

CITY OF WILDWOOD,  
FLORIDA

AUDIT REPORT

SEPTEMBER 30, 2011



**CRI** CARB  
BESS &  
INGRAM

CPAs and Advisors

LIMITED LIABILITY COMPANY

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CITY OF WILDWOOD,  
FLORIDA

AUDIT REPORT

SEPTEMBER 30, 2011

**City of Wildwood, Florida  
Audit Report  
September 30, 2011**

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## Independent Auditors' Report

The Honorable Mayor and  
City Commissioners  
City of Wildwood, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wildwood, Florida (the "City"), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

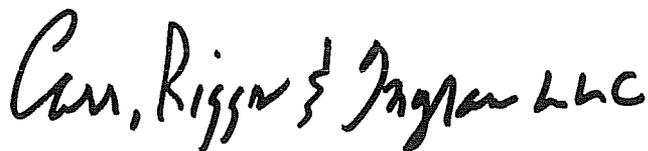
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

A handwritten signature in black ink that reads "Cam, Rizzo & Joyner LLC". The signature is written in a cursive, flowing style.

April 4, 2012  
Gainesville, Florida

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the City of Wildwood's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2011. Please read it in conjunction with the City's financial statements, which follow this section.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

#### **Government-wide Financial Statements**

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

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

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

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

#### **Fund Financial Statements**

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

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

## CONDENSED FINANCIAL INFORMATION

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

### Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Non-capital assets	\$ 2,071,305	\$ 1,854,279	\$ 2,049,917	\$ 2,007,976	\$ 4,121,222	\$ 3,862,255
Capital assets	8,103,092	8,176,712	22,988,284	23,963,262	31,091,376	32,139,974
<b>Total assets</b>	<b>10,174,397</b>	<b>10,030,991</b>	<b>25,038,201</b>	<b>25,971,238</b>	<b>35,212,598</b>	<b>36,002,229</b>
<b>Liabilities:</b>						
Current liabilities	252,335	248,127	1,008,925	1,347,286	1,261,260	1,595,413
Long-term liabilities	2,044,827	2,037,894	7,450,257	8,231,992	9,495,084	10,269,886
<b>Total liabilities</b>	<b>2,297,162</b>	<b>2,286,021</b>	<b>8,459,182</b>	<b>9,579,278</b>	<b>10,756,344</b>	<b>11,865,299</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	6,224,047	6,241,124	14,835,888	14,906,140	21,059,935	21,147,264
Restricted	823,580	771,667	-	-	823,580	771,667
Unrestricted	829,608	732,179	1,743,131	1,485,820	2,572,739	2,217,999
<b>Total net assets</b>	<b>\$ 7,877,235</b>	<b>\$ 7,744,970</b>	<b>\$ 16,579,019</b>	<b>\$ 16,391,960</b>	<b>\$ 24,456,254</b>	<b>\$ 24,136,930</b>

### Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Program revenues:</b>						
Charges for services	\$ 439,278	\$ 711,009	\$ 4,774,831	\$ 5,537,730	\$ 5,214,109	\$ 6,248,739
Operating grants & contributions	275,848	288,319	-	-	275,848	288,319
Capital grants & contributions	60,000	94,859	126,612	-	186,612	94,859
<b>General revenues:</b>						
Property taxes	1,108,659	1,147,064	-	-	1,108,659	1,147,064
Other taxes and shared revenues	2,292,423	2,396,093	-	-	2,292,423	2,396,093
Miscellaneous	375,612	129,213	104,318	450,182	479,930	579,395
Investment earnings	2,500	4,029	4,522	6,966	7,022	10,995
Transfers	505,710	720,243	(505,710)	(720,243)	-	-
<b>Total revenues</b>	<b>5,060,030</b>	<b>5,490,829</b>	<b>4,504,573</b>	<b>5,274,635</b>	<b>9,564,603</b>	<b>10,765,464</b>
<b>Program expenses:</b>						
General government	1,288,549	1,604,916	-	-	1,288,549	1,604,916
Public safety	1,806,132	1,705,025	-	-	1,806,132	1,705,025
Physical environment	1,195	667	-	-	1,195	667
Transportation	924,150	641,761	-	-	924,150	641,761
Economic environment	216,389	127,501	-	-	216,389	127,501
Culture and recreation	599,352	556,285	-	-	599,352	556,285
Interest on long-term debt	91,998	97,858	-	-	91,998	97,858
Utility	-	-	4,297,655	5,411,650	4,297,655	5,411,650
Industrial park	-	-	19,859	22,541	19,859	22,541
<b>Total expenses</b>	<b>4,927,765</b>	<b>4,734,013</b>	<b>4,317,514</b>	<b>5,434,191</b>	<b>9,245,279</b>	<b>10,168,204</b>
<b>Change in net assets</b>	<b>132,265</b>	<b>756,816</b>	<b>187,059</b>	<b>(159,556)</b>	<b>319,324</b>	<b>597,260</b>
<b>Beginning net assets</b>	<b>7,744,970</b>	<b>6,988,154</b>	<b>16,391,960</b>	<b>16,551,516</b>	<b>24,136,930</b>	<b>23,539,670</b>
<b>Ending net assets</b>	<b>\$ 7,877,235</b>	<b>\$ 7,744,970</b>	<b>\$ 16,579,019</b>	<b>\$ 16,391,960</b>	<b>\$ 24,456,254</b>	<b>\$ 24,136,930</b>

## OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

### Governmental Activities

The governmental activities generated \$775,126 in program revenues and \$4,284,904 of general revenues, and incurred \$4,927,765 of program expenses. This resulted in a \$132,265 increase in net assets.

### Business-type Activities

Revenues of the business-type activities were \$4,504,573 compared to expenses of \$4,317,514. This resulted in a \$187,059 increase in net assets.

Effective in 2011, the City outsourced refuse collections to Waste Management Inc. of Florida. The City has a seven year contract with the Company to collect the City's refuse. The City is responsible for invoicing and collecting payment for which they retain a 10% franchise fee.

## THE CITY'S INDIVIDUAL FUNDS

### General Fund

The General Fund's fund balance increased by \$179,532 from \$1,713,633 to \$1,893,165.

### Utility

The Utility Fund's net assets increased by \$216,012 from \$16,003,975 to \$16,219,987.

## BUDGETARY HIGHLIGHTS

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

Revenues of the General Fund were under budgeted amounts. The largest variance between final budget amounts and actual results occurred due to recognition of deferred revenue from impact fees earned during 2011.

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

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

### Debt Administration

Overall, the City's long-term obligations were reduced by about \$1 million during the year. No new debt was incurred. Please refer to a note to the accompanying financial statements entitled *Long-term Obligations* for more detailed information about the City's long-term debt activity.

## **ECONOMIC FACTORS**

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

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

**City of Wildwood, Florida**  
**Statement of Net Assets**  
**September 30, 2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Equivalents	\$ 1,696,879	\$ 1,318,545	\$ 3,015,424
Investments	-	347,423	347,423
Accounts Receivable	82,540	493,675	576,215
Internal Balances	146,607	(146,607)	-
Due from Other Governments	133,779	-	133,779
Inventory	11,500	-	11,500
Unamortized Debt Issuance Costs	-	36,881	36,881
Capital Assets:			
Non-Depreciable	1,513,390	2,522,785	4,036,175
Depreciable, Net	6,589,702	20,465,499	27,055,201
<b>TOTAL ASSETS</b>	<u>10,174,397</u>	<u>25,038,201</u>	<u>35,212,598</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable and Accrued Liabilities	33,414	35,864	69,278
Customer Deposits	-	188,922	188,922
Unearned Revenue	94,161	-	94,161
Noncurrent Liabilities:			
Due Within One Year	124,760	784,139	908,899
Due in More Than One Year	2,044,827	7,450,257	9,495,084
<b>TOTAL LIABILITIES</b>	<u>2,297,162</u>	<u>8,459,182</u>	<u>10,756,344</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	6,224,047	14,835,888	21,059,935
Restricted:			
Law Enforcement Trust Fund	12,876	-	12,876
Greenwood Cemetary Fund	37,689	-	37,689
Community Redevelopment Agencies	609,015	-	609,015
Bond Reserve Requirements	136,654	-	136,654
Police Grant	21,330	-	21,330
Culture/Recreation Grant	6,016	-	6,016
Unrestricted	829,608	1,743,131	2,572,739
<b>TOTAL NET ASSETS</b>	<u>\$ 7,877,235</u>	<u>\$ 16,579,019</u>	<u>\$ 24,456,254</u>

See accompanying notes.

**City of Wildwood, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) and Changes in Net Assets		
	Expenses	Operating		Governmental Activities	Business-Type Activities	Total
		Charges for Services	Grants and Contributions			
<b>GOVERNMENTAL ACTIVITIES:</b>						
General Government	\$ 1,288,549	\$ -	\$ -	\$ (1,185,491)	\$ -	\$ (1,185,491)
Public Safety	1,806,132	3,667	60,000	(1,464,906)	-	(1,464,906)
Physical Environment	1,195	-	-	2,257	-	2,257
Transportation	924,150	268,470	-	(600,471)	-	(600,471)
Economic Environment	216,389	-	-	(216,389)	-	(216,389)
Culture and Recreation	599,352	3,711	-	(595,641)	-	(595,641)
Interest on Long-Term Debt	91,998	-	-	(91,998)	-	(91,998)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>4,927,765</b>	<b>275,848</b>	<b>60,000</b>	<b>(4,152,639)</b>	<b>-</b>	<b>(4,152,639)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Utility	4,297,655	-	126,612	-	603,788	603,788
Industrial Park	19,859	-	-	-	(19,859)	(19,859)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>4,317,514</b>	<b>-</b>	<b>126,612</b>	<b>-</b>	<b>583,929</b>	<b>583,929</b>
<b>TOTAL</b>	<b>\$ 9,245,279</b>	<b>\$ 275,848</b>	<b>\$ 186,612</b>	<b>(4,152,639)</b>	<b>583,929</b>	<b>(3,568,710)</b>
<b>GENERAL REVENUES:</b>						
Property Taxes				1,108,659	-	1,108,659
Other Taxes				1,277,247	-	1,277,247
Shared Revenues				1,015,176	-	1,015,176
Investment Earnings				2,500	4,522	7,022
Miscellaneous				375,612	104,318	479,930
Transfers				505,710	(505,710)	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				<b>4,284,904</b>	<b>(396,870)</b>	<b>3,888,034</b>
<b>CHANGE IN NET ASSETS</b>				<b>132,265</b>	<b>187,059</b>	<b>319,324</b>
<b>NET ASSETS – BEGINNING OF YEAR</b>				<b>7,744,970</b>	<b>16,391,960</b>	<b>24,136,930</b>
<b>NET ASSETS – END OF YEAR</b>				<b>\$ 7,877,235</b>	<b>\$ 16,579,019</b>	<b>\$ 24,456,254</b>

See accompanying notes.

**City of Wildwood, Florida  
Balance Sheet  
Governmental Funds  
September 30, 2011**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and Equivalents	\$ 1,633,908	\$ 62,971	\$ 1,696,879
Accounts Receivable	82,540	-	82,540
Due from Other Funds	159,013	-	159,013
Due from Other Governments	133,779	-	133,779
Inventory	11,500	-	11,500
<b>TOTAL ASSETS</b>	<b><u>\$ 2,020,740</u></b>	<b><u>\$ 62,971</u></b>	<b><u>\$ 2,083,711</u></b>
<b><u>LIABILITIES</u></b>			
Accounts Payable and Accrued Liabilities	\$ 33,414	\$ -	\$ 33,414
Due to Other Funds	-	12,406	12,406
Deferred Revenue	94,161	-	94,161
<b>TOTAL LIABILITIES</b>	<b><u>127,575</u></b>	<b><u>12,406</u></b>	<b><u>139,981</u></b>
<b><u>FUND BALANCES</u></b>			
Nonspendable:			
Inventory	11,500	-	11,500
Restricted	773,015	50,565	823,580
Assigned	18,008	-	18,008
Unassigned	1,090,642	-	1,090,642
<b>TOTAL FUND BALANCES</b>	<b><u>1,893,165</u></b>	<b><u>50,565</u></b>	<b><u>1,943,730</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 2,020,740</u></b>	<b><u>\$ 62,971</u></b>	<b><u>\$ 2,083,711</u></b>

See accompanying notes.

**City of Wildwood, Florida**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**September 30, 2011**

FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	\$ 1,943,730
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital Assets – Net	8,103,092
Long-term liabilities are not reported in the governmental funds.	
Bonds Payable	(1,879,045)
Compensated Absences	(239,000)
Net OPEB Obligation	<u>(51,542)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 7,877,235</u>

See accompanying notes.

**City of Wildwood, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2011**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Taxes	\$ 3,231,983	\$ -	\$ 3,231,983
Permits and Fees	10,017	-	10,017
Intergovernmental	492,959	-	492,959
Charges for Services	278,499	-	278,499
Fines and Forfeitures	73,798	-	73,798
Miscellaneous	445,483	21,581	467,064
<b>TOTAL REVENUES</b>	<b><u>4,532,739</u></b>	<b><u>21,581</u></b>	<b><u>4,554,320</u></b>
<b><u>EXPENDITURES</u></b>			
Current:			
General Government	1,326,130	-	1,326,130
Public Safety	1,777,763	5,883	1,783,646
Physical Environment	-	1,195	1,195
Transportation	949,048	-	949,048
Economic Environment	216,007	-	216,007
Culture and Recreation	441,428	-	441,428
Debt Service:			
Principal	56,543	-	56,543
Interest	91,998	-	91,998
<b>TOTAL EXPENDITURES</b>	<b><u>4,858,917</u></b>	<b><u>7,078</u></b>	<b><u>4,865,995</u></b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(326,178)</b>	<b>14,503</b>	<b>(311,675)</b>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	505,710	-	505,710
<b>NET CHANGE IN FUND BALANCES</b>	<b>179,532</b>	<b>14,503</b>	<b>194,035</b>
<b>FUND BALANCES – BEGINNING OF YEAR</b>	<b><u>1,713,633</u></b>	<b><u>36,062</u></b>	<b><u>1,749,695</u></b>
<b>FUND BALANCES – END OF YEAR</b>	<b><u>\$ 1,893,165</u></b>	<b><u>\$ 50,565</u></b>	<b><u>\$ 1,943,730</u></b>

See accompanying notes.

**City of Wildwood, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances to the Statement of Activities**  
**Governmental Funds**  
**For the Year Ended September 30, 2011**

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 194,035

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	335,002
Current Year Depreciation Expense	(408,622)

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

Payments on Capital Lease Obligations	26,910
Payments on Revenue Bonds	29,633

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	(19,100)
OPEB Expense	<u>(25,593)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 132,265</u></u>
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See accompanying notes.

**City of Wildwood, Florida**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2011**

	<u>Utility Fund</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<b><u>CURRENT ASSETS</u></b>			
Cash and Equivalents	\$ 1,298,541	\$ 20,004	\$ 1,318,545
Investments	196,448	150,975	347,423
Accounts Receivable	493,675	-	493,675
<b>TOTAL CURRENT ASSETS</b>	<u>1,988,664</u>	<u>170,979</u>	<u>2,159,643</u>
<b><u>NONCURRENT ASSETS</u></b>			
Unamortized Debt Issuance Costs	36,881	-	36,881
Capital Assets, Net	22,800,231	188,053	22,988,284
<b>TOTAL NONCURRENT ASSETS</b>	<u>22,837,112</u>	<u>188,053</u>	<u>23,025,165</u>
<b>TOTAL ASSETS</b>	<u>24,825,776</u>	<u>359,032</u>	<u>25,184,808</u>
<b><u>CURRENT LIABILITIES</u></b>			
Accounts Payable and Accrued Liabilities	35,864	-	35,864
Customer Deposits	188,922	-	188,922
Due to Other Funds	146,607	-	146,607
Current Portion of Long-Term Liabilities	784,139	-	784,139
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,155,532</u>	<u>-</u>	<u>1,155,532</u>
<b>NONCURRENT LIABILITIES</b>	<u>7,450,257</u>	<u>-</u>	<u>7,450,257</u>
<b>TOTAL LIABILITIES</b>	<u>8,605,789</u>	<u>-</u>	<u>8,605,789</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	14,647,835	188,053	14,835,888
Unrestricted	1,572,152	170,979	1,743,131
<b>TOTAL NET ASSETS</b>	<u>\$ 16,219,987</u>	<u>\$ 359,032</u>	<u>\$ 16,579,019</u>

See accompanying notes.

**City of Wildwood, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2011**

	<u>Utility Fund</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<u>OPERATING REVENUES</u>			
User Fees	\$ 4,774,831	\$ -	\$ 4,774,831
<u>OPERATING EXPENSES</u>			
Personal Services	1,342,583	-	1,342,583
Operating Expenses	1,511,776	12,717	1,524,493
Depreciation and Amortization	1,259,005	7,142	1,266,147
TOTAL OPERATING EXPENSES	<u>4,113,364</u>	<u>19,859</u>	<u>4,133,223</u>
OPERATING INCOME (LOSS)	<u>661,467</u>	<u>(19,859)</u>	<u>641,608</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Investment Earnings	4,522	-	4,522
Miscellaneous Income	103,412	906	104,318
Interest Expense	(184,291)	-	(184,291)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(76,357)</u>	<u>906</u>	<u>(75,451)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	585,110	(18,953)	566,157
CAPITAL CONTRIBUTIONS	126,612	-	126,612
TRANSFERS OUT	<u>(495,710)</u>	<u>(10,000)</u>	<u>(505,710)</u>
CHANGE IN NET ASSETS	216,012	(28,953)	187,059
NET ASSETS – BEGINNING OF YEAR	<u>16,003,975</u>	<u>387,985</u>	<u>16,391,960</u>
NET ASSETS – END OF YEAR	<u>\$ 16,219,987</u>	<u>\$ 359,032</u>	<u>\$ 16,579,019</u>

See accompanying notes.

**City of Wildwood, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2011**

	<u>Utility Fund</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<u>OPERATING ACTIVITIES</u>			
Receipts From Customers	\$ 4,735,789	\$ -	\$ 4,735,789
Payments to Suppliers	(1,565,162)	(12,717)	(1,577,879)
Payments to Employees	(1,415,625)	-	(1,415,625)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,755,002</u>	<u>(12,717)</u>	<u>1,742,285</u>
<u>NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers Out	(495,710)	(10,000)	(505,710)
Transactions with Other Funds	61,721	-	61,721
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(433,989)</u>	<u>(10,000)</u>	<u>(443,989)</u>
<u>CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisitions of Capital Assets	(284,416)	-	(284,416)
Principal Paid on Debt	(904,726)	-	(904,726)
Interest Paid on Debt	(190,981)	-	(190,981)
Capital Grant	126,612	-	126,612
Impact Fees Collected	13,262	-	13,262
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,240,249)</u>	<u>-</u>	<u>(1,240,249)</u>
<u>INVESTING ACTIVITIES</u>			
Interest Received	4,522	906	5,428
Acquisition of Investments	(2,113)	(150,975)	(153,088)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,409</u>	<u>(150,069)</u>	<u>(147,660)</u>
CHANGE IN CASH AND EQUIVALENTS	83,173	(172,786)	(89,613)
CASH AND EQUIVALENTS – BEGINNING OF YEAR	<u>1,215,368</u>	<u>192,790</u>	<u>1,408,158</u>
CASH AND EQUIVALENTS – END OF YEAR	<u>\$ 1,298,541</u>	<u>\$ 20,004</u>	<u>\$ 1,318,545</u>
OPERATING INCOME (LOSS)	\$ 661,467	\$ (19,859)	\$ 641,608
Depreciation and Amortization	1,259,005	7,142	1,266,147
Bad Debts	2,582	-	2,582
Change In:			
Receivables	(49,522)	-	(49,522)
Compensated Absences	(65,000)	-	(65,000)
Payables	(64,010)	-	(64,010)
Customer Deposits	10,480	-	10,480
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,755,002</u>	<u>\$ (12,717)</u>	<u>\$ 1,742,285</u>

See accompanying notes.

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

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

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

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

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

The City did not participate in any joint ventures during the 2010–2011 fiscal year.

**Government-wide Financial Statements**

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

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

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Fund Financial Statements**

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

The City reports the following major governmental fund:

*General Fund* – the 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.

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Application of FASB Pronouncements**

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

**Cash and Cash Equivalents**

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

**Investments**

Investments consist of certificates of deposit, stated at cost.

**Accounts Receivable**

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Utility Fund are net of a \$43,390 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

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 2011.

**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 Assets**

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

The statement of net assets reports \$37,689 of net assets restricted by enabling legislation.

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

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 Governmental Fund.

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

**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.

**City of Wildwood, Florida  
Notes to Financial Statements  
September 30, 2011**

**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, 2011, interfund balances are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 159,013	\$ -
Other Governmental Funds	-	12,406
Utility Fund	-	146,607
Total	<u>\$ 159,013</u>	<u>\$ 159,013</u>

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

Interfund transfers for the year ended September 30, 2011 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 505,710	\$ -
Utility Fund	-	495,710
Other Enterprise Fund	-	10,000
Total	<u>\$ 505,710</u>	<u>\$ 505,710</u>

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

**City of Wildwood, Florida  
Notes to Financial Statements  
September 30, 2011**

**NOTE 4 – FUND BALANCE CLASSIFICATONS**

Fund balance is restricted for the following purposes:

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
General Government	\$ 609,015	\$ -	\$ 609,015
Public Safety	21,330	12,876	34,206
Physical Environment	-	37,689	37,689
Culture and Recreation	6,016	-	6,016
Debt Service	136,654	-	136,654
<b>Total Restricted Fund Balance</b>	<b>\$ 773,015</b>	<b>\$ 50,565</b>	<b>\$ 823,580</b>

Fund balance is assigned for the following purposes:

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
General Government	\$ 14,594	\$ -	\$ 14,594
Culture and Recreation	3,414	-	3,414
<b>Total Assigned Fund Balance</b>	<b>\$ 18,008</b>	<b>\$ -</b>	<b>\$ 18,008</b>

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**NOTE 5 – CAPITAL ASSET ACTIVITY**

During the year ended September 30, 2011, the following changes in capital assets occurred:

	Balance October 1, 2010	Increases	Decreases	Balance September 30, 2011
<b><u>Governmental Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land and Improvements	\$ 1,492,143	\$ 900	\$ -	\$ 1,493,043
Construction in Progress	-	20,347	-	20,347
Total Capital Assets, Not Being Depreciated	1,492,143	21,247	-	1,513,390
Capital Assets, Being Depreciated:				
Buildings and Improvements	7,589,780	155,633	-	7,745,413
Furniture and Equipment	2,667,506	158,122	-	2,825,628
Infrastructure	180,394	-	-	180,394
Total Capital Assets, Being Depreciated	10,437,680	313,755	-	10,751,435
Less Accumulated Depreciation for:				
Buildings and Improvements	1,986,187	190,528	-	2,176,715
Furniture and Equipment	1,753,220	209,074	-	1,962,294
Infrastructure	13,704	9,020	-	22,724
Total Accumulated Depreciation	3,753,111	408,622	-	4,161,733
Total Capital Assets Being Depreciated, Net	6,684,569	(94,867)	-	6,589,702
Governmental Activities Capital Assets, Net	<u>\$ 8,176,712</u>	<u>\$ (73,620)</u>	<u>\$ -</u>	<u>\$ 8,103,092</u>
	Balance October 1, 2010	Increases	Decreases	Balance September 30, 2011
<b><u>Business-type Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,328,002	\$ -	\$ -	\$ 1,328,002
Construction in Progress	939,990	254,793	-	1,194,783
Total Capital Assets, Not Being Depreciated	2,267,992	254,793	-	2,522,785
Capital Assets, Being Depreciated:				
Buildings and Improvements	31,749,401	10,148	-	31,759,549
Machinery and Equipment	2,516,013	19,475	-	2,535,488
Plant Assets and Equipment	868,628	-	-	868,628
Total Capital Assets, Being Depreciated	35,134,042	29,623	-	35,163,665
Less Accumulated Depreciation for:				
Building and Improvements	10,960,704	1,095,661	-	12,056,365
Machinery and Equipment	2,017,266	142,017	-	2,159,283
Plant Assets and Equipment	460,802	21,716	-	482,518
Total Accumulated Depreciation	13,438,772	1,259,394	-	14,698,166
Total Capital Assets Being Depreciated, Net	21,695,270	(1,229,771)	-	20,465,499
Business-type Activities Capital Assets, Net	<u>\$ 23,963,262</u>	<u>\$ (974,978)</u>	<u>\$ -</u>	<u>\$ 22,988,284</u>

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**NOTE 5 – CAPITAL ASSET ACTIVITY**

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 97,025
Public Safety	87,680
Transportation	52,628
Culture and Recreation	171,289
Total Depreciation Expense – Governmental Activities	<u>\$ 408,622</u>
Business-type Activities:	
Utility	\$1,252,252
Industrial Park	7,142
Total Depreciation Expense – Business-type Activities	<u>\$1,259,394</u>

**NOTE 6 – LONG-TERM OBLIGATIONS**

**Governmental Activities**

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011	Due Within One Year
Capital Improvement Revenue					
Bonds	\$ 1,908,678	\$ -	\$ 29,633	\$ 1,879,045	\$ 31,060
Capital Lease Obligations	26,910	-	26,910	-	-
Compensated Absences	219,900	177,000	157,900	239,000	93,700
Net OPEB Obligation	25,949	25,593	-	51,542	-
Total	<u>\$ 2,181,437</u>	<u>\$ 202,593</u>	<u>\$ 214,443</u>	<u>\$ 2,169,587</u>	<u>\$ 124,760</u>

**Business-type Activities**

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011	Due Within One Year
Revenue Bonds	\$ 900,321	\$ -	\$ 232,683	\$ 667,638	\$ 70,822
FDEP Revolving Fund Loans	8,143,539	-	658,781	7,484,758	674,817
Capital Lease Obligations	13,262	-	13,262	-	-
Compensated Absences	147,000	79,000	144,000	82,000	38,500
Total	<u>\$ 9,204,122</u>	<u>\$ 79,000</u>	<u>\$1,048,726</u>	<u>\$ 8,234,396</u>	<u>\$ 784,139</u>

**City of Wildwood, Florida  
Notes to Financial Statements  
September 30, 2011**

**NOTE 6 – LONG-TERM OBLIGATIONS**

**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. \$ 1,352,858

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. 526,187

Total Capital Improvement Revenue Bonds \$ 1,879,045

**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. \$ 667,638

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. 714,517

#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. 1,487,139

#WW769070 due in semi-annual installments of \$189,957, including interest of approximately 2.08%. The loan is secured by revenues derived from the operation of the water and sewer systems, after payment of all yearly payment obligations on account of the revolving fund loan #CS12076905 and #CS120769060. This loan matures in February of 2028. 5,283,102

Total FDEP Revolving Fund Loans \$ 7,484,758

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**NOTE 6 – LONG-TERM OBLIGATIONS**

Aggregate maturities are as follows:

Year Ending <u>September 30,</u>	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 31,060	\$ 90,570	\$ 745,639	\$ 195,334
2013	32,557	89,074	765,353	175,620
2014	34,126	87,505	785,624	155,349
2015	35,770	85,860	806,471	134,503
2016	37,492	84,137	916,597	140,581
2017-2021	216,371	391,782	1,834,063	335,573
2022-2026	273,778	334,375	1,740,428	159,153
2027-2031	346,429	261,725	558,221	11,651
2032-2036	438,370	169,784	-	-
2037-2040	433,092	43,430	-	-
Totals	<u>\$1,879,045</u>	<u>\$1,638,242</u>	<u>\$8,152,396</u>	<u>\$1,307,764</u>

**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) 488-5706.

*Funding Policy.* The System was employee noncontributory through June 30, 2011. For the period July 1, 2011 through September 30, 2011 the employee contribution rate was 3.00%. The City is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2011 were as follows: Regular Employees 4.91%; Special Risk Employees 14.10%; Senior Management 6.27%; Elected Officials 11.14%. 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, 2011, 2010 and 2009 were \$414,135, \$449,628, and \$473,761, respectively, equal to the required contributions for each year.

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**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, 2011, participants consisted of:

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

**Annual OPEB Cost and Net OPEB Obligation**

The City had an actuarial valuation performed for the OPEB Plan as of October 1, 2009 to determine the annual required contribution (ARC) for the fiscal year ended September 30, 2010. It is assumed that the payment of the net OPEB obligation will be covered entirely by the General Fund. The transition liability was set to zero as of September 30, 2009.

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.

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS**

Annual required contribution	\$ 32,415
Interest on net OPEB obligation	1,168
Adjustments to ARC	<u>(1,524)</u>
Annual OPEB cost (expense)	32,059
Contributions made	<u>(6,466)</u>
Increase in net OPEB obligation	25,593
Net OPEB obligation - beginning of year	<u>25,949</u>
Net OPEB obligation - end of year	<u><u>\$ 51,542</u></u>

**Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2009	N/A	N/A	N/A	N/A
September 30, 2010	\$ 32,415	\$ 6,466	19.9%	\$ 25,949
September 30, 2011	\$ 32,059	\$ 6,466	20.2%	\$ 51,542

**Funded Status**

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

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

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS**

**Funding Policy**

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

**Actuarial Methods and Assumptions**

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

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

The following actuarial methods and assumptions were used:

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

**City of Wildwood, Florida  
Notes to Financial Statements  
September 30, 2011**

**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 – PLEGGED REVENUES**

The City has pledged future water, sewer and garbage customer revenues, net of specified operating expenses, to repay approximately \$7.5 million in state revolving fund loans and \$670,000 of revenue bonds. The debt was used to construct the City's water and sewer systems and is payable through 2028. Additionally, the City has pledged future telecommunications and sales tax revenues to repay approximately \$1.9 million of capital improvement revenue bonds. The debt was used primarily to construct the City Hall building. The total principal and interest remaining to be paid on all loans secured by pledged revenues is approximately \$13.0 million. For 2011, 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 2011 were \$1.9 million. Pledged revenues from telecommunications and sales taxes were \$424,000.

**NOTE 11 – COMMUNITY REDEVELOPMENT AGENCY ACTIVITY**

The activity for the Community Redevelopment Agencies for the year ended September 30, 2011 is as follows:

	Original CRA	Expanded CRA
Balance, October 1, 2010	\$ 536,678	\$ 118,927
Revenues	196,789	44
Expenditures	<u>(195,806)</u>	<u>(47,617)</u>
Balance, September 30, 2010	<u>\$ 537,661</u>	<u>\$ 71,354</u>

**City of Wildwood, Florida**  
**Notes to Financial Statements**  
**September 30, 2011**

**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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Wildwood, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes	\$ 3,181,076	\$ 3,305,771	\$ 3,231,983	\$ (73,788)
Permits and Fees	-	8,567	10,017	1,450
Intergovernmental	433,965	481,594	492,959	11,365
Charges for Services	365,000	277,257	278,499	1,242
Fines and Forfeitures	46,250	72,675	73,798	1,123
Miscellaneous	390,918	535,591	445,483	(90,108)
<b>TOTAL REVENUES</b>	<b>4,417,209</b>	<b>4,681,455</b>	<b>4,532,739</b>	<b>(148,716)</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government	1,353,528	1,370,321	1,326,130	44,191
Public Safety	1,801,384	1,751,358	1,777,763	(26,405)
Transportation	873,597	960,415	949,048	11,367
Economic Environment	478,530	252,674	216,007	-
Culture and Recreation	450,258	449,332	441,428	7,904
Reserve for Contingency	62,207	327,740	-	327,740
Debt Service	121,631	121,631	148,541	(26,910)
<b>TOTAL EXPENDITURES</b>	<b>5,141,135</b>	<b>5,233,471</b>	<b>4,858,917</b>	<b>374,554</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(723,926)</b>	<b>(552,016)</b>	<b>(326,178)</b>	<b>225,838</b>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers In	415,560	487,205	505,710	18,505
<b>NET CHANGE IN FUND BALANCES</b>	<b>(308,366)</b>	<b>(64,811)</b>	<b>179,532</b>	<b>244,343</b>
<b>FUND BALANCES – BEGINNING OF YEAR</b>	<b>308,366</b>	<b>64,811</b>	<b>1,713,633</b>	<b>1,648,822</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,893,165</b>	<b>\$ 1,893,165</b>

(See accompanying notes to this schedule)

**City of Wildwood, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2011**

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

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

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

**City of Wildwood, Florida  
Other Postemployment Benefits Plan  
September 30, 2011**

**SCHEDULE OF FUNDING PROGRESS**

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>
9/30/2010	\$ 32,415	\$ 6,466	19.9%
9/30/2011	\$ 32,059	\$ 6,466	20.2%

Notes:

- 1) The City has implemented GASB Statement No. 45 effective October 1, 2009. Trend information for two more valuations will be provided prospectively.
- 2) See Note 8 to the financial statements for detailed information on the City's OPEB Plan.

**SUPPLEMENTAL INFORMATION**

**City of Wildwood, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2011**

	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Total Nonmajor Govern- mental Funds
<u>ASSETS</u>			
Cash and Equivalents	\$ 37,689	\$ 25,282	\$ 62,971
<u>LIABILITIES</u>			
Due to Other Funds	\$ -	\$ 12,406	\$ 12,406
<u>FUND BALANCES</u>			
Restricted	37,689	12,876	50,565
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,689</b>	<b>\$ 25,282</b>	<b>\$ 62,971</b>

**City of Wildwood, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2011**

	<u>Greenwood Cemetery Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Total Nonmajor Govern- mental Funds</u>
<u>REVENUES</u>			
Miscellaneous	<u>\$ 3,452</u>	<u>\$ 18,129</u>	<u>\$ 21,581</u>
<u>EXPENDITURES</u>			
Public Safety	-	5,883	5,883
Physical Environment	<u>1,195</u>	<u>-</u>	<u>1,195</u>
TOTAL EXPENDITURES	<u>1,195</u>	<u>5,883</u>	<u>7,078</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,257	12,246	14,503
FUND BALANCES, Beginning of Year	<u>35,432</u>	<u>630</u>	<u>36,062</u>
FUND BALANCES, End of Year	<u><u>\$ 37,689</u></u>	<u><u>\$ 12,876</u></u>	<u><u>\$ 50,565</u></u>

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



## Management Letter

The Honorable Mayor and  
City Commissioners  
City of Wildwood, Florida

We have audited the financial statements of the City of Wildwood, Florida (the "City") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated April 4, 2012. That report should be considered in conjunction with this management letter.

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

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit report. 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 2010-2011 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, 2011.

Investment of Public Funds

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

Other Matters

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

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

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

*Car. Riggall & Ingram LLC*

April 4, 2012  
Gainesville, Florida



The Honorable Mayor and  
City Commissioners  
City of Wildwood, Florida

We have audited the financial statements of the City of Wildwood, Florida (the "City") as of and for the year ended September 30, 2011, and have issued our report thereon dated April 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

#### Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 11-1 to be a material weakness.

### Compliance and Other Matters

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

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

### **Communication with Those Charged with Governance**

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

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

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

#### Planned Scope and Timing of the Audit

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

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. During the year, the City implemented GASB Statement No. 54, dealing with fund balance and governmental fund type definitions. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. The application of existing policies was not changed during the year.

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

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

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

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

General Fund

Receivables due from other governments and taxpayers at year end were recorded. The effect on the net change in fund balances was approximately \$205,000.

Deferred revenue from impact fees of approximately \$75,000 was reclassified as current year revenue.

Utility Fund

Debt service principal payments and capital lease payments of approximately \$924,000 were reclassified and were properly charged against long-term debt balances.

Infrastructure projects of approximately \$255,000 were reclassified as capital assets instead of expenses.

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

*Disagreements with Management*

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

*Management Representations*

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

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

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

*Car, Rissa / Ingram LLC*

April 4, 2012  
Gainesville, Florida

**City of Wildwood, Florida**  
**Schedule of Findings**  
**For the Year Ended September 30, 2011**

- 11-1 Condition – Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, requires auditors to prepare a written communication if they identified misstatements during the audit process or if it was necessary to assist with the preparation of the financial statements. As part of the audit process, we proposed material adjustments to the City's financial statements. It was also necessary for us to assist with the preparation of your financial statements. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. Similar findings were reported in previous audit reports as items 10-1 and 09-1.

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

Area Code: 352  
SUNCOM Prefix: 668  
ZIP Code: 34785

**CITY HALL**

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

**CITY MANAGER**

Extension 109

**CITY CLERK/FINANCE**

Extension 100

**PERSONNEL**

Extension 103  
330-1339 Fax

**CUSTOMER SERVICE**

(Utility Accounts)  
Extension 130

**BUILDING SERVICES**

Code/Inspections/Permits  
Extension 131  
330-1334 Fax

**DEVELOPMENT SERVICES**

Planning/Zoning/Concurrency  
Extension 118  
330-1334 Fax

**TDD**

Extension 130

**LIBRARY**

310 Palmer Drive  
748-1158

**COMMUNITY CENTER**

6500 County Road 139

**POLICE**

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

**ANIMAL CONTROL**

**WOOD WASTE**

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

April 4, 2012

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

**RE: Audit Response- 2011 - 1**

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:   
Interim City Manager

Date: April 4, 2012

Signed:   
City Clerk/Finance Director

Date: April 4, 2012