,814	8,757,183
<b>Total liabilities</b>	<b>2,878,693</b>	<b>2,551,979</b>	<b>7,052,187</b>	<b>7,902,341</b>	<b>9,930,880</b>	<b>10,454,320</b>
<b>Net position:</b>						
Net investment in capital assets	6,763,576	7,053,485	14,306,883	14,700,838	21,070,459	21,754,323
Restricted	410,450	356,243	-	-	410,450	356,243
Unrestricted	1,993,093	1,535,166	3,288,153	2,397,988	5,281,246	3,933,154
<b>Total net position</b>	<b>\$ 9,167,119</b>	<b>\$ 8,944,894</b>	<b>\$ 17,595,036</b>	<b>\$ 17,098,826</b>	<b>\$ 26,762,155</b>	<b>\$ 26,043,720</b>

## Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Program revenues:</b>						
Charges for services	\$ 268,562	\$ 275,949	\$ 5,190,650	\$ 5,085,770	\$ 5,459,212	\$ 5,361,719
Operating grants & contributions	558,436	363,784	-	-	558,436	363,784
Capital grants & contributions	79,497	827,128	-	7,500	79,497	834,628
<b>General revenues:</b>						
Property taxes	1,448,760	1,428,207	-	-	1,448,760	1,428,207
Other taxes and shared revenues	3,069,713	2,809,820	-	-	3,069,713	2,809,820
Miscellaneous	265,706	261,967	-	1,647	265,706	263,614
Investment earnings	2,359	2,928	2,630	2,269	4,989	5,197
Transfers	260,000	197,500	(260,000)	(197,500)	-	-
<b>Total revenues</b>	<b>5,953,033</b>	<b>6,167,283</b>	<b>4,933,280</b>	<b>4,899,686</b>	<b>10,886,313</b>	<b>11,066,969</b>
<b>Program expenses:</b>						
General government	1,443,963	1,324,805	-	-	1,443,963	1,324,805
Public safety	2,374,894	1,939,300	-	-	2,374,894	1,939,300
Physical environment	1,192	8,135	-	-	1,192	8,135
Transportation	999,561	1,074,736	-	-	999,561	1,074,736
Economic environment	249,812	76,240	-	-	249,812	76,240
Culture and recreation	572,312	585,839	-	-	572,312	585,839
Interest on long-term debt	89,074	90,569	-	-	89,074	90,569
Utility	-	-	4,429,673	4,372,521	4,429,673	4,372,521
Industrial park	-	-	7,397	7,358	7,397	7,358
<b>Total expenses</b>	<b>5,730,808</b>	<b>5,099,624</b>	<b>4,437,070</b>	<b>4,379,879</b>	<b>10,167,878</b>	<b>9,479,503</b>
<b>Change in net position</b>	<b>222,225</b>	<b>1,067,659</b>	<b>496,210</b>	<b>519,807</b>	<b>718,435</b>	<b>1,587,466</b>
<b>Beginning net position</b>	<b>8,944,894</b>	<b>7,877,235</b>	<b>17,098,826</b>	<b>16,579,019</b>	<b>26,043,720</b>	<b>24,456,254</b>
<b>Ending net position</b>	<b>\$ 9,167,119</b>	<b>\$ 8,944,894</b>	<b>\$ 17,595,036</b>	<b>\$ 17,098,826</b>	<b>\$ 26,762,155</b>	<b>\$ 26,043,720</b>

Management's Discussion and Analysis

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**OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**Governmental Activities**

The governmental activities generated \$906,495 in program revenues and \$5,046,538 of general revenues and transfers, and incurred \$5,730,808 of program expenses. This resulted in a \$222,225 increase in net position.

**Business-type Activities**

Net revenues of the business-type activities were \$4,933,280 compared to expenses of \$4,437,070. This resulted in a \$496,210 increase in net position.

**THE CITY'S INDIVIDUAL FUNDS**

**General Fund**

The General Fund's fund balance increased by \$516,104 from \$2,212,399 to \$2,728,503.

**Utility**

The Utility Fund's net position increased by \$513,526 from \$16,755,505 to \$17,269,031.

**BUDGETARY HIGHLIGHTS**

There were no changes between the original and final budgets for the General Fund.

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. Intergovernmental revenues were more than expected because the CDBG grant was expended during 2013 instead of 2012 and the CDBG reimbursement was not budgeted for in 2013.

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 did not have significant capital 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.

Management's Discussion and Analysis

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**Debt Administration**

Overall, the City's long-term obligations were reduced by about \$600,000 during the year. A lease was executed to finance six police cars. 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,

2013

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and equivalents	\$ 2,603,852	\$ 3,146,363	\$ 5,750,215
Investments	-	349,743	349,743
Accounts receivable	116,806	558,223	675,029
Internal balances	402,815	(402,815)	-
Due from other governments	144,786	-	144,786
Inventory	7,942	-	7,942
Unamortized debt issuance costs	-	23,376	23,376
Capital assets:			
Non-depreciable	1,793,043	1,573,610	3,366,653
Depreciable, net	6,976,568	19,398,723	26,375,291
<b>Total assets</b>	<b>12,045,812</b>	<b>24,647,223</b>	<b>36,693,035</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	145,959	99,132	245,091
Customer deposits	-	211,605	211,605
Unearned revenue	350,942	-	350,942
Noncurrent liabilities:			
Due within one year	184,754	848,674	1,033,428
Due in more than one year	2,197,038	5,892,776	8,089,814
<b>Total liabilities</b>	<b>2,878,693</b>	<b>7,052,187</b>	<b>9,930,880</b>
<b>Net position</b>			
Net investment in capital assets	6,763,576	14,306,883	21,070,459
Restricted:			
Law enforcement trust fund	11,978	-	11,978
Greenwood cemetery fund	38,819	-	38,819
Community redevelopment agencies	213,425	-	213,425
Bond reserve	140,247	-	140,247
Culture/recreation grant	5,981	-	5,981
Unrestricted	1,993,093	3,288,153	5,281,246
<b>Total net position</b>	<b>\$ 9,167,119</b>	<b>\$ 17,595,036</b>	<b>\$ 26,762,155</b>

See accompanying notes.

City of Wildwood, Florida

Statement of Activities

Year ended September 30,

2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities</b>							
General government	\$ 1,443,963	\$ 168,124	\$ -	\$ -	\$ (1,275,839)	\$ -	\$ (1,275,839)
Public safety	2,374,894	44,369	22,107	79,497	(2,228,921)	-	(2,228,921)
Physical environment	1,192	4,850	-	-	3,658	-	3,658
Transportation	999,561	-	536,329	-	(463,232)	-	(463,232)
Economic environment	249,812	-	-	-	(249,812)	-	(249,812)
Culture and recreation	572,312	51,219	-	-	(521,093)	-	(521,093)
Interest on long-term debt	89,074	-	-	-	(89,074)	-	(89,074)
<b>Total governmental activities</b>	<b>5,730,808</b>	<b>268,562</b>	<b>558,436</b>	<b>79,497</b>	<b>(4,824,313)</b>	<b>-</b>	<b>(4,824,313)</b>
<b>Business-type activities</b>							
Utility	4,429,673	5,190,650	-	-	-	760,977	760,977
Industrial park	7,397	-	-	-	-	(7,397)	(7,397)
<b>Total business-type activities</b>	<b>4,437,070</b>	<b>5,190,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>753,580</b>	<b>753,580</b>
<b>Total</b>	<b>\$ 10,167,878</b>	<b>\$ 5,459,212</b>	<b>\$ 558,436</b>	<b>\$ 79,497</b>	<b>(4,824,313)</b>	<b>753,580</b>	<b>(4,070,733)</b>
General revenues:							
Property taxes					1,448,760	-	1,448,760
Other taxes					1,617,175	-	1,617,175
Shared revenues					1,452,538	-	1,452,538
Investment earnings					2,359	2,630	4,989
Miscellaneous					265,706	-	265,706
Transfers					260,000	(260,000)	-
<b>Total general revenues and transfers</b>					<b>5,046,538</b>	<b>(257,370)</b>	<b>4,789,168</b>
<b>Change in net position</b>					<b>222,225</b>	<b>496,210</b>	<b>718,435</b>
<b>Net position – beginning of year</b>					<b>8,944,894</b>	<b>17,098,826</b>	<b>26,043,720</b>
<b>Net position – end of year</b>					<b>\$ 9,167,119</b>	<b>\$ 17,595,036</b>	<b>\$ 26,762,155</b>

See accompanying notes.

City of Wildwood, Florida

Balance Sheet  
Governmental Funds

September 30,

2013

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and equivalents	\$ 2,540,623	\$ 63,229	\$ 2,603,852
Accounts receivable	116,806	-	116,806
Due from other funds	415,247	-	415,247
Due from other governments	144,786	-	144,786
Inventory	7,942	-	7,942
<b>Total assets</b>	<b>\$ 3,225,404</b>	<b>\$ 63,229</b>	<b>\$ 3,288,633</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 145,959	\$ -	\$ 145,959
Due to other funds	-	12,432	12,432
Deferred revenue	350,942	-	350,942
<b>Total liabilities</b>	<b>496,901</b>	<b>12,432</b>	<b>509,333</b>
<b>Fund balances</b>			
Nonspendable:			
Inventory	7,942	-	7,942
Restricted	474,886	50,797	525,683
Assigned	777,856	-	777,856
Unassigned	1,467,819	-	1,467,819
<b>Total fund balances</b>	<b>2,728,503</b>	<b>50,797</b>	<b>2,779,300</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,225,404</b>	<b>\$ 63,229</b>	<b>\$ 3,288,633</b>

See accompanying notes.

Reconciliation of the Balance Sheet to the Statement of Net Position  
Governmental Funds

<i>September 30,</i>	2013
<b>Fund balances – total governmental funds</b>	<b>\$ 2,779,300</b>
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	8,769,611
Long-term liabilities are not reported in the governmental funds.	
Bonds payable	(1,815,427)
Lease payable	(190,608)
Compensated absences	(269,000)
Net OPEB obligation	(106,757)
<b>Net position of governmental activities</b>	<b>\$ 9,167,119</b>

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

<i>Year ended September 30,</i>	2013		
	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 4,224,513	\$ -	\$ 4,224,513
Intergovernmental	777,408	-	777,408
Charges for services	192,847	-	192,847
Fines and forfeitures	32,369	-	32,369
Miscellaneous	446,010	19,886	465,896
<b>Total revenues</b>	<b>5,673,147</b>	<b>19,886</b>	<b>5,693,033</b>
<b>Expenditures</b>			
Current:			
General government	1,308,933	-	1,308,933
Public safety	2,501,362	213	2,501,575
Physical environment	-	1,192	1,192
Transportation	1,003,545	-	1,003,545
Economic environment	237,434	-	237,434
Culture and recreation	434,746	-	434,746
Debt service:			
Principal	81,949	-	81,949
Interest	89,074	-	89,074
<b>Total expenditures</b>	<b>5,657,043</b>	<b>1,405</b>	<b>5,658,448</b>
<b>Excess of revenues over expenditures</b>	<b>16,104</b>	<b>18,481</b>	<b>34,585</b>
<b>Other financing sources</b>			
Capital lease	240,000	-	240,000
Transfers in	260,000	-	260,000
<b>Net change in fund balances</b>	<b>516,104</b>	<b>18,481</b>	<b>534,585</b>
<b>Fund balances – beginning of year</b>	<b>2,212,399</b>	<b>32,316</b>	<b>2,244,715</b>
<b>Fund balances – end of year</b>	<b>\$ 2,728,503</b>	<b>\$ 50,797</b>	<b>\$ 2,779,300</b>

See accompanying notes.

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities  
Governmental Funds

<i>Year ended September 30,</i>	2013
<b>Net change in fund balances – total governmental funds</b>	<b>\$ 534,585</b>
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	317,054
Current year depreciation expense	(448,912)
The issuance of long-term debt provides current financial resources for governmental funds, but does not effect net position of governmental activities.	
Capital lease	(240,000)
The repayment of long-term debt consumes current financial resources, but does not have any effect on net position.	
Payments on revenue bonds	32,557
Payments on capital lease	49,392
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	6,000
OPEB expense	(28,451)
<b>Change in net position of governmental activities</b>	<b>\$ 222,225</b>

See accompanying notes.

City of Wildwood, Florida

Statement of Net Position  
Proprietary Funds

September 30,

2013

	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
<b>Current assets</b>			
Cash and equivalents	\$ 3,145,813	\$ 550	\$ 3,146,363
Investments	197,057	152,686	349,743
Accounts receivable	558,223	-	558,223
Due from other funds	26	-	26
<b>Total current assets</b>	<b>3,901,119</b>	<b>153,236</b>	<b>4,054,355</b>
<b>Noncurrent assets</b>			
Unamortized debt issuance costs	23,376	-	23,376
Capital assets, net	20,798,564	173,769	20,972,333
<b>Total noncurrent assets</b>	<b>20,821,940</b>	<b>173,769</b>	<b>20,995,709</b>
<b>Total assets</b>	<b>24,723,059</b>	<b>327,005</b>	<b>25,050,064</b>
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	99,132	-	99,132
Customer deposits	211,605	-	211,605
Due to other funds	401,841	1,000	402,841
Current portion of long-term liabilities	848,674	-	848,674
<b>Total current liabilities</b>	<b>1,561,252</b>	<b>1,000</b>	<b>1,562,252</b>
<b>Noncurrent liabilities</b>	<b>5,892,776</b>	<b>-</b>	<b>5,892,776</b>
<b>Total liabilities</b>	<b>7,454,028</b>	<b>1,000</b>	<b>7,455,028</b>
<b>Net position</b>			
Net investment in capital assets	14,133,114	173,769	14,306,883
Unrestricted	3,135,917	152,236	3,288,153
<b>Total net position</b>	<b>\$ 17,269,031</b>	<b>\$ 326,005</b>	<b>\$ 17,595,036</b>

See accompanying notes.

Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds

<i>Year ended September 30,</i>	2013		
	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
<b>Operating revenues</b>			
User fees	\$ 5,190,650	\$ -	\$ 5,190,650
<b>Operating expenses</b>			
Personal services	1,370,901	-	1,370,901
Operating expenses	1,649,922	255	1,650,177
Depreciation and amortization	1,263,710	7,142	1,270,852
<b>Total operating expenses</b>	<b>4,284,533</b>	<b>7,397</b>	<b>4,291,930</b>
<b>Operating income (loss)</b>	<b>906,117</b>	<b>(7,397)</b>	<b>898,720</b>
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	2,549	81	2,630
Interest expense	(145,140)	-	(145,140)
<b>Total nonoperating revenues     (expenses)</b>	<b>(142,591)</b>	<b>81</b>	<b>(142,510)</b>
<b>Income (loss) before transfers</b>	<b>763,526</b>	<b>(7,316)</b>	<b>756,210</b>
Transfers out	(250,000)	(10,000)	(260,000)
<b>Change in net position</b>	<b>513,526</b>	<b>(17,316)</b>	<b>496,210</b>
<b>Net position – beginning of year</b>	<b>16,755,505</b>	<b>343,321</b>	<b>17,098,826</b>
<b>Net position – end of year</b>	<b>\$ 17,269,031</b>	<b>\$ 326,005</b>	<b>\$ 17,595,036</b>

See accompanying notes.

City of Wildwood, Florida

Statement of Cash Flows  
Proprietary Funds

Year ended September 30,

2013

	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
<b>Operating activities</b>			
Receipts from customers	\$ 5,136,071	\$ -	\$ 5,136,071
Payments to suppliers	(1,319,432)	(255)	(1,319,687)
Payments to employees	(1,770,976)	-	(1,770,976)
Net cash provided (used) by operating activities	2,045,663	(255)	2,045,408
<b>Noncapital financing activities</b>			
Transfers out	(58,330)	(9,000)	(67,330)
<b>Capital and related financing activities</b>			
Acquisitions of capital assets	(110,339)	-	(110,339)
Principal paid on debt	(788,981)	-	(788,981)
Interest paid on debt	(150,708)	-	(150,708)
Net cash used by capital and related financing activities	(1,050,028)	-	(1,050,028)
<b>Investing activities</b>			
Interest received	2,549	81	2,630
Acquisition of investments	(250)	(76)	(326)
Net cash provided by investing activities	2,299	5	2,304
<b>Change in cash and equivalents</b>	939,604	(9,250)	930,354
<b>Cash and equivalents – beginning of year</b>	2,206,209	9,800	2,216,009
<b>Cash and equivalents – end of year</b>	\$ 3,145,813	\$ 550	\$ 3,146,363
<b>Operating income (loss)</b>			
Operating income (loss)	\$ 906,117	\$ (7,397)	\$ 898,720
Depreciation and amortization	1,263,710	7,142	1,270,852
Bad debts	971	-	971
Change in:			
Receivables	(67,586)	-	(67,586)
Compensated absences	(3,000)	-	(3,000)
Payables	(67,556)	-	(67,556)
Customer deposits	13,007	-	13,007
Net cash provided (used) by operating activities	\$ 2,045,663	\$ (255)	\$ 2,045,408

See accompanying notes.

**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 2012–2013 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 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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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 \$45,140 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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 2013.

***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.

***Debt Issuance Costs***

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

***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.

City of Wildwood, Florida  
Notes to Financial Statements

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The statement of net position reports \$38,819 net position 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***

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.

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.

The City's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

City of Wildwood, Florida  
Notes to Financial Statements

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**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, 2013, interfund balances are as follows:

	Interfund Receivable	Interfund Payable
General fund	\$ 415,247	\$ -
Other governmental funds	-	12,432
Utility fund	26	401,841
Other enterprise fund	-	1,000
Total	\$ 415,273	\$ 415,273

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

**NOTE 3 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

Interfund transfers for the year ended September 30, 2013 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 260,000	\$ -
Utility fund	-	250,000
Other enterprise fund	-	10,000
<b>Total</b>	<b>\$ 260,000</b>	<b>\$ 260,000</b>

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	\$ -	\$ 11,978	\$ 11,978
Physical environment	-	38,819	38,819
Economic environment	213,425	-	213,425
Culture and recreation	5,981	-	5,981
Debt service – reserve	140,247	-	140,247
Debt service – sinking fund	115,233	-	115,233
<b>Total restricted fund balance</b>	<b>\$ 474,886</b>	<b>\$ 50,797</b>	<b>\$ 525,683</b>

Fund balance is assigned for the following purposes:

	General Fund	Other Governmental Funds	Total
General government	\$ 14,185	\$ -	\$ 14,185
Culture and recreation	1,680	-	1,680
Planned expenditures for 2014	761,991	-	761,991
<b>Total assigned fund balance</b>	<b>\$ 777,856</b>	<b>\$ -</b>	<b>\$ 777,856</b>

City of Wildwood, Florida  
Notes to Financial Statements

**NOTE 5 – CAPITAL ASSET ACTIVITY**

<b>Governmental Activities</b>	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
Capital assets, not being depreciated:				
Land and improvements	\$ 1,793,043	\$ -	\$ -	\$ 1,793,043
Capital assets, being depreciated:				
Buildings and improvements	7,987,267	10,487	-	7,997,754
Furniture and equipment	2,961,275	306,567	131,443	3,136,399
Infrastructure	735,172	-	-	735,172
Total capital assets, being depreciated	11,683,714	317,054	131,443	11,869,325
Less accumulated depreciation for:				
Buildings and improvements	2,367,243	218,158	-	2,585,401
Furniture and equipment	2,169,367	207,865	131,443	2,245,789
Infrastructure	38,678	22,889	-	61,567
Total accumulated depreciation	4,575,288	448,912	131,443	4,892,757
Total capital assets being depreciated, net	7,108,426	(131,858)	-	6,976,568
<b>Governmental activities capital assets, net</b>	<b>\$ 8,901,469</b>	<b>\$ (131,858)</b>	<b>\$ -</b>	<b>\$ 8,769,611</b>

<b>Business-type Activities</b>	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
Capital assets, not being depreciated:				
Land	\$ 1,328,002	\$ -	\$ -	\$ 1,328,002
Construction in progress	826,497	110,339	691,228	245,608
Total capital assets, not being depreciated	2,154,499	110,339	691,228	1,573,610
Capital assets, being depreciated:				
Buildings and improvements	32,523,251	-	-	32,523,251
Machinery and equipment	2,620,780	691,229	15,138	3,296,871
Plant assets and equipment	868,628	-	-	868,628
Total capital assets, being depreciated	36,012,659	691,229	15,138	36,688,750
Less accumulated depreciation for:				
Building and improvements	13,200,283	1,133,352	-	14,333,635
Machinery and equipment	2,308,748	109,031	15,138	2,402,641
Plant assets and equipment	532,035	21,716	-	553,751
Total accumulated depreciation	16,041,066	1,264,099	15,138	17,290,027
Total capital assets being depreciated, net	19,971,593	(572,870)	-	19,398,723
<b>Business-type activities capital assets, net</b>	<b>\$ 22,126,092</b>	<b>\$ (462,531)</b>	<b>\$ 691,228</b>	<b>\$ 20,972,333</b>

City of Wildwood, Florida  
Notes to Financial Statements

**NOTE 5 – CAPITAL ASSET ACTIVITY (CONTINUED)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 120,349
Public safety	101,873
Transportation	47,027
Economic environment	12,498
Culture and recreation	167,165
<u>Total depreciation expense – governmental activities</u>	<u>\$ 448,912</u>
Business-type activities:	
Utility	\$1,256,957
Industrial park	7,142
<u>Total depreciation expense – business-type activities</u>	<u>\$1,264,099</u>

**NOTE 6 – LONG-TERM OBLIGATIONS**

***Governmental Activities***

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013	Due Within One Year
Capital improvement revenue bonds	\$ 1,847,984	\$ -	\$ 32,557	\$ 1,815,427	\$ 34,126
Capital lease obligation	-	240,000	49,392	190,608	46,628
Compensated absences	275,000	166,000	172,000	269,000	104,000
Net OPEB obligation	78,306	28,451	-	106,757	-
<u>Total</u>	<u>\$ 2,201,290</u>	<u>\$ 434,451</u>	<u>\$ 253,949</u>	<u>\$ 2,381,792</u>	<u>\$ 184,754</u>

***Business-type Activities***

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013	Due Within One Year
Revenue bonds	\$ 596,817	\$ -	\$ 74,108	\$ 522,709	\$ 77,546
FDEP revolving fund loans	6,809,936	-	691,245	6,118,691	708,078
Capital lease obligation	47,678	-	23,628	24,050	24,050
Compensated absences	79,000	77,000	80,000	76,000	39,000
<u>Total</u>	<u>\$ 7,533,431</u>	<u>\$ 77,000</u>	<u>\$ 868,981</u>	<u>\$ 6,741,450</u>	<u>\$ 848,674</u>

City of Wildwood, Florida  
Notes to Financial Statements

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**NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)**

***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.	\$ 1,306,548
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.	<u>508,879</u>
Total capital improvement revenue bonds	<u><u>\$ 1,815,427</u></u>

***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.	<u>\$ 522,709</u>
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***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.	\$ 366,451
#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.	1,017,674
#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	<u>4,734,566</u>
Total FDEP revolving fund loans	<u><u>\$ 6,118,691</u></u>

City of Wildwood, Florida  
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
2014	\$ 34,126	\$ 87,505	\$ 785,624	\$ 155,349
2015	35,770	85,860	806,471	134,503
2016	37,492	84,137	637,489	114,289
2017	39,300	82,331	654,576	97,203
2018	41,193	80,437	400,283	81,431
2019-2023	237,727	370,427	1,732,952	268,422
2024-2028	300,803	307,349	1,624,005	85,614
2029-2033	380,631	227,523	-	-
2034-2038	481,652	126,501	-	-
2039-2040	226,733	16,527	-	-
<b>Totals</b>	<b>\$ 1,815,427</b>	<b>\$ 1,468,597</b>	<b>\$ 6,641,400</b>	<b>\$ 936,811</b>

***Capital Lease Obligations***

At September 30, 2013, the City had outstanding capital leases for equipment with interest ranging from 1.45% to 1.79%.

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
2014	\$ 49,392	\$ 24,481
2015	49,392	-
2016	49,392	-
2017	49,392	-
Less: amount representing interest	(6,960)	(431)
<b>Present value of net minimum lease payments</b>	<b>\$ 190,608</b>	<b>\$ 24,050</b>

**NOTE 7 – 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) 488-6491.

*Funding Policy.* The City is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2013 were as follows: Regular Employees 6.95%; Special Risk Employees 19.06%; Senior Management 18.31%; Elected Officials 33.03%. Employees are required to contribute 3%. 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, 2013, 2012 and 2011 were \$310,619, \$247,975, and \$414,135, respectively, equal to the required contributions for each year.

**NOTE 8 – 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, 2013, participants consisted of:

Active employees	83
Retirees participants	-
Covered spouses	-
<hr/>	
Total	<u>83</u>

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)*****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, 2013. 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.

Annual required contribution	\$ 35,367
Interest on net OPEB obligation	3,602
Adjustments to ARC	(4,983)
<hr/>	
Annual OPEB cost (expense)	33,986
Contributions made	(5,535)
<hr/>	
Increase in net OPEB obligation	28,451
Net OPEB obligation - beginning of year	78,306
<hr/>	
Net OPEB obligation - end of year	\$ 106,757
<hr/>	

***Trend Information***

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
<hr/>				
September 30, 2013	\$ 33,986	\$ 5,535	16.3%	\$ 106,757
September 30, 2012	\$ 33,230	\$ 6,466	19.5%	\$ 78,306
September 30, 2011	\$ 32,059	\$ 6,466	20.2%	\$ 51,542

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

***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 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%

***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.

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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 2013; trending to 4.5% in 2017

**NOTE 9 – 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 10 – PLEDGED REVENUES**

The City has pledged future water, sewer and garbage customer revenues, net of specified operating expenses, to repay approximately \$6.1 million in state revolving fund loans and \$522,000 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 \$1.8 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 \$10.9 million. For 2013, the City paid approximately \$1.0 million of principal and interest on debt secured by pledged revenues. Pledged net revenues for the water and sewer system for 2013 were \$2.2 million. Pledged revenues from telecommunications and sales taxes were \$616,000.

City of Wildwood, Florida  
Notes to Financial Statements

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**NOTE 11 – COMMUNITY REDEVELOPMENT AGENCY**

The activity for the Community Redevelopment Agencies for the year ended September 30, 2013 is as follows:

	Original CRA	Expanded CRA
Balance, October 1, 2012	\$ 83,337	\$ 71,281
Revenues	314,557	26
Expenditures	(255,664)	(112)
<u>Balance, September 30, 2013</u>	<u>\$142,230</u>	<u>\$ 71,195</u>

**NOTE 12 – 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 13 – FUTURE ACCOUNTING PRONOUNCEMENTS**

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

- Items previously reported as assets and liabilities;
- Accounting and financial reporting for pensions;
- Mergers, acquisitions and transfers of operations; and
- Financial guarantees.

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

City of Wildwood, Florida  
Notes to Financial Statements

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**NOTE 14 – SUBSEQUENT EVENTS**

On October 22, 2013, the City issued \$4,100,000 in Utility System Refunding Revenue Bonds, Series 2013, to advance refund the Series 2009 Water and Sewer Revenue Bond and acquire and construct improvements to the City's water and sewer utility.

In December, 2013, the City approved Capital Trust Agency to issue approximately \$28,600,000 in revenue bonds that will be loaned to Mainsail Healthcare Group II, LLC, for the purpose of financing the cost of the acquisition, construction, development, installation and equipping a senior living facility to be known as The Villages Alzheimer's/Memory Care Residence to be located within the jurisdiction of the City. The City and the State or any political subdivision or public agency shall have 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.

## Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – General Fund

Year ended September 30,

2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 3,948,610	\$ 3,948,610	\$ 4,224,513	\$ 275,903
Intergovernmental	601,315	601,315	777,408	176,093
Charges for services	106,450	106,450	192,847	86,397
Fines and forfeitures	56,000	56,000	32,369	(23,631)
Miscellaneous	409,071	409,071	446,010	36,939
<b>Total revenues</b>	<b>5,121,446</b>	<b>5,121,446</b>	<b>5,673,147</b>	<b>551,701</b>
<b>Expenditures</b>				
Current:				
General government	1,291,625	1,291,625	1,308,933	(17,308)
Public safety	2,159,031	2,159,031	2,501,362	(342,331)
Transportation	1,065,788	1,065,788	1,003,545	62,243
Economic environment	198,719	198,719	237,434	(38,715)
Culture and recreation	462,375	462,375	434,746	27,629
Reserve for contingency	584,935	584,935	-	584,935
Debt service	172,230	172,230	171,023	1,207
<b>Total expenditures</b>	<b>5,934,703</b>	<b>5,934,703</b>	<b>5,657,043</b>	<b>277,660</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(813,257)</b>	<b>(813,257)</b>	<b>16,104</b>	<b>829,361</b>
<b>Other financing sources</b>				
Capital lease	-	-	240,000	240,000
Transfers in	360,000	360,000	260,000	(100,000)
<b>Total other financing sources</b>	<b>360,000</b>	<b>360,000</b>	<b>500,000</b>	<b>140,000</b>
<b>Net change in fund balances</b>	<b>(453,257)</b>	<b>(453,257)</b>	<b>516,104</b>	<b>969,361</b>
<b>Fund balances – beginning of year</b>	<b>453,257</b>	<b>453,257</b>	<b>2,212,399</b>	<b>1,759,142</b>
<b>Fund balances – end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,728,503</b>	<b>\$ 2,728,503</b>

(See accompanying notes to this schedule)

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – General Fund

*Year ended September 30,*

2013

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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

**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	Required Contribution	Employer Contribution	Percentage Contributed
9/30/2013	\$ 35,367	\$ 5,535	15.6%
9/30/2012	\$ 32,415	\$ 6,466	19.9%
9/30/2011	\$ 32,415	\$ 6,466	19.9%

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 8 to the financial statements for detailed information on the City's OPEB Plan.

## Supplementary Information

City of Wildwood, Florida

Combining Balance Sheet  
Nonmajor Governmental Funds

<i>September 30,</i>	2013		
	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Total Nonmajor Govern- mental Funds
<b>Assets</b>			
Cash and equivalents	\$ 38,845	\$ 24,384	\$ 63,229
<b>Liabilities</b>			
Due to other funds	\$ 26	\$ 12,406	\$ 12,432
<b>Fund balances</b>			
Restricted	38,819	11,978	50,797
<b>Total liabilities and fund balances</b>	<b>\$ 38,845</b>	<b>\$ 24,384</b>	<b>\$ 63,229</b>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

<i>Year ended September 30,</i>	2013		
	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Total Nonmajor Govern- mental Funds
<b>Revenues</b>			
Miscellaneous	\$ 4,858	\$ 15,028	\$ 19,886
<b>Expenditures</b>			
Public safety	-	213	213
Physical environment	1,192	-	1,192
Total expenditures	1,192	213	1,405
<b>Excess of revenues over expenditures</b>	3,666	14,815	18,481
<b>Fund balances, beginning of year</b>	35,153	(2,837)	32,316
<b>Fund balances, end of year</b>	\$ 38,819	\$ 11,978	\$ 50,797

## 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, 2013, and have issued our report thereon dated April 29, 2014. 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(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 2012-2013 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, 2013.

### ***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 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  
April 29, 2014

**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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 29, 2014.

***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 2013-001 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.

*Caru, Riggs & Ingram, L.L.C.*

Gainesville, Florida

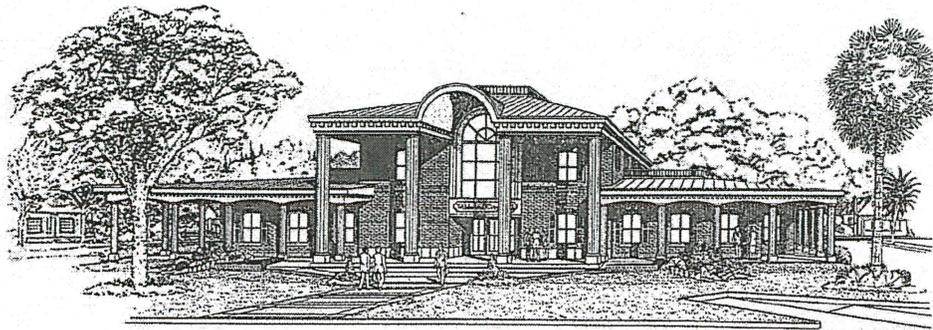
April 29, 2014

2013-001 (Reported in previous audit reports as items 12-1 and 11-1.)

*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.

City of  
Wildwood,  
Florida



City Hall

www.wildwood-fl.gov  
Area Code: 352  
Zip Code: 34785

**CITY HALL**  
100 N. Main Street  
330-1330 Phone  
330-1338 Fax

**CITY MANAGER**  
Extension 110

**CITY CLERK/FINANCE**  
Extension 100

**CUSTOMER SERVICE**  
Utility Accounts/TDD  
Extension 130

**DEVELOPMENT SERVICES**  
Planning/Zoning/Concurrency  
Extension 118  
330-1338 Fax

**HUMAN RESOURCES**  
Extension 105  
330-1339 Fax

**PARKS & RECREATION  
COMMUNITY CENTER**  
Reservations:  
Extension 114

**POLICE**  
Emergency 9-1-1  
100 E. Huey Street

**Admin/Records**  
330-1355 Phone  
330-1354 Fax

**Dispatch**  
330-1355 Phone  
330-1358 Fax

**Code Enforcement**  
330-1355 Phone  
330-1358 Fax

**PUBLIC WORKS**  
410 Grey Street  
330-1343  
330-1353 Fax

**UTILITY**  
1290 Industrial Drive

**Wastewater Division**  
330-1349  
330-1350 Fax

**Water Division**  
330-1346  
330-1347 Fax

April 29, 2014

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

**RE: Audit Response – 2013**  
**REFERENCE: FINDING 2013-001**

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 it is in the best interests of the City to continue to outsource this task to our independent auditors.

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.

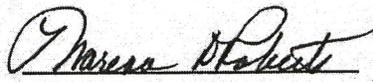
It is our hope that our Governing body realizes that in spite of the finding we again have an excellent audit and that our staff should feel very proud of the accomplishment. The Audit reflects that teamwork and organization leads to success.

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

Sincerely,

  
Bill Ed Cannon, City Manager

Date: 4/29/14

  
Marena D. Roberts, Assistant City Clerk/AFO

Date: 4/29/14