

City of Wildwood, Florida

Audit Report

September 30, 2014

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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, 2014, 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, 2014, 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 the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 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.

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 March 25, 2015 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.

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

Gainesville, Florida
March 25, 2015

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, 2014. 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

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

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Non-capital assets	\$ 3,978,941	\$ 3,276,201	\$ 6,300,418	\$ 3,651,514	\$ 10,279,359	\$ 6,927,715
Capital assets	8,733,123	8,769,611	21,504,895	20,972,333	30,238,018	29,741,944
Total assets	12,712,064	12,045,812	27,805,313	24,623,847	40,517,377	36,669,659
Deferred outflows of resources:						
Deferred loss on bond refunding	-	-	15,136	-	15,136	-
Liabilities:						
Current liabilities	1,379,171	681,655	895,038	1,159,411	2,274,209	1,841,066
Long-term liabilities	2,229,805	2,197,038	7,589,856	5,892,776	9,819,661	8,089,814
Total liabilities	3,608,976	2,878,693	8,484,894	7,052,187	12,093,870	9,930,880
Net position:						
Net investment in capital assets	6,606,232	6,763,576	14,964,806	14,306,883	21,571,038	21,070,459
Restricted	655,752	410,450	-	-	655,752	410,450
Unrestricted	1,841,104	1,993,093	4,370,749	3,264,777	6,211,853	5,257,870
Total net position	\$ 9,103,088	\$ 9,167,119	\$ 19,335,555	\$ 17,571,660	\$ 28,438,643	\$ 26,738,779

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 219,363	\$ 268,562	\$ 6,669,767	\$ 5,190,650	\$ 6,889,130	\$ 5,459,212
Operating grants & contributions	390,380	558,436	-	-	390,380	558,436
Capital grants & contributions	-	79,497	-	-	-	79,497
General revenues:						
Property taxes	1,595,959	1,448,760	-	-	1,595,959	1,448,760
Other taxes and shared revenues	3,450,507	3,069,713	-	-	3,450,507	3,069,713
Miscellaneous	240,502	265,706	-	-	240,502	265,706
Investment earnings	2,577	2,359	5,629	2,630	8,206	4,989
Gain on sale of asset	-	-	4,695	-	4,695	-
Transfers	350,000	260,000	(350,000)	(260,000)	-	-
Total revenues	6,249,288	5,953,033	6,330,091	4,933,280	12,579,379	10,886,313
Program expenses:						
General government	1,911,303	1,443,963	-	-	1,911,303	1,443,963
Public safety	2,610,747	2,374,894	-	-	2,610,747	2,374,894
Physical environment	1,848	1,192	-	-	1,848	1,192
Transportation	1,042,430	999,561	-	-	1,042,430	999,561
Economic environment	66,444	249,812	-	-	66,444	249,812
Culture and recreation	590,277	572,312	-	-	590,277	572,312
Interest on long-term debt	90,270	89,074	-	-	90,270	89,074
Utility	-	-	4,558,838	4,453,049	4,558,838	4,453,049
Industrial park	-	-	7,358	7,397	7,358	7,397
Total expenses	6,313,319	5,730,808	4,566,196	4,460,446	10,879,515	10,191,254
Change in net position	(64,031)	222,225	1,763,895	472,834	1,699,864	695,059
Beginning net position, as restated	9,167,119	8,944,894	17,571,660	17,098,826	26,738,779	26,043,720
Ending net position	\$ 9,103,088	\$ 9,167,119	\$ 19,335,555	\$ 17,571,660	\$ 28,438,643	\$ 26,738,779

Management's Discussion and Analysis

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$609,743 in program revenues and \$5,639,545 of general revenues and transfers, and incurred \$6,313,319 of program expenses. This resulted in a \$64,031 decrease in net position.

Business-type Activities

Net revenues of the business-type activities were \$6,330,091 compared to expenses of \$4,566,196. This resulted in a \$1,763,895 increase in net position.

THE CITY'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$565,340 from \$2,728,503 to \$3,293,843.

Utility

The Utility Fund's net position increased by \$1,770,947 from \$17,245,655 to \$19,016,602.

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.

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 were increased by about \$127,000 during the year. A lease was executed to finance six police cars. The business-type activities debt increased because of borrowing \$2,150,000 for utility capital projects. Additionally, refunding debt was issued during the year to retire some old debt. 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, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and equivalents	\$ 3,557,785	\$ 5,219,068	\$ 8,776,853
Investments	-	350,264	350,264
Accounts receivable	131,250	554,579	685,829
Internal balances	137,544	(137,544)	-
Due from other governments	133,494	314,051	447,545
Inventory	18,868	-	18,868
Capital assets:			
Non-depreciable	1,793,043	3,052,668	4,845,711
Depreciable, net	6,940,080	18,452,227	25,392,307
Total assets	12,712,064	27,805,313	40,517,377
Deferred outflows of resources			
Deferred loss on bond refunding	-	15,136	15,136
Liabilities			
Accounts payable and accrued liabilities	592,349	87,158	679,507
Customer deposits	-	233,069	233,069
Unearned revenue	507,399	-	507,399
Noncurrent liabilities:			
Due within one year	279,423	574,811	854,234
Due in more than one year	2,229,805	7,589,856	9,819,661
Total liabilities	3,608,976	8,484,894	12,093,870
Net position			
Net investment in capital assets	6,606,232	14,964,806	21,571,038
Restricted:			
Law enforcement trust fund	17,079	-	17,079
Greenwood cemetery fund	39,953	-	39,953
Community redevelopment agencies	328,683	-	328,683
Bond reserve	264,094	-	264,094
Culture/recreation grant	5,943	-	5,943
Unrestricted	1,841,104	4,370,749	6,211,853
Total net position	\$ 9,103,088	\$ 19,335,555	\$ 28,438,643

See accompanying notes.

City of Wildwood, Florida
Statement of Activities
Year ended September 30, 2014

Functions/Programs	Program Revenues			Revenue and Changes in Net Position			Net (Expense)
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental activities							
General government	\$ 1,911,303	\$ -	\$ -	\$ (1,770,688)	\$ -	\$ (1,770,688)	
Public safety	2,610,747	7,524	-	(2,584,229)	-	(2,584,229)	
Physical environment	1,848	-	-	1,042	-	1,042	
Transportation	1,042,430	382,856	-	(659,574)	-	(659,574)	
Economic environment	66,444	-	-	(66,444)	-	(66,444)	
Culture and recreation	590,277	-	-	(533,413)	-	(533,413)	
Interest on long-term debt	90,270	-	-	(90,270)	-	(90,270)	
Total governmental activities	6,313,319	219,363	390,380	(5,703,576)	-	(5,703,576)	
Business-type activities							
Utility	4,558,838	6,669,767	-	-	2,110,929	2,110,929	
Industrial park	7,358	-	-	-	(7,358)	(7,358)	
Total business-type activities	4,566,196	6,669,767	-	-	2,103,571	2,103,571	
Total	\$ 10,879,515	\$ 6,889,130	\$ 390,380	(5,703,576)	2,103,571	(3,600,005)	
General revenues:							
Property taxes				1,595,959	-	1,595,959	
Other taxes				1,916,663	-	1,916,663	
Shared revenues				1,533,844	-	1,533,844	
Investment earnings				2,577	5,629	8,206	
Gain on sale of asset				-	4,695	4,695	
Miscellaneous				240,502	-	240,502	
Transfers				350,000	(350,000)	-	
Total general revenues and transfers				5,639,545	(339,676)	5,299,869	
Change in net position				(64,031)	1,763,895	1,699,864	
Net position - beginning of year, as restated				9,167,119	17,571,660	26,738,779	
Net position - end of year				\$ 9,103,088	\$ 19,335,555	\$ 28,438,643	

See accompanying notes.

City of Wildwood, Florida

Balance Sheet
Governmental Funds
September 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and equivalents	\$ 3,488,321	\$ 69,464	\$ 3,557,785
Accounts receivable	131,250	-	131,250
Due from other funds	149,976	-	149,976
Due from other governments	133,494	-	133,494
Inventory	18,868	-	18,868
Total assets	\$ 3,921,909	\$ 69,464	\$ 3,991,373
Liabilities			
Accounts payable and accrued liabilities	\$ 120,667	\$ -	\$ 120,667
Due to other funds	-	12,432	12,432
Deferred revenue	507,399	-	507,399
Total liabilities	628,066	12,432	640,498
Fund balances			
Nonspendable:			
Inventory	18,868	-	18,868
Restricted	598,720	57,032	655,752
Assigned	364,295	-	364,295
Unassigned	2,311,960	-	2,311,960
Total fund balances	3,293,843	57,032	3,350,875
Total liabilities and fund balances	\$ 3,921,909	\$ 69,464	\$ 3,991,373

See accompanying notes.

Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 September 30, 2014

Fund balances – total governmental funds	\$ 3,350,875
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	8,733,123
Certain amounts are not due and payable in the current period and therefore are not reported in governmental funds.	
Accrued liability for lawsuit settlement	(471,682)
Long-term liabilities are not reported in the governmental funds.	
Bonds payable	(1,781,302)
Lease payable	(345,589)
Compensated absences	(248,000)
Net OPEB obligation	(134,337)
<u>Net position of governmental activities</u>	<u>\$ 9,103,088</u>

See accompanying notes.

City of Wildwood, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year ended September 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 4,681,673	\$ -	\$ 4,681,673
Intergovernmental	632,282	-	632,282
Charges for services	169,904	-	169,904
Fines and forfeitures	17,994	-	17,994
Miscellaneous	389,127	8,308	397,435
Total revenues	5,890,980	8,308	5,899,288
Expenditures			
Current:			
General government	1,307,816	-	1,307,816
Public safety	2,847,571	225	2,847,796
Physical environment	-	1,848	1,848
Transportation	1,032,860	-	1,032,860
Economic environment	54,366	-	54,366
Culture and recreation	463,613	-	463,613
Debt service:			
Principal	132,944	-	132,944
Interest	90,270	-	90,270
Total expenditures	5,929,440	2,073	5,931,513
Excess of revenues over (under) expenditures	(38,460)	6,235	(32,225)
Other financing sources			
Capital lease	253,800	-	253,800
Transfers in	350,000	-	350,000
Net change in fund balances	565,340	6,235	571,575
Fund balances – beginning of year	2,728,503	50,797	2,779,300
Fund balances – end of year	\$ 3,293,843	\$ 57,032	\$ 3,350,875

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, 2014

Net change in fund balances – total governmental funds	\$ 571,575
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	413,498
Current year depreciation expense	(449,986)
The issuance of long-term debt provides current financial resources for governmental funds, but does not effect net position of governmental activities.	
Capital lease	(253,800)
The repayment of long-term debt consumes current financial resources, but does not have any effect on net position.	
Payments on revenue bonds	34,125
Payments on capital lease	98,819
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	21,000
OPEB expense	(27,580)
Lawsuit settlement	(471,682)
Change in net position of governmental activities	\$ (64,031)

See accompanying notes.

City of Wildwood, Florida

Statement of Net Position
 Proprietary Funds
 September 30, 2014

	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
Current assets			
Cash and equivalents	\$ 5,218,733	\$ 335	\$ 5,219,068
Investments	197,273	152,991	350,264
Accounts receivable	554,579	-	554,579
Due from other governments	314,051	-	314,051
Due from other funds	26	-	26
Total current assets	6,284,662	153,326	6,437,988
Noncurrent assets			
Capital assets, net	21,338,268	166,627	21,504,895
Total assets	27,622,930	319,953	27,942,883
Deferred outflows of resources			
Deferred loss on bond refunding	15,136	-	15,136
Current liabilities			
Accounts payable and accrued liabilities	87,158	-	87,158
Customer deposits	233,069	-	233,069
Due to other funds	136,570	1,000	137,570
Current portion of long-term liabilities	574,811	-	574,811
Total current liabilities	1,031,608	1,000	1,032,608
Noncurrent liabilities			
	7,589,856	-	7,589,856
Total liabilities	8,621,464	1,000	8,622,464
Net position			
Net investment in capital assets	14,798,179	166,627	14,964,806
Unrestricted	4,218,423	152,326	4,370,749
Total net position	\$ 19,016,602	\$ 318,953	\$ 19,335,555

See accompanying notes.

City of Wildwood, Florida

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 Year ended September 30, 2014

	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
Operating revenues			
User fees	\$ 6,669,767	\$ -	\$ 6,669,767
Operating expenses			
Personal services	1,364,410	-	1,364,410
Operating expenses	1,801,956	216	1,802,172
Depreciation	1,231,284	7,142	1,238,426
Total operating expenses	4,397,650	7,358	4,405,008
Operating income (loss)	2,272,117	(7,358)	2,264,759
Nonoperating revenues (expenses)			
Investment earnings	5,323	306	5,629
Interest expense	(161,188)	-	(161,188)
Gain on sale of capital assets	4,695	-	4,695
Total nonoperating revenues (expenses)	(151,170)	306	(150,864)
Income (loss) before transfers	2,120,947	(7,052)	2,113,895
Transfers out	(350,000)	-	(350,000)
Change in net position	1,770,947	(7,052)	1,763,895
Net position – beginning of year, as restated	17,245,655	326,005	17,571,660
Net position – end of year	\$ 19,016,602	\$ 318,953	\$ 19,335,555

See accompanying notes.

City of Wildwood, Florida

Statement of Cash Flows
 Proprietary Funds
 Year ended September 30, 2014

	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
Operating activities			
Receipts from customers	\$ 6,701,849	\$ -	\$ 6,701,849
Payments to suppliers	(2,106,974)	(216)	(2,107,190)
Payments to employees	(1,378,879)	-	(1,378,879)
Net cash provided (used) by operating activities	3,215,996	(216)	3,215,780
Noncapital financing activities			
Transfers out	(615,271)	-	(615,271)
Capital and related financing activities			
Acquisitions of capital assets	(1,770,988)	-	(1,770,988)
Proceeds from refunding bonds	2,193,836	-	2,193,836
Proceeds from sale of capital assets	4,695	-	4,695
Principal paid on debt	(788,801)	-	(788,801)
Interest paid on debt	(171,654)	-	(171,654)
Net cash used by capital and related financing activities	(532,912)	-	(532,912)
Investing activities			
Interest received	5,323	306	5,629
Acquisition of investments	(216)	(305)	(521)
Net cash provided by investing activities	5,107	1	5,108
Change in cash and equivalents	2,072,920	(215)	2,072,705
Cash and equivalents – beginning of year	3,145,813	550	3,146,363
Cash and equivalents – end of year	\$ 5,218,733	\$ 335	\$ 5,219,068
Operating income (loss)			
Operating income (loss)	\$ 2,272,117	\$ (7,358)	\$ 2,264,759
Depreciation	1,231,284	7,142	1,238,426
Bad debts	3,487	-	3,487
Change in:			
Receivables	7,131	-	7,131
Due from other governments	(314,051)	-	(314,051)
Compensated absences	(2,000)	-	(2,000)
Wages payable	(12,469)	-	(12,469)
Payables	9,033	-	9,033
Customer deposits	21,464	-	21,464
Net cash provided (used) by operating activities	\$ 3,215,996	\$ (216)	\$ 3,215,780
Noncash capital and related financing activities:			
Refunding bond issued	\$ 1,837,164	\$ -	\$ 1,837,164
Bond proceeds paid to refunded bond escrow agent	\$ (1,837,164)	\$ -	\$ (1,837,164)

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 2013–2014 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

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 \$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 2014.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net position reports \$39,953 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.

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.

City of Wildwood, Florida
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, 2014, interfund balances are as follows:

	Interfund Receivable	Interfund Payable
General fund	\$ 149,976	\$ -
Other governmental funds	-	12,432
Utility fund	26	136,570
Other enterprise fund	-	1,000
Total	\$ 150,002	\$ 150,002

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, 2014 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 350,000	\$ -
Utility fund	-	350,000
Total	\$ 350,000	\$ 350,000

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	\$ -	\$ 17,079	\$ 17,079
Physical environment	-	39,953	39,953
Economic environment	328,682	-	328,682
Culture and recreation	5,944	-	5,944
Debt service – reserve	134,087	-	134,087
Debt service – sinking fund	130,007	-	130,007
Total restricted fund balance	\$ 598,720	\$ 57,032	\$ 655,752

Fund balance is assigned for the following purposes:

	General Fund	Other Governmental Funds	Total
General government	\$ 13,979	\$ -	\$ 13,979
Culture and recreation	11,138	-	11,138
Planned expenditures for 2015	339,178	-	339,178
Total assigned fund balance	\$ 364,295	\$ -	\$ 364,295

City of Wildwood, Florida
Notes to Financial Statements

NOTE 5 – CAPITAL ASSET ACTIVITY

Governmental Activities	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
Capital assets, not being depreciated:				
Land and improvements	\$ 1,793,043	\$ -	\$ -	\$ 1,793,043
Capital assets, being depreciated:				
Buildings and improvements	7,997,754	-	-	7,997,754
Furniture and equipment	3,136,399	413,498	74,292	3,475,605
Infrastructure	735,172	-	-	735,172
Total capital assets, being depreciated	11,869,325	413,498	74,292	12,208,531
Less accumulated depreciation for:				
Buildings and improvements	2,585,401	211,844	-	2,797,245
Furniture and equipment	2,245,789	215,253	74,292	2,386,750
Infrastructure	61,567	22,889	-	84,456
Total accumulated depreciation	4,892,757	449,986	74,292	5,268,451
Total capital assets being depreciated, net	6,976,568	(36,488)	-	6,940,080
Governmental activities capital assets, net	\$ 8,769,611	\$ (36,488)	\$ -	\$ 8,733,123
Business-type Activities	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
Capital assets, not being depreciated:				
Land	\$ 1,328,002	\$ -	\$ -	\$ 1,328,002
Construction in progress	245,608	1,494,388	15,330	1,724,666
Total capital assets, not being depreciated	1,573,610	1,494,388	15,330	3,052,668
Capital assets, being depreciated:				
Buildings and improvements	32,523,251	151,895	-	32,675,146
Machinery and equipment	3,296,871	140,035	14,608	3,422,298
Plant assets and equipment	868,628	-	-	868,628
Total capital assets, being depreciated	36,688,750	291,930	14,608	36,966,072
Less accumulated depreciation for:				
Building and improvements	14,333,635	1,135,053	-	15,468,688
Machinery and equipment	2,402,641	81,657	14,608	2,469,690
Plant assets and equipment	553,751	21,716	-	575,467
Total accumulated depreciation	17,290,027	1,238,426	14,608	18,513,845
Total capital assets being depreciated, net	19,398,723	(946,496)	-	18,452,227
Business-type activities capital assets, net	\$ 20,972,333	\$ 547,892	\$ 15,330	\$ 21,504,895

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	\$ 112,121
Public safety	114,037
Transportation	48,966
Economic environment	162,364
Culture and recreation	12,498
Total depreciation expense – governmental activities	\$ 449,986
Business-type activities:	
Utility	\$1,231,284
Industrial park	7,142
Total depreciation expense – business-type activities	\$1,238,426

NOTE 6 – LONG-TERM OBLIGATIONS

Governmental Activities

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014	Due Within One Year
Capital improvement revenue bonds	\$ 1,815,427	\$ -	\$ 34,125	\$ 1,781,302	\$ 35,770
Capital lease obligation	190,608	253,800	98,819	345,589	96,653
Compensated absences	269,000	178,000	199,000	248,000	147,000
Net OPEB obligation	106,757	27,580	-	134,337	-
Total	\$ 2,381,792	\$ 459,380	\$ 331,944	\$ 2,509,228	\$ 279,423

Business-type Activities

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014	Due Within One Year
Revenue bonds, 2009	\$ 522,709	\$ -	\$ 522,709	\$ -	\$ -
Refunding revenue bond, 2013	-	4,031,000	392,000	3,639,000	288,814
FDEP revolving fund loans	6,118,691	-	1,667,024	4,451,667	245,997
Capital lease obligation	24,050	-	24,050	-	-
Compensated absences	76,000	70,000	72,000	74,000	40,000
Total	\$ 6,741,450	\$ 4,101,000	\$ 2,677,783	\$ 8,164,667	\$ 574,811

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.	\$ 1,281,731
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>499,571</u>
Total capital improvement revenue bonds	<u>\$ 1,781,302</u>

Business-type Activities

Revenue Bonds

Series 2013 water and sewer refunding revenue bond, payable in annual	<u>\$ 3,639,000</u>
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FDEP Revolving Fund Loans

#WW769070 due in semi-annual installments of \$189,957, including interest	<u>\$ 4,451,667</u>
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#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.

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
2015	\$ 35,770	\$ 85,860	\$ 534,811	\$ 111,854
2016	37,492	84,137	792,846	140,315
2017	39,300	82,331	807,011	125,700
2018	41,193	80,437	823,304	110,812
2019	43,179	78,452	837,730	95,633
2020-2024	249,182	358,971	3,018,897	264,114
2025-2029	315,302	292,851	1,276,068	53,635
2030-2034	398,978	209,176	-	-
2035-2039	504,781	103,281	-	-
2040	116,125	5,596	-	-
Totals	\$ 1,781,302	\$ 1,381,092	\$ 8,090,667	\$ 902,063

Capital Lease Obligations

At September 30, 2014, 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
2015	\$ 101,583
2016	101,583
2017	101,583
2018	52,191
Less: amount representing interest	(11,351)
Present value of net minimum lease payments	\$ 345,589

NOTE 7 – ADVANCE REFUNDING OF DEBT

On October 22, 2013, the City issued a \$4,031,000 Utility System Refunding Revenue Bond, Series 2013, with an interest rate of 1.69%, to refund 2009 Water and Sewer Revenue Bond and two FDEP revolving fund loans, and borrow \$2,150,000 for Utility capital projects. The advance refunding met the requirements of an in-substance debt defeasance and the 2009 bond and two state revolving fund loans were removed from the Utility Fund's debt.

As a result of the refunding, the City increased its total debt service requirements by approximately \$19,000, and achieved an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$39,000. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$20,000, which is being amortized over the remaining life of the old debt.

NOTE 8 – 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, 2014 were as follows: Regular Employees 7.37%; Special Risk Employees 19.82%; Senior Management 21.14%; Elected Officials 43.24%. 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, 2014, 2013 and 2012 were \$444,480, \$310,619, and \$247,975, respectively, equal to the required contributions for each year.

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

Notes to Financial Statements

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2014, participants consisted of:

Active employees	97
Retirees participants	-
Covered spouses	-
<hr/>	
Total	97

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, 2014. 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	4,804
Adjustments to ARC	(5,309)
<hr/>	
Annual OPEB cost (expense)	34,862
Contributions made	(7,282)
<hr/>	
Increase in net OPEB obligation	27,580
Net OPEB obligation - beginning of year	106,757
<hr/>	
Net OPEB obligation - end of year	\$ 134,337

Notes to Financial Statements

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2014	\$ 34,862	\$ 7,282	20.9%	\$ 134,337
September 30, 2013	\$ 33,986	\$ 5,535	16.3%	\$ 106,757
September 30, 2012	\$ 33,230	\$ 6,466	19.5%	\$ 78,306

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%

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.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 2013; trending to 4.5% in 2017

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.

Notes to Financial Statements

NOTE 11 – PLEDGED REVENUES

The City has pledged future water, sewer and garbage customer revenues, net of specified operating expenses, to repay approximately \$4 million in state revolving fund loans and \$3.6 million 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 \$12.1 million. For 2014, the City paid approximately \$778,000 of principal and interest on debt secured by pledged revenues. Pledged net revenues for the water and sewer system for 2014 were \$3.5 million. Pledged revenues from telecommunications and sales taxes were \$628,000.

NOTE 12 – COMMUNITY REDEVELOPMENT AGENCY

The activity for the Community Redevelopment Agencies for the year ended September 30, 2014 is as follows:

	Original CRA	Expanded CRA
Balance, October 1, 2013	\$142,230	\$ 71,195
Revenues	166,208	31
Expenditures	(50,765)	(216)
Balance, September 30, 2014	\$257,673	\$ 71,010

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

In fiscal year 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, previously reported unamortized bond issuance costs have been written off and beginning net position has been restated, as summarized below:

Notes to Financial Statements

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

	Beginning net position, as previously reported	Restatement	Beginning net position, as restated
Utility fund	\$ 17,269,031	\$ (23,376)	\$ 17,245,655
Business-type activities	17,595,036	(23,376)	17,571,660

NOTE 15 – FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in 2015. The statements address:

- Accounting and financial reporting for pensions; and
- Mergers, acquisitions and transfers of operations.

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

NOTE 16 – CONDUIT DEBT OBLIGATIONS

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 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, 2014, the aggregate principal amount payable is not reasonably determinable.

NOTE 17 – SUBSEQUENT EVENTS

On January 30, 2015, the City issued \$1.6 million Capital Improvement Refunding Revenue Note, Series 2015, to advance refund the City's Capital Improvement Revenue Bond Series 2000 and Series 2000A.

On November 13, 2014, the City settled a class action lawsuit between those who paid the police user fee and the City. The settlement agreement was for the City to pay the Plaintiff \$471,682. This liability has been accrued in governmental activities in the accompanying financial statements.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,089,255	\$ 4,089,255	\$ 4,681,673	\$ 592,418
Intergovernmental	612,919	612,919	632,282	19,363
Charges for services	141,450	141,450	169,904	28,454
Fines and forfeitures	36,800	36,800	17,994	(18,806)
Miscellaneous	336,043	336,043	389,127	53,084
Total revenues	5,216,467	5,216,467	5,890,980	674,513
Expenditures				
Current:				
General government	1,533,457	1,533,457	1,307,816	225,641
Public safety	3,102,680	3,102,680	2,847,571	255,109
Transportation	1,092,123	1,092,123	1,032,860	59,263
Economic environment	159,920	159,920	54,366	105,554
Culture and recreation	505,524	505,524	463,613	41,911
Reserve for contingency	1,619,130	1,619,130	-	1,619,130
Debt service	121,631	121,631	223,214	(101,583)
Total expenditures	8,134,465	8,134,465	5,929,440	2,205,025
Excess of revenues over (under) expenditures	(2,917,998)	(2,917,998)	(38,460)	2,879,538
Other financing sources				
Capital lease	-	-	253,800	253,800
Transfers in	360,000	360,000	350,000	(10,000)
Total other financing sources	360,000	360,000	603,800	243,800
Net change in fund balances	(2,557,998)	(2,557,998)	565,340	3,123,338
Fund balances – beginning of year	2,557,998	2,557,998	2,728,503	170,505
Fund balances – end of year	\$ -	\$ -	\$ 3,293,843	\$ 3,293,843

(See accompanying notes to this schedule)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2014

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
9/30/2014	\$ 35,367	\$ 7,282	20.6%
9/30/2013	\$ 35,367	\$ 5,535	15.6%
9/30/2012	\$ 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 9 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
 September 30, 2014

	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Total Nonmajor Govern- mental Funds
Assets			
Cash and equivalents	\$ 39,979	\$ 29,485	\$ 69,464
Liabilities			
Due to other funds	\$ 26	\$ 12,406	\$ 12,432
Fund balances			
Restricted	39,953	17,079	57,032
Total liabilities and fund balances	\$ 39,979	\$ 29,485	\$ 69,464

City of Wildwood, Florida

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year ended September 30, 2014

	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Total Nonmajor Governmental Funds
Revenues			
Miscellaneous	\$ 2,982	\$ 5,326	\$ 8,308
Expenditures			
Public safety	-	225	225
Physical environment	1,848	-	1,848
Total expenditures	1,848	225	2,073
Excess of revenues over expenditures	1,134	5,101	6,235
Fund balances, beginning of year	38,819	11,978	50,797
Fund balances, end of year	\$ 39,953	\$ 17,079	\$ 57,032

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, 2014, and have issued our report thereon dated March 25, 2015. 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 2013-2014 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, 2014.

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.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
March 25, 2015

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 25, 2015.

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 2014-001 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
March 25, 2015



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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, 2014. 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, 2014.

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
March 25, 2015

Schedule of Findings

2014-001 (Reported in previous audit reports as items 2013-001 and 12-1.)

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

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

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

CITY MANAGER
Extension 109

CITY CLERK/FINANCE
Extension 100

HUMAN RESOURCES
Extension 103
330-1339 Fax

CUSTOMER SERVICE
(Utility Accounts/TDD)
Extension 130

BUILDING SERVICES
Code/Inspections/Permits
Extension 119
330-1334 Fax

DEVELOPMENT SERVICES
Planning/Zoning/Concurrency
Extension 118
330-1334 Fax

PARKS & RECREATION
COMMUNITY CENTER
Reservations:
Extension 114

POLICE
100 E. Huey Street
330-1355
330-1358 Fax

WOODWASTE
601 W. Gulf-Atlantic Hwy.
330-1345

REFUSE / STREETS
410 Grey Street
330-1343
330-1353 Fax

WASTEWATER
1290 Industrial Drive
330-1349
330-1350 Fax

WATER
801 E. Huey Street
330-1346
330-1347 Fax

March 25, 2015

David W Martin, Auditor General, State of Florida
Local Government Section Room 401
Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Audit Response- 2014

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.

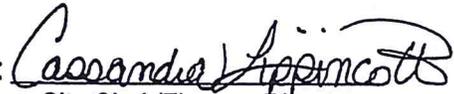
It is our hope that our Governing body realizes that in spite of the finding we again have an excellent audit and that our staff should feel very proud of the accomplishment. The Audit reflects that teamwork and organization leads to success.

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

Sincerely,

Signed: 
City Manager

Date: March 25, 2015

Signed: 
City Clerk/Finance Director

Date: March 25, 2015