

**CITY OF WILDWOOD, FLORIDA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2018**

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CITY OF WILDWOOD, FLORIDA

FINANCIAL REPORT  
SEPTEMBER 30, 2018

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**CITY OF WILDWOOD, FLORIDA**

**FINANCIAL REPORT  
SEPTEMBER 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2018, 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.

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***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, 2018, 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.

***Emphasis of Matter***

As discussed in notes 7 and 13, the City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of October 1, 2017. This standard significantly changed the accounting for the City's total other post-employment benefits (OPEB) liability and the related disclosures. 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 on pages 4 through 8, the Schedules of Revenues, Expenditures And Changes in Fund Balance – Budget to Actual for the General and Community Redevelopment funds on pages 42 through 44, and the pension and OPEB schedules on pages 45 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are 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 June 19, 2019, 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 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.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
June 19, 2019

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# CITY OF WILDWOOD, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2018

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This discussion and analysis of the City of Wildwood's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2018. 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.

# CITY OF WILDWOOD, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2018

### 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 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 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

#### Statement of Net Position September 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 11,908,771	\$ 9,292,058	\$ 13,330,150	\$ 10,646,637	\$ 25,238,921	\$ 19,938,695
Capital assets	9,839,406	9,344,006	29,120,556	27,231,070	38,959,962	36,575,076
Total assets	<u>21,748,177</u>	<u>18,636,064</u>	<u>42,450,706</u>	<u>37,877,707</u>	<u>64,198,883</u>	<u>56,513,771</u>
Total deferred outflows of resources	<u>3,311,262</u>	<u>2,922,723</u>	<u>551,247</u>	<u>556,710</u>	<u>3,862,509</u>	<u>3,479,433</u>
Other liabilities	1,740,545	1,266,264	1,485,273	2,250,730	3,225,818	3,516,994
Long-term liabilities	12,589,910	11,434,404	9,114,733	8,001,431	21,704,643	19,435,835
Total liabilities	<u>14,330,455</u>	<u>12,700,668</u>	<u>10,600,006</u>	<u>10,252,161</u>	<u>24,930,461</u>	<u>22,952,829</u>
Total deferred inflows of resources	<u>607,378</u>	<u>270,414</u>	<u>101,446</u>	<u>51,508</u>	<u>708,824</u>	<u>321,922</u>
Net position:						
Net investment in capital assets	4,918,573	4,273,497	21,369,884	19,554,200	26,288,457	23,827,697
Restricted	2,287,920	1,361,913	-	-	2,287,920	1,361,913
Unrestricted	2,915,113	2,952,295	10,930,617	8,576,548	13,845,730	11,528,843
Total net position	<u>\$ 10,121,606</u>	<u>\$ 8,587,705</u>	<u>\$ 32,300,501</u>	<u>\$ 28,130,748</u>	<u>\$ 42,422,107</u>	<u>\$ 36,718,453</u>

# CITY OF WILDWOOD, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2018

### Statement of Activities For the Years ended September 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,985,207	\$ 1,150,422	\$ 8,815,628	\$ 8,717,280	\$ 10,800,835	\$ 9,867,702
Operating grants and contributions	830,956	385,718	-	-	830,956	385,718
Capital grants and contributions	-	97,369	1,193,452	642,109	1,193,452	739,478
General revenues:						
Taxes	3,075,851	2,957,826	-	-	3,075,851	2,957,826
Other taxes	4,363,360	3,933,819	-	-	4,363,360	3,933,819
Other	327,396	296,770	28,226	14,287	355,622	311,057
Total revenues	10,582,770	8,821,924	10,037,306	9,373,676	20,620,076	18,195,600
Operating Expenses:						
General government	2,163,568	2,065,199	-	-	2,163,568	2,065,199
Public safety	4,638,224	4,307,667	-	-	4,638,224	4,307,667
Physical environment	670	523	-	-	670	523
Transportation	1,535,767	1,501,438	-	-	1,535,767	1,501,438
Culture and recreation	945,219	853,819	-	-	945,219	853,819
Economic environment	225,021	61,791	-	-	225,021	61,791
Interest	127,519	94,154	-	-	127,519	94,154
Utility	-	-	5,921,134	5,867,319	5,921,134	5,867,319
Industrial park	-	-	6,608	6,607	6,608	6,607
Total operating expenses	9,635,988	8,884,591	5,927,742	5,873,926	15,563,730	14,758,517
Increase in net position before transfers	946,782	(62,667)	4,109,564	3,499,750	5,056,346	3,437,083
Transfers	410,000	385,000	(410,000)	(385,000)	-	-
Change in net position	1,356,782	322,333	3,699,564	3,114,750	5,056,346	3,437,083
Net position, beginning, as restated	8,764,824	8,265,372	28,600,937	25,015,998	37,365,761	33,281,370
Net position, ending	\$ 10,121,606	\$ 8,587,705	\$ 32,300,501	\$ 28,130,748	\$ 42,422,107	\$ 36,718,453

## OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

### Governmental Activities

The governmental activities generated \$2,816,163 in program revenues and \$7,766,607 of general revenues, and incurred \$9,635,998 of program expenses. This, along with transfers in, resulted in a \$1,966,469 increase in net position. This increase was the result of increased charges for services, operating grants and contributions, and other taxes offset by an increase in program expenses (primarily public safety and economic environment).

### Business-type Activities

Net revenues of the business-type activities were \$10,037,306 compared to expenses of \$5,927,742. This, along with transfers out, resulted in a \$3,699,564 increase in net position. This increase is the result of increased capital grants and contributions during the current year.

# CITY OF WILDWOOD, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2018

### THE CITY'S INDIVIDUAL FUNDS

#### General Fund

The General Fund's fund balance increased by \$705,185 from \$7,175,121 to \$7,880,306. This was the result of increased tax revenue (approximately \$1 million) offset by increased expenditures (primarily transportation and culture and recreation).

#### Community Redevelopment Fund

The Community Redevelopment Fund's fund balance decreased by \$58,447 from \$358,661 to \$300,214. This was the result of increased expenditures in the current year.

#### Utility

The Utility Fund's net position increased by \$3,716,172 from \$28,332,324 to \$32,048,496. This was primarily the result of increased capital grants and contributions in the current year.

### BUDGETARY HIGHLIGHTS

The City increased its budgeted General Fund expenditures by \$745,425. This was mostly in relation to the addition of transportation projects.

Revenues of the General Fund exceeded budgeted amounts. A variance between final budget amounts and actual results occurred in charges for services because of increased community development services. A variance between final budget and actual results occurred in taxes due to new revenue sources attributed to community growth. A negative variance occurred in intergovernmental revenues due to an expected inflow from a CDBG grant that was delayed.

General Fund expenditures were under budgeted amounts. This was generally due to the less than anticipated public safety and culture and recreation expenditures and the reserve for contingency not being utilized during the year.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of the fiscal year ended September 30, 2018, governmental and business-type activities reported capital assets of \$38,959,962 (net of accumulated depreciation), and increase of \$2,384,886 over the prior year. The total increase in capital assets was the result of current year additions exceeding depreciation expense, primarily in the buildings and improvements category.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,357,868	\$ 2,357,868	\$ 1,391,892	\$ 1,391,892	\$ 3,749,760	\$ 3,749,760
Construction in progress	86,950	-	2,665,214	3,180,919	2,752,164	3,180,919
Buildings and improvements	4,889,471	4,976,106	23,879,296	21,580,094	28,768,767	26,556,200
Equipment and vehicles	1,717,823	1,424,189	806,720	828,436	2,524,543	2,252,625
Infrastructure	787,294	585,843	377,434	249,729	1,164,728	835,572
Total capital assets	\$ 9,839,406	\$ 9,344,006	\$ 29,120,556	\$ 27,231,070	\$ 38,959,962	\$ 36,575,076

# CITY OF WILDWOOD, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2018

Additional information on the City's capital assets can be found in Note 4 of this report.

### Debt Administration

Overall, the City's governmental activities long-term obligations increased by approximately \$800,000 during the year, primarily due to an increase in the net pension liability and the addition of new capital leases. The business-type activities long-term obligations increased by approximately \$100,000, and included the issuance of a new note.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Bonds payable	\$ -	\$ -	\$ 1,612,000	\$ 2,132,000	\$ 1,612,000	\$ 2,132,000
Notes payable	4,639,399	4,940,563	6,138,672	5,544,871	10,778,071	10,485,434
Capital leases	281,434	129,946	-	-	281,434	129,946
Net pension liability	7,019,066	6,270,151	1,166,759	1,194,315	8,185,825	7,464,466
Total OPEB liability	81,864	67,065	28,130	23,045	109,994	90,110
Compensated absences	568,147	355,000	169,172	118,000	737,319	473,000
Total debt	<u>\$ 12,589,910</u>	<u>\$ 11,762,725</u>	<u>\$ 9,114,733</u>	<u>\$ 9,012,231</u>	<u>\$ 21,704,643</u>	<u>\$ 20,774,956</u>

Additional information on the City's long-term obligations can be found in Note 5 of this report.

### 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.

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF WILDWOOD, FLORIDA**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 11,375,687	\$ 11,738,023	\$ 23,113,710
Investments	-	250,426	250,426
Accounts receivables, net	234,166	1,348,431	1,582,597
Due from other governments	261,361	-	261,361
Internal balances	21,380	(21,380)	-
Prepaid items	-	14,650	14,650
Inventory	16,177	-	16,177
Capital assets			
Non-depreciable	2,444,818	4,057,106	6,501,924
Depreciable, net	7,394,588	25,063,450	32,458,038
<b>Total assets</b>	<b>21,748,177</b>	<b>42,450,706</b>	<b>64,198,883</b>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension	3,306,608	549,648	3,856,256
Deferred outflows - OPEB	4,654	1,599	6,253
<b>Total deferred outflows</b>	<b>3,311,262</b>	<b>551,247</b>	<b>3,862,509</b>
<b>Liabilities</b>			
Accounts payable	124,064	910,334	1,034,398
Accrued liabilities	249,809	82,708	332,517
Unearned revenue	-	-	-
Accrued interest payable	-	8,757	8,757
Customer deposits payable	-	483,474	483,474
Unearned revenue	1,366,672	-	1,366,672
Noncurrent liabilities			
Due within one year	537,202	1,020,679	1,557,881
Due in more than one year	12,052,708	8,094,054	20,146,762
Total liabilities	<b>14,330,455</b>	<b>10,600,006</b>	<b>24,930,461</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension	604,675	100,517	705,192
Deferred inflows - OPEB	2,703	929	3,632
<b>Total deferred inflows</b>	<b>607,378</b>	<b>101,446</b>	<b>708,824</b>
<b>Net position</b>			
Net investment in capital assets	4,918,573	21,369,884	26,288,457
Restricted for			
Physical environment	53,979	-	53,979
Community development	300,214	-	300,214
Public safety	1,080,856	-	1,080,856
Culture and recreation	852,871	-	852,871
Unrestricted	2,915,113	10,930,617	13,845,730
Total net position	<b>\$ 10,121,606</b>	<b>\$ 32,300,501</b>	<b>\$ 42,422,107</b>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF WILDWOOD, FLORIDA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 2,163,568	\$ 566,120	\$ -	\$ -
Public safety	4,638,224	25,361	-	-
Physical environment	670	1,389,776	830,956	-
Transportation	1,535,767	-	-	-
Culture and recreation	945,219	3,950	-	-
Economic development	225,021	-	-	-
Interest on long-term debt	127,519	-	-	-
Total governmental activities	<u>9,635,988</u>	<u>1,985,207</u>	<u>830,956</u>	<u>-</u>
<b>Business-type activities:</b>				
Utility	5,921,134	8,815,628	-	1,193,452
Industrial park	6,608	-	-	-
Total business-type activities	<u>5,927,742</u>	<u>8,815,628</u>	<u>-</u>	<u>1,193,452</u>
Total primary government	<u>\$ 15,563,730</u>	<u>\$ 10,800,835</u>	<u>\$ 830,956</u>	<u>\$ 1,193,452</u>

General revenues  
Property taxes  
Other taxes  
Investment earnings  
Miscellaneous  
Transfers  
Total general revenues and transfers  
Change in net position  
  
Net position, beginning of year, as restated  
Net position, end of year

The accompanying notes to financial statements are an integral part of this statement.

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,597,448)	\$ -	\$ (1,597,448)
(4,612,863)	-	(4,612,863)
2,220,062	-	2,220,062
(1,535,767)	-	(1,535,767)
(941,269)	-	(941,269)
(225,021)	-	(225,021)
(127,519)	-	(127,519)
<u>(6,819,825)</u>	<u>-</u>	<u>(6,819,825)</u>
-	4,087,946	4,087,946
-	(6,608)	(6,608)
-	4,081,338	4,081,338
<u>(6,819,825)</u>	<u>4,081,338</u>	<u>(2,738,487)</u>
3,075,851	-	3,075,851
4,363,360	-	4,363,360
952	28,226	29,178
326,444	-	326,444
410,000	(410,000)	-
<u>8,176,607</u>	<u>(381,774)</u>	<u>7,794,833</u>
1,356,782	3,699,564	5,056,346
8,764,824	28,600,937	37,365,761
<u>\$ 10,121,606</u>	<u>\$ 32,300,501</u>	<u>\$ 42,422,107</u>

**CITY OF WILDWOOD, FLORIDA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 9,074,705	\$ 300,282	\$ 2,000,700	\$ 11,375,687
Accounts receivable	234,166	-	-	234,166
Due from other funds	33,786	-	2,538	36,324
Due from other governments	261,361	-	-	261,361
Inventory	16,177	-	-	16,177
Total assets	<u>\$ 9,620,195</u>	<u>\$ 300,282</u>	<u>\$ 2,003,238</u>	<u>\$ 11,923,715</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>				
Liabilities				
Accounts payable	\$ 121,068	\$ 68	\$ 2,928	\$ 124,064
Accrued liabilities	249,809	-	-	249,809
Unearned revenue	1,366,672	-	-	1,366,672
Due to other funds	2,340	-	12,604	14,944
Total liabilities	<u>1,739,889</u>	<u>68</u>	<u>15,532</u>	<u>1,755,489</u>
Fund balances				
Nonspendable	16,177	-	-	16,177
Restricted				
Public safety	-	-	1,080,856	1,080,856
Physical environment	-	-	53,979	53,979
Community development	-	300,214	-	300,214
Culture and recreation	-	-	852,871	852,871
Unassigned	7,864,129	-	-	7,864,129
Total fund balances	<u>7,880,306</u>	<u>300,214</u>	<u>1,987,706</u>	<u>10,168,226</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,620,195</u>	<u>\$ 300,282</u>	<u>\$ 2,003,238</u>	<u>\$ 11,923,715</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF WILDWOOD, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL BALANCE SHEET TO  
THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

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

Total fund balances - governmental funds		\$	10,168,226
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets			17,005,024
Accumulated depreciation			(7,165,618)
			9,839,406
Deferred outflows, deferred inflows, the net pension liability and the total OPEB liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.			
Deferred outflows - pension			3,306,608
Deferred inflows - pension			(604,675)
Net pension liability			(7,019,066)
Deferred outflows - OPEB			4,654
Deferred inflows - OPEB			(2,703)
Total OPEB liability			(81,864)
			(4,397,046)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.			
Compensated absences			(568,147)
Leases payable			(281,434)
Note payable			(4,639,399)
			(5,488,980)
Net position of governmental activities			\$ 10,121,606

**The accompanying notes to financial statements are an integral part of this statement.**

**CITY OF WILDWOOD, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 7,351,397	\$ 87,814	\$ -	\$ 7,439,211
Licenses and permits	-	-	1,500	1,500
Intergovernmental revenues	830,956	-	-	830,956
Charges for services	566,120	-	2,450	568,570
Fines and forfeitures	24,907	-	454	25,361
Impact fees	-	-	1,389,776	1,389,776
Investment earnings	-	804	148	952
Miscellaneous revenues	263,436	-	63,008	326,444
Total revenues	<u>9,036,816</u>	<u>88,618</u>	<u>1,457,336</u>	<u>10,582,770</u>
<b>Expenditures</b>				
Current				
General government	1,795,990	-	-	1,795,990
Public safety	4,287,925	-	13,215	4,301,140
Physical environment	-	-	670	670
Transportation	1,791,461	-	-	1,791,461
Economic development	-	215,285	-	215,285
Culture and recreation	812,450	-	21,079	833,529
Debt service				
Principal retirement	455,624	-	-	455,624
Interest	127,519	-	-	127,519
Capital outlay	-	-	140,508	140,508
Total expenditures	<u>9,270,969</u>	<u>215,285</u>	<u>175,472</u>	<u>9,661,726</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(234,153)</u>	<u>(126,667)</u>	<u>1,281,864</u>	<u>921,044</u>
<b>Other financing sources (uses)</b>				
Capital leases	305,948	-	-	305,948
Transfers in	701,610	68,220	-	769,830
Transfers out	(68,220)	-	(291,610)	(359,830)
Total other financing sources (uses)	<u>939,338</u>	<u>68,220</u>	<u>(291,610)</u>	<u>715,948</u>
<b>Change in fund balances</b>	705,185	(58,447)	990,254	1,636,992
<b>Fund balances, beginning of year</b>	<u>7,175,121</u>	<u>358,661</u>	<u>997,452</u>	<u>8,531,234</u>
<b>Fund balances, end of year</b>	<u>\$ 7,880,306</u>	<u>\$ 300,214</u>	<u>\$ 1,987,706</u>	<u>\$ 10,168,226</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF WILDWOOD, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Net Change in Fund Balances – Total Governmental Funds** \$ 1,636,992

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 these assets is depreciated over their estimated useful lives.

Capital outlay	\$ 1,111,146	
Less current year depreciation	<u>(615,746)</u>	495,400

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Debt proceeds		(305,948)
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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.

Change in compensated absences	(213,147)	
OPEB expense	(12,848)	
Pension expense	<u>(699,291)</u>	<u>(925,286)</u>

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Debt repayments:

Leases	154,460	
Notes	<u>301,164</u>	<u>455,624</u>

**Change in net position of governmental activities** \$ 1,356,782

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF WILDWOOD, FLORIDA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2018**

	<u>Utility Fund</u>	<u>Nonmajor Industrial Park Fund</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 11,625,949	\$ 112,074	\$ 11,738,023
Investments	250,426	-	250,426
Accounts receivable, net	1,348,431	-	1,348,431
Prepays	14,650	-	14,650
Total current assets	<u>13,239,456</u>	<u>112,074</u>	<u>13,351,530</u>
Noncurrent assets			
Capital assets, non-depreciable	3,961,702	95,404	4,057,106
Capital assets, net	<u>25,018,923</u>	<u>44,527</u>	<u>25,063,450</u>
Total noncurrent assets	<u>28,980,625</u>	<u>139,931</u>	<u>29,120,556</u>
<b>Total assets</b>	<u>42,220,081</u>	<u>252,005</u>	<u>42,472,086</u>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension	549,648	-	549,648
Deferred outflows - OPEB	1,599	-	1,599
<b>Total deferred outflows of resources</b>	<u>551,247</u>	<u>-</u>	<u>551,247</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	910,334	-	910,334
Notes payable	452,078	-	452,078
Bonds payable	528,000	-	528,000
Compensated absences	40,601	-	40,601
Accrued liabilities	82,708	-	82,708
Accrued interest	8,757	-	8,757
Due to other funds	21,380	-	21,380
Customer deposits payable	483,474	-	483,474
Total current liabilities	<u>2,527,332</u>	<u>-</u>	<u>2,527,332</u>
Noncurrent liabilities			
Compensated absences	128,571	-	128,571
Notes payable, net of current portion	5,686,594	-	5,686,594
Bonds payable, net of current portion	1,084,000	-	1,084,000
Net pension liability	1,166,759	-	1,166,759
Total OPEB liability	<u>28,130</u>	<u>-</u>	<u>28,130</u>
Total non-current liabilities	<u>8,094,054</u>	<u>-</u>	<u>8,094,054</u>
Total liabilities	<u>10,621,386</u>	<u>-</u>	<u>10,621,386</u>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension	100,517	-	100,517
Deferred inflows - OPEB	929	-	929
Total deferred inflows of resources	<u>101,446</u>	<u>-</u>	<u>101,446</u>

(Continued)



**CITY OF WILDWOOD, FLORIDA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2018**

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	<u>Major Funds</u>	<u>Nonmajor Fund</u>	
	<u>Water and</u>	<u>Industrial</u>	
	<u>Sewer</u>	<u>Park</u>	<u>Total</u>
<b>Net position</b>			
Net investment in capital assets	21,229,953	139,931	21,369,884
Unrestricted	10,818,543	112,074	10,930,617
Total net position	<u>\$ 32,048,496</u>	<u>\$ 252,005</u>	<u>\$ 32,300,501</u>

**The notes to the financial statements are an integral part of these statements.**

**CITY OF WILDWOOD, FLORIDA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Utility Fund</u>	<u>Nonmajor Industrial Park Fund</u>	<u>Total</u>
<b>Operating revenues</b>			
Charges for services	\$ 8,815,096	\$ -	\$ 8,815,096
Miscellaneous	532	-	532
Total operating revenues	<u>8,815,628</u>	<u>-</u>	<u>8,815,628</u>
<b>Operating expenses</b>			
Personnel costs	1,838,264	-	1,838,264
Operating expenses	2,157,286	-	2,157,286
Depreciation	1,781,184	6,608	1,787,792
Total operating expenses	<u>5,776,734</u>	<u>6,608</u>	<u>5,783,342</u>
<b>Operating income (loss)</b>	<u>3,038,894</u>	<u>(6,608)</u>	<u>3,032,286</u>
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	28,226	-	28,226
Interest expense	(144,400)	-	(144,400)
Total nonoperating revenues (expenses)	<u>(116,174)</u>	<u>-</u>	<u>(116,174)</u>
Income before capital contributions and transfers	2,922,720	(6,608)	2,916,112
<b>Capital contributions</b>	1,193,452	-	1,193,452
<b>Transfers out</b>	<u>(400,000)</u>	<u>(10,000)</u>	<u>(410,000)</u>
<b>Changes in net position</b>	3,716,172	(16,608)	3,699,564
<b>Total net position, beginning of year, as restated</b>	28,332,324	268,613	28,600,937
<b>Total net position, end of year</b>	<u>\$ 32,048,496</u>	<u>\$ 252,005</u>	<u>\$ 32,300,501</u>

The notes to the financial statements are an integral part of these statements.

**CITY OF WILDWOOD, FLORIDA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Utility Fund</u>	<u>Nonmajor Industrial Park Fund</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 8,589,033	\$ -	\$ 8,589,033
Cash paid to suppliers for goods and services	(2,202,828)	-	(2,202,828)
Cash paid to employees for services and benefits	(1,671,453)	-	(1,671,453)
Net cash provided by operating activities	<u>4,714,752</u>	<u>-</u>	<u>4,714,752</u>
<b>Cash flows from noncapital financing activities</b>			
Transfer to other funds	(400,000)	(10,000)	(410,000)
Net cash used in noncapital financing activities	<u>(400,000)</u>	<u>(10,000)</u>	<u>(410,000)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(3,677,278)	-	(3,677,278)
Proceeds from notes payable	1,001,265	-	1,001,265
Principal paid on notes payable	(407,464)	-	(407,464)
Principal paid on bonds payable	(520,000)	-	(520,000)
Capital contributions	1,193,452	-	1,193,452
Interest paid	(135,643)	-	(135,643)
Net cash used in capital and related financing activities	<u>(2,545,668)</u>	<u>-</u>	<u>(2,545,668)</u>
<b>Cash flows from investing activities</b>			
Purchase of investments	(265)	-	(265)
Interest received	28,226	-	28,226
Net cash provided by investing activities	<u>27,961</u>	<u>-</u>	<u>27,961</u>
<b>Net change in cash and cash equivalents</b>	1,797,045	(10,000)	1,787,045
<b>Cash and cash equivalents, beginning of year</b>	<u>9,828,904</u>	<u>122,074</u>	<u>9,950,978</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 11,625,949</u>	<u>\$ 112,074</u>	<u>\$ 11,738,023</u>

(Continued)

**CITY OF WILDWOOD, FLORIDA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Utility Fund</u>	<u>Nonmajor Industrial Park Fund</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ 3,038,894	\$ (6,608)	\$ 3,032,286
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,781,184	6,608	1,787,792
Change in operating assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(390,158)	-	(390,158)
Prepays	(14,650)	-	(14,650)
Deferred outflows - pension	7,062	-	7,062
Deferred outflows - OPEB	(1,599)	-	(1,599)
Increase (decrease) in liabilities:			
Accounts payable	(32,731)	-	(32,731)
Accrued liabilities	82,708	-	82,708
Due to other funds	1,839	-	1,839
Compensated absences payable	51,172	-	51,172
Net pension liability	(27,555)	-	(27,555)
Deferred inflows - pension	49,009	-	49,009
Total OPEB liability	5,085	-	5,085
Deferred inflows - OPEB	929	-	929
Customer deposits	163,563	-	163,563
Net cash provided by operating activities	<u>\$ 4,714,752</u>	<u>\$ -</u>	<u>\$ 4,714,752</u>

**The notes to the financial statements are an integral part of these statements.**

# CITY OF WILDWOOD, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The financial statements of the City of Wildwood, Florida (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the City are described below.

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 2017-2018 fiscal year.

#### B. Government-Wide and Fund 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.

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**B. Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as general revenues.

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 funds:

*General Fund* – the general operating fund, used to account for and report all financial resources not accounted for and reported in another fund.

*Community Redevelopment Agency* – the community redevelopment agency is a blended component unit, used to report the financial resources for the City’s redevelopment projects. This fund is required to be reported as a major fund by Florida Statutes.

The City reports the following major enterprise fund:

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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.

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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.

**D. 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.

**E. Investments**

Investments consist of certificates of deposit, stated at cost.

**F. 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 \$131,682 allowance.

**G. 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."

**H. Capital Assets**

Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets, which are recorded at acquisition 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.

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

H. Capital Assets (Continued)

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

	<u>Years</u>
Buildings and improvements	20 - 40
Furniture, equipment and vehicles	7 - 10
Water and sewer distribuion 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 2018.

I. 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.

J. 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.

K. 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



**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**L. 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.

**M. Restricted Net Position**

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

The statement of net position reports \$53,979 net position restricted by enabling legislation for the Greenwood cemetery (physical environment), \$1,049,858 for law enforcement impact fees (public safety), and \$837,785 for recreation impact fees (culture and recreation), \$300,214 for community redevelopment agencies (community development), \$30,998 for law enforcement trust fund (public safety), and \$15,086 for culture and recreation (Baker House and Wildwood Area Historical Association).

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.

**N. 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.

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**N. Fund Balance (Continued)**

The City follows the 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 a 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.

**O. Pensions**

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

**P. 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 THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Deposits with Financial Institutions

The City's deposits, including certificates of deposit, which 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, 2018, interfund balances are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Utility Fund	\$ 21,380
Nonmajor Governmental Funds	General Fund	2,340
Nonmajor Governmental Funds	Nonmajor Governmental Funds	198
General Fund	Nonmajor Governmental Funds	12,406
		\$ 36,324

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, 2018, consisted of the following:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General Fund	Utility Fund	\$ 400,000
General Fund	Nonmajor Enterprise Fund	10,000
General Fund	Nonmajor Governmental Funds	291,610
Community Redevelopment Agency	General Fund	68,220
		\$ 769,830

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 THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 – CAPITAL ASSETS**

Primary government:	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 2,357,868	\$ -	\$ -	\$ -	\$ 2,357,868
Construction in progress	-	86,950	-	-	86,950
Total assets not being depreciated	<u>2,357,868</u>	<u>86,950</u>	<u>-</u>	<u>-</u>	<u>2,444,818</u>
Capital assets being depreciated					
Buildings and improvements	8,414,298	142,639	-	-	8,556,937
Furniture and equipment	4,397,564	648,043	(18,254)	-	5,027,353
Infrastructure	742,402	233,514	-	-	975,916
Total assets being depreciated	<u>13,554,264</u>	<u>1,024,196</u>	<u>(18,254)</u>	<u>-</u>	<u>14,560,206</u>
Less accumulated depreciation					
Buildings and improvements	(3,438,192)	(229,274)	-	-	(3,667,466)
Furniture and equipment	(2,973,375)	(354,409)	18,254	-	(3,309,530)
Infrastructure	(156,559)	(32,063)	-	-	(188,622)
Total accumulated depreciation	<u>(6,568,126)</u>	<u>(615,746)</u>	<u>18,254</u>	<u>-</u>	<u>(7,165,618)</u>
Total assets depreciated, net	<u>6,986,138</u>	<u>408,450</u>	<u>-</u>	<u>-</u>	<u>7,394,588</u>
Governmental activities, net	<u>\$ 9,344,006</u>	<u>\$ 495,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,839,406</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 1,391,892	\$ -	\$ -	\$ -	\$ 1,391,892
Construction in progress	3,180,919	2,467,303	-	(2,983,008)	2,665,214
Total assets not being depreciated	<u>4,572,811</u>	<u>2,467,303</u>	<u>-</u>	<u>(2,983,008)</u>	<u>4,057,106</u>
Capital assets being depreciated					
Buildings and improvements	41,154,455	938,723	-	2,983,008	45,076,186
Machinery and equipment	3,282,754	-	-	-	3,282,754
Plant assets and equipment	868,628	271,252	(72,858)	-	1,067,022
Total assets being depreciated	<u>45,305,837</u>	<u>1,209,975</u>	<u>(72,858)</u>	<u>2,983,008</u>	<u>49,425,962</u>
Less accumulated depreciation					
Buildings and improvements	(19,574,361)	(1,622,529)	-	-	(21,196,890)
Machinery and equipment	(2,454,318)	(21,716)	-	-	(2,476,034)
Plant assets and equipment	(618,899)	(143,547)	72,858	-	(689,588)
Total accumulated depreciation	<u>(22,647,578)</u>	<u>(1,787,792)</u>	<u>72,858</u>	<u>-</u>	<u>(24,362,512)</u>
Total assets depreciated, net	<u>22,658,259</u>	<u>(577,817)</u>	<u>-</u>	<u>2,983,008</u>	<u>25,063,450</u>
Business-type activities, net	<u>\$ 27,231,070</u>	<u>\$ 1,889,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,120,556</u>

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 101,422
Public safety	231,730
Transportation	118,434
Culture and recreation	164,160
	<u>\$ 615,746</u>
Business-type activities	
Utility	\$ 1,781,184
Industrial park	6,608
	<u>\$ 1,787,792</u>

**NOTE 5 – LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligations of the City for the year ended September 30, 2018:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Governmental activities					
Notes payable	\$ 4,940,563	\$ -	\$ (301,164)	\$ 4,639,399	\$ 308,924
Capital leases	129,946	305,948	(154,460)	281,434	91,923
Total OPEB liability	67,065	18,890	(4,091)	81,864	-
Net pension liability	6,270,151	3,948,855	(3,199,940)	7,019,066	-
Compensated absences	355,000	590,418	(377,271)	568,147	136,355
Total governmental activities	<u>\$ 11,762,725</u>	<u>\$ 4,864,111</u>	<u>\$ (4,036,926)</u>	<u>\$ 12,589,910</u>	<u>\$ 537,202</u>
Business-type activities					
Bonds payable	\$ 2,132,000	\$ -	\$ (520,000)	\$ 1,612,000	\$ 528,000
Notes payable	5,544,871	1,001,265	(407,464)	6,138,672	452,078
Net pension liability	1,194,315	642,837	(670,393)	1,166,759	-
Total OPEB liability	23,045	6,297	(1,212)	28,130	-
Compensated absences	118,000	188,308	(137,136)	169,172	40,601
Total business-type activities	<u>\$ 9,012,231</u>	<u>\$ 1,838,707</u>	<u>\$ (1,736,205)</u>	<u>\$ 9,114,733</u>	<u>\$1,020,679</u>

The beginning balance for the total OPEB liability has been modified from the amount reported in the September 30, 2017, financial statements in order to reflect the change in accounting principle as required by GASB Statement No. 75.

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)**

Long-term debt payable as of September 30, 2018, is composed of the following:

Notes Payable:

Fiscal Year	Governmental Activities			Business-type Activities		
	Notes Payable			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 308,924	\$ 117,114	\$ 426,038	\$ 452,078	\$ 103,967	\$ 556,045
2020	316,884	109,154	426,038	495,317	94,405	589,722
2021	325,050	100,988	426,038	504,709	85,034	589,743
2022	333,426	92,612	426,038	514,310	75,454	589,764
2023	342,019	84,020	426,039	524,123	65,661	589,784
2024-2028	1,846,936	283,255	2,130,191	2,585,661	174,955	2,760,616
2029-2033	1,166,160	56,118	1,222,278	698,836	14,811	713,647
2034-2036	-	-	-	363,638	330	363,968
	<u>\$ 4,639,399</u>	<u>\$ 843,261</u>	<u>\$ 5,482,660</u>	<u>\$ 6,138,672</u>	<u>\$ 614,617</u>	<u>\$ 6,753,289</u>

Bonds Payable:

	Business-type Activities		
	Bonds Payable		
	Principal	Interest	Total
2019	\$ 528,000	\$ 25,020	\$ 553,020
2020	538,000	16,055	554,055
2021	546,000	6,929	552,929
	<u>\$ 1,612,000</u>	<u>\$ 48,004</u>	<u>\$ 1,660,004</u>

Capital Lease Obligations

At September 30, 2018, the City had outstanding capital leases for equipment with interest ranging from 1.41% to 1.85%. Equipment and related accumulated amortization under capital lease are as follows:

Equipment	\$ 445,495
Accumulated depreciation	<u>(59,321)</u>
	<u>\$ 386,174</u>

Amortization of equipment under capital assets is included with depreciation expense.

CITY OF WILDWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)**

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

Fiscal Year	
2019	\$ 105,713
2020	105,538
2021	77,780
2022	20,077
	<u>309,108</u>
Less amounts representing interest	(27,674)
Present value of future minimum lease payments	<u>\$ 281,434</u>

**NOTE 6 – STATE OF FLORIDA PENSION PLANS**

Defined Benefit Plans

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, *Florida Statutes*, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

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

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

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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**NOTE 6 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

Benefits Provided

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

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

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2017 through June 30, 2018, and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular—7.92% and 8.26%; Special Risk Administrative Support—34.63% and 34.98%; Special Risk—23.27% and 24.50%; Senior Management Service—22.71% and 24.06%; Elected Officers'—45.50% and 48.70%; and DROP participants—13.26% and 14.03%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods July 1, 2017 through June 30, 2018, and from July 1, 2018 through September 30, 2018.

The City's contributions for the year ended September 30, 2018, were \$610,095 to the FRS Plan and \$90,109 to the HIS plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the City reported a liability of \$6,429,962 for its proportionate share of the FRS Pension Plan's net pension liability and \$1,755,863 for its proportionate share of the HIS Plan's net pension liability. The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liabilities were based on the City's 2017-2018 fiscal year contributions relative to the 2016-2017 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share of the FRS and HIS plans were 0.0002134745% and 0.0001658961%, respectively, which was an increase of .000016614% and .000012379%, respectively, from its proportionate share measured as of June 30, 2017.



**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 6 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS Plan		HIS Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 544,714	\$ 19,771	\$ 26,881	\$ 2,983
Change of assumptions	2,100,999	-	195,274	185,645
Net difference between projected and actual earnings on Pension Plan investments	-	496,793	1,060	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	540,462	-	278,271	-
City Pension Plan contributions subsequent to the measurement date	147,719	-	20,876	-
Total	<u>\$ 3,333,894</u>	<u>\$ 516,564</u>	<u>\$ 522,362</u>	<u>\$ 188,628</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2019. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending	FRS	HIS
September 30:		
2019	\$ 933,014	\$ 79,810
2020	671,067	79,721
2021	186,587	72,515
2022	482,960	59,441
2023	358,751	32,147
Thereafter	37,232	(10,776)

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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**NOTE 6 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2018. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2018. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2017, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation rate	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.87%

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

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

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.10% to 7.00%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58% to 3.87%.

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

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 6 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation <sup>(1)</sup></u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	2.90%	2.90%	1.80%
Fixed income	18.00%	4.40%	4.30%	4.00%
Global equity	54.00%	7.60%	6.30%	17.00%
Real estate	11.00%	6.60%	6.00%	11.30%
Private equity	10.00%	10.70%	7.80%	26.50%
Strategic investments	6.00%	6.00%	5.70%	8.60%
Total	<u>100.00%</u>			
Assumed Inflation - Mean			2.60%	1.90%

<sup>(1)</sup> As outlined in the Pension Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. The FRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	<u>FRS</u>			<u>HIS</u>		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
City's proportionate share of the net pension liability	\$ 11,734,950	\$ 6,429,962	\$ 2,023,856	\$ 1,999,826	\$ 1,755,863	\$ 1,552,507

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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**NOTE 6 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

Pension Plans Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, *Florida Statutes*, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2018, totaled \$153,465.

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS**

Plan Description

The City provides other post-employment 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.

Participants

The OPEB Plan does not issue a stand-alone financial report. At September 30, 2018, participants consisted of 118 active participants.

Contributions

The City has elected to fund the plan on a "pay as you go" basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. The City is required to contribute the current year benefit costs of the OPEB Plan which are not paid by the retiree. As there were no retirees in the plan at year end, the City made no contributions for the pay as you go benefits of the OPEB plan for the fiscal year ended September 30, 2018.

Total OPEB Liability of the City

Effective October 1, 2017, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, which significantly changed the City's accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

CITY OF WILDWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Total OPEB Liability of the City (Continued)

The City's total OPEB liability was measured as of September 30, 2017, and was determined by an actuarial valuation as of September 30, 2016, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions: The total OPEB liability in the September 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	3.64%
Salary increases	Varies by service.
Inflation rate	2.50%
Healthcare cost trend rate	8.50% - 4.00%
Participation rate	20% participation assumed with 50% electing spouse coverage

Mortality rates were based on the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB.

The actuarial assumptions used in the September 30, 2017, valuation were based on the results of an actuarial experience study for the period 2008-2012.

Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.64%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Change in the City's Total OPEB Liability

Changes in the total OPEB liability of the City for the fiscal year ended September 30, 2018, were as follows:

<b>Balance at 9/30/17</b>	\$	90,110
<b>Changes for the year:</b>		
Service cost		21,781
Interest		3,406
Assumption changes		(4,151)
Benefit payments		(1,152)
Net changes		<u>19,884</u>
<b>Balance at 9/30/18</b>	\$	<u>109,994</u>

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Change in the City’s Total OPEB Liability(Continued)

The required schedule of changes in the City’s total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 2.64%	Current Discount Rate 3.64%	1% Increase 4.64%
Total OPEB liability	\$ 117,125	\$ 109,994	\$ 102,854

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.0% - 7.5%	Healthcare Cost Trend Rate 4.0% - 8.5%	1% Increase 5.0% - 9.5%
Total OPEB liability	\$ 94,185	\$ 109,994	\$ 128,866

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$24,668.

On September 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	\$ -	\$ 3,632
Contributions subsequent to the City's measurement date	6,253	-
	\$ 6,253	\$ 3,632

CITY OF WILDWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (Continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the total OPEB liability in the reporting period ending September 30, 2019. Other OPEB related amounts reported as deferred inflows of resources will be recognized in pension expense as follows:

Fiscal year ended September 30:	
2019	(519)
2020	(519)
2021	(519)
2022	(519)
2023	(519)
Thereafter	(1,037)

**NOTE 8 – RISK MANAGEMENT**

Public Entity Risk Pool

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

Commercial Insurance

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

**NOTE 9 – PLEDGED REVENUES**

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay approximately \$4.74 million in state revolving fund loans, \$1.83 million of revenue bonds and \$1.48 million revenue note. The revolving fund loans and revenue bonds were used to construct the City's water and sewer systems and are payable through 2038. The revenue note was used to purchase Continental Utility and make improvements and is payable through 2031.

Additionally, the City has pledged sales tax revenues to repay approximately \$1.34 million of capital improvement refunding revenue bonds used to refund Series 2000 and 2000A bonds and approximately \$3.3 million of a capital improvement revenue note used to construct the new police station and related improvements. The total principal and interest remaining to be paid on all loans secured by pledged revenues is approximately \$14.25 million.

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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**NOTE 9 – PLEDGED REVENUES (CONTINUED)**

For 2018, the City paid approximately \$1.5 million of principal and interest on debt secured by pledged revenues. Pledged net revenues for the water and sewer system for 2018 were approximately \$4.82 million. Pledged revenues from telecommunications and sales taxes were \$789,502.

**NOTE 10 – 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, 2018.

**NOTE 11 – RELATED PARTY TRANSACTIONS**

During the year ended September 30, 2018, the City paid Brown & Brown Insurance premiums of \$168,222. The Mayor during this fiscal year was a board member at Brown & Brown.

**NOTE 12 – SUBSEQUENT EVENTS**

The City entered into a loan agreement with Citizens First Bank for the construction of General Fund project improvements on October 29, 2018, in the amount of \$7.05 million. The note bears interest of 3.05% per annum with a loan term of 20 years. Public services tax have been pledged for this loan.

**NOTE 13 – RESTATEMENTS**

**Government-Wide Financial Statements**

The City determined that restatements to beginning net position of governmental activities were required to: (1) reflect corrections of errors in the September 30, 2017, financial report, and (2) recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. These restatements are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Net position, as previously reported	\$ 8,587,705	\$ 28,130,748
Adjustment to record unbilled utility receivable	-	493,234
Adjustment to remove net OPEB obligation	244,184	-
Adjustment to record total OPEB liability	(67,065)	(23,045)
Net position, as restated	<u>\$ 8,764,824</u>	<u>\$ 28,600,937</u>



CITY OF WILDWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

NOTE 13 – RESTATEMENTS (CONTINUED)

**Adjustment to record unbilled utility receivable.** The City determined that it had not recorded unbilled water utility accounts receivable in prior years in accordance with generally accepted accounting principles (GAAP). As it relates to the business-type activities, an adjustment to increase beginning net position and accounts receivable in the amount of \$493,234 was required as of September 30, 2017.

**Adjustment to remove net OPEB obligation and record total OPEB liability.** The City implemented the provisions of GASB Statement No. 75, through which accounting for other post-employment benefit plans (OPEB) and the related disclosures were modified. As such, the adjustment required for this change in accounting principle was to remove the net OPEB obligation by increasing beginning net position for governmental activities in the amount of \$244,184, was required as of September 30, 2017. Additionally, an adjustment to record the total OPEB liability was required which decreased net position of the governmental and business-type activities in the amounts of \$67,065 and \$23,045, respectively, as of September 30, 2017.

**Fund Level Financial Statements**

The City determined that restatements to beginning net position for the Utility Fund were required to: (1) reflect a corrections of error in the September 30, 2017, financial report, and (2) recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. These restatements are as follows:

	<u>Utility Fund</u>
Net position, as previously reported	\$ 27,862,135
Adjustment to record unbilled utility receivable	493,234
Adjustment to record total OPEB liability	(23,045)
Net position, as restated	<u>\$ 28,332,324</u>

**Adjustment to record unbilled utility receivable.** The City determined that it had not recorded unbilled water utility accounts receivable in prior years in accordance with generally accepted accounting principles (GAAP). As it relates to the Utility Fund, an adjustment to increase beginning net position and accounts receivable in the amount of \$493,234 was required as of September 30, 2017.

**Adjustment to record total OPEB liability.** The City implemented the provisions of GASB Statement No. 75, through which accounting for other post-employment benefit plans (OPEB) and the related disclosures were modified. As such, the adjustment required for this change in accounting principle was to record the total OPEB liability by decreasing beginning net position for the Utility Fund in the amount of \$23,045 as of September 30, 2017.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF WILDWOOD, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 6,590,937	\$ 6,590,937	\$ 7,351,397	\$ 760,460
Intergovernmental revenues	823,219	1,508,644	830,956	(677,688)
Charges for services	217,000	257,000	566,120	309,120
Fines and forfeitures	24,500	24,500	24,907	407
Miscellaneous revenues	223,266	243,266	263,436	20,170
Total revenues	<u>7,878,922</u>	<u>8,624,347</u>	<u>9,036,816</u>	<u>412,469</u>
<b>Expenditures</b>				
Current				
General government	3,910,809	3,168,739	1,795,990	1,372,749
Public safety	7,791,294	7,791,294	4,287,925	3,503,369
Transportation	1,442,810	2,861,505	1,791,461	1,070,044
Culture/recreation	1,030,555	1,099,355	812,450	286,905
Debt service				
Principal retirement	427,312	427,312	455,624	(28,312)
Interest	127,052	127,052	127,519	(467)
Total expenditures	<u>14,729,832</u>	<u>15,475,257</u>	<u>9,270,969</u>	<u>6,204,288</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(6,850,910)</u>	<u>(6,850,910)</u>	<u>(234,153)</u>	<u>6,616,757</u>
<b>Other financing sources (uses)</b>				
Capital leases	225,000	225,000	305,948	80,948
Transfers in	701,610	701,610	701,610	-
Transfers out	(67,000)	(67,000)	(68,220)	(1,220)
Total other financing sources (uses)	<u>859,610</u>	<u>859,610</u>	<u>939,338</u>	<u>79,728</u>
<b>Change in fund balance</b>	(5,991,300)	(5,991,300)	705,185	6,696,485
<b>Fund balance, beginning of year</b>	<u>7,175,121</u>	<u>7,175,121</u>	<u>7,175,121</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,183,821</u>	<u>\$ 1,183,821</u>	<u>\$ 7,880,306</u>	<u>\$ 6,696,485</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF WILDWOOD, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
COMMUNITY REDEVELOPMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 152,570	\$ 152,570	\$ 87,814	\$ (64,756)
Investment earnings	-	-	804	804
Total revenues	<u>152,570</u>	<u>152,570</u>	<u>88,618</u>	<u>(63,952)</u>
<b>Expenditures</b>				
Current				
Economic development	219,570	219,570	215,285	4,285
Total expenditures	<u>219,570</u>	<u>219,570</u>	<u>215,285</u>	<u>4,285</u>
<b>Deficiency of revenues under expenditures</b>	<u>(67,000)</u>	<u>(67,000)</u>	<u>(126,667)</u>	<u>(59,667)</u>
<b>Other financing sources</b>				
Transfers in	67,000	67,000	68,220	1,220
Total other financing sources	<u>67,000</u>	<u>67,000</u>	<u>68,220</u>	<u>1,220</u>
<b>Change in fund balance</b>	-	-	(58,447)	(58,447)
<b>Fund balance, beginning of year</b>	<u>358,661</u>	<u>358,661</u>	<u>358,661</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 358,661</u>	<u>\$ 358,661</u>	<u>\$ 300,214</u>	<u>\$ (58,447)</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF WILDWOOD, FLORIDA**  
**NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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The budgets were 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 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 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 the 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 level is the legal level of control.

**CITY OF WILDWOOD, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
FLORIDA RETIRMENT SYSTEM**

Reporting period ending	<b>9/30/2018</b>	<b>9/30/2017</b>	<b>9/30/2016</b>	<b>9/30/2015</b>
Measurement date	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>
City's proportion of the FRS net pension liability	0.02134745%	0.01968601%	0.019030003%	0.016744779%
City's proportionate share of the FRS net pension liability	\$ 6,429,962	\$ 5,822,990	\$ 4,805,097	\$ 2,162,813
City's covered payroll	\$ 5,445,630	\$ 4,893,865	\$ 4,357,570	\$ 3,973,610
City's proportionate share of the pension liability as a percentage of its covered payroll	118.08%	118.99%	110.27%	54.43%
FRS plan fiduciary net position as a percentage of the FRS total pension liability	84.26%	83.89%	84.88%	92.00%

Reporting period ending	<b>9/30/2014</b>
Measurement date	<b>6/30/2014</b>
City's proportion of the FRS net pension liability	0.016013709%
City's proportionate share of the FRS net pension liability	\$ 2,718,087
City's covered payroll	\$ 3,876,511
City's proportionate share of the pension liability as a percentage of its covered payroll	70.12%
FRS plan fiduciary net position as a percentage of the FRS total pension liability	96.09%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.



**CITY OF WILDWOOD, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRINBUTIONS  
FLORIDA RETIRMENT SYSTEM**

Reporting period ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Contractually required FRS contribution	\$ 610,095	\$ 540,350	\$ 476,723	\$ 425,699
FRS contributions in relation to the contractually required FRS contribution	<u>610,095</u>	<u>540,350</u>	<u>476,723</u>	<u>425,699</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,427,018	\$ 5,122,524	\$4,399,723	\$4,098,115
FRS contributions as a percentage of covered payroll	11.24%	10.55%	10.84%	10.39%
Reporting period ending	<u>9/30/2014</u>			
Contractually required FRS contribution	\$ 408,252			
FRS contributions in relation to the contractually required FRS contribution	<u>408,252</u>			
FRS contribution deficiency (excess)	<u>\$ -</u>			
Covered payroll	\$ 3,727,825			
FRS contributions as a percentage of covered payroll	10.95%			

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**CITY OF WILDWOOD, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
HEALTH INSURANCE SUBSIDY**

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Reporting period ending	<b>9/30/2018</b>	<b>9/30/2017</b>	<b>9/30/2016</b>	<b>9/30/2015</b>
Measurement Date	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>
City's proportion of the HIS net pension liability	0.01658962%	0.015351716%	0.014115612%	0.013097673%
City's proportionate share of the HIS net pension liability	\$ 1,755,863	\$ 1,641,476	\$ 1,645,116	\$ 1,335,757
City's covered payroll	\$ 5,445,630	\$ 4,893,865	\$ 4,357,570	\$ 3,973,610
City's proportionate share of the pension liability as a percentage of its covered payroll	32.24%	33.54%	37.75%	33.62%
HIS plan fiduciary net position as a percentage of the HIS total pension liability	2.15%	1.64%	0.97%	0.50%

Reporting period ending	<b>9/30/2014</b>
Measurement date	<b>6/30/2014</b>
City's proportion of the HIS net pension liability	0.012434072%
City's proportionate share of the HIS net pension liability	\$ 1,082,423
City's covered employee payroll	\$ 3,876,511
City's proportionate share of the pension liability as a percentage of its covered employee payroll	27.92%
HIS plan fiduciary net position as a percentage of the HIS total pension liability	0.99%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**CITY OF WILDWOOD, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
HEALTH INSURANCE SUBSIDY**

Reporting period ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Contractually required HIS contribution	\$ 90,199	\$ 85,042	\$ 73,053	\$ 55,552
HIS contributions in relation to the contractually required HIS contribution	<u>90,199</u>	<u>85,042</u>	<u>73,053</u>	<u>55,552</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,427,018	\$ 5,122,524	\$ 4,399,723	\$ 4,098,115
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.36%
Reporting period ending	<u>9/30/2014</u>			
Contractually required HIS contribution	\$ 50,067			
HIS contributions in relation to the contractually required HIS contribution	<u>50,067</u>			
HIS contribution deficiency (excess)	<u>\$ -</u>			
Covered payroll	\$ 3,727,825			
HIS contributions as a percentage of covered payroll	1.34%			

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**CITY OF WILDWOOD, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

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	<u>2018</u>
<b>Total OPEB liability</b>	
Service cost	\$ 21,781
Interest	3,406
Assumption changes	(4,151)
Benefit payments	(1,152)
<b>Net change in total OPEB liability</b>	<u>19,884</u>
<b>Total OPEB liability - beginning</b>	<u>90,110</u>
<b>Total OPEB liability - ending</b>	<u>\$ 109,994</u>
<b>Covered-employee payroll</b>	\$ 5,445,630
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	2.02%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

## CITY OF WILDWOOD, FLORIDA

### NONMAJOR GOVERNMENTAL FUNDS

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Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Recreation Impact Fees Fund** is used to account for resources received from impact fees for the support of recreation expenditures.

**Law Enforcement Impact Fees Fund** is used to account for resources received from impact fees for the support of law enforcement expenditures.

**Greenwood Cemetery Fund** is used to account for resources restricted for cemetery upkeep.

**Law Enforcement Trust Fund** is used to account for resources restricted for law enforcement expenditures.

**Baker House Fund** is used to account for resources restricted for upkeep of the Baker House.

**Wildwood Area Historical Association Fund** is used to account for resources restricted for the Wildwood Area Historical Association.

**CITY OF WILDWOOD, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	<b>Special Revenue Funds</b>			
	<b>Recreation Impact Fees Fund</b>	<b>Law Enforcement Impact Fees Fund</b>	<b>Greenwood Cemetery Fund</b>	<b>Law Enforcement Trust Fund</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 837,785	\$ 1,052,786	\$ 53,979	\$ 43,404
Due from other funds	-	-	-	-
<b>Total assets</b>	<b><u>\$ 837,785</u></b>	<b><u>\$ 1,052,786</u></b>	<b><u>\$ 53,979</u></b>	<b><u>\$ 43,404</u></b>
<b>Liabilities and fund balances</b>				
Liabilities				
Accounts payable	\$ -	\$ 2,928	\$ -	\$ -
Due to other funds	-	-	-	12,406
Total liabilities	<u>-</u>	<u>2,928</u>	<u>-</u>	<u>12,406</u>
Fund balances				
Restricted				
Public safety	-	1,049,858	-	30,998
Physical environment	-	-	53,979	-
Culture and recreation	837,785	-	-	-
Total fund balances	<u>837,785</u>	<u>1,049,858</u>	<u>53,979</u>	<u>30,998</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 837,785</u></b>	<b><u>\$ 1,052,786</u></b>	<b><u>\$ 53,979</u></b>	<b><u>\$ 43,404</u></b>

**CITY OF WILDWOOD, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

<u>Baker House Fund</u>	<u>Wildwood Area Historical Association Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 12,702	\$ 44	\$ 2,000,700
2,340	198	2,538
<u>\$ 15,042</u>	<u>\$ 242</u>	<u>\$ 2,003,238</u>
\$ -	\$ -	\$ 2,928
198	-	12,604
<u>198</u>	<u>-</u>	<u>15,532</u>
-	-	1,080,856
-	-	53,979
14,844	242	852,871
<u>14,844</u>	<u>242</u>	<u>1,987,706</u>
<u>\$ 15,042</u>	<u>\$ 242</u>	<u>\$ 2,003,238</u>

**CITY OF WILDWOOD, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Special Revenue Funds</b>			
	<b>Recreation Impact Fees Fund</b>	<b>Law Enforcement Impact Fees Fund</b>	<b>Greenwood Cemetery Fund</b>	<b>Law Enforcement Trust Fund</b>
<b>Revenues</b>				
Licenses and permits	\$ -	\$ -	\$ 1,500	\$ -
Charges for services	-	-	2,450	-
Fines and forfeitures	-	-	-	454
Impact fees	523,363	866,413	-	-
Investment earnings	-	-	61	87
Miscellaneous	-	40,404	3,200	1,868
Total revenues	<u>523,363</u>	<u>906,817</u>	<u>7,211</u>	<u>2,409</u>
<b>Expenditures</b>				
Current				
Public safety	-	13,215	-	-
Physical environment	-	-	670	-
Culture and recreation	61	-	-	-
Capital outlay	7,787	132,721	-	-
Total expenditures	<u>7,848</u>	<u>145,936</u>	<u>670</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>515,515</u>	<u>760,881</u>	<u>6,541</u>	<u>2,409</u>
<b>Other Financing Uses</b>				
Transfers out	-	(291,610)	-	-
Total other financing uses	<u>-</u>	<u>(291,610)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	515,515	469,271	6,541	2,409
Fund balances, beginning	<u>322,270</u>	<u>580,587</u>	<u>47,438</u>	<u>28,589</u>
Fund balances, ending	<u>\$ 837,785</u>	<u>\$ 1,049,858</u>	<u>\$ 53,979</u>	<u>\$ 30,998</u>



**CITY OF WILDWOOD, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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<b>Baker House Fund</b>	<b>Wildwood Area Historical Association Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ 1,500
-	-	2,450
-	-	454
-	-	1,389,776
-	-	148
17,536	-	63,008
<u>17,536</u>	<u>-</u>	<u>1,457,336</u>
-	-	13,215
-	-	670
20,956	62	21,079
-	-	140,508
<u>20,956</u>	<u>62</u>	<u>175,472</u>
<u>(3,420)</u>	<u>(62)</u>	<u>1,281,864</u>
-	-	(291,610)
<u>-</u>	<u>-</u>	<u>(291,610)</u>
(3,420)	(62)	990,254
<u>18,264</u>	<u>304</u>	<u>997,452</u>
<u>\$ 14,844</u>	<u>\$ 242</u>	<u>\$ 1,987,706</u>

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## **COMPLIANCE REPORTS**

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**INDEPENDENT AUDITORS' 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**

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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 19, 2019. The City Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of October 1, 2017. Our opinions are not modified with respect to this matter.

**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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

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**Compliance and Other Matters**

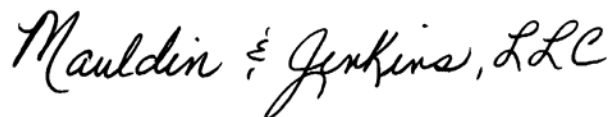
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 the Finding**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 this 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 City'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.



Bradenton, Florida  
June 19, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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Honorable Mayor and  
City Commissioners,  
City of Wildwood, Florida

**Report on Compliance for Each Major Federal Program**

We have audited the City of Wildwood, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2018. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulation, and the terms and conditions of its state projects applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect the major federal program occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

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### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
June 19, 2019



**CITY OF WILDWOOD, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>CFDA Number</u>	<u>Grant ID Number</u>	<u>Actual Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>Federal Awards</b>				
<b>U.S. Department of Housing and Urban Development</b>				
Passed through the Florida Department of Economic Opportunity				
Community Development Block Grant Program	14.228	17DB-OL-05-70-02-N-03	\$ 10,000	\$ -
Total U.S. Department of Housing and Urban Development			<u>10,000</u>	<u>-</u>
<b>U.S. Department of Environmental Protection</b>				
Passed through the Florida Department of Environmental Protection				
Capitalization Grants for Clean Water				
State Revolving Funds	66.458	WW600201	225,890	
Capitalization Grants for Drinking Water				
State Revolving Funds	66.468	DW600231	598,091	-
Total U.S. Department of Environmental Protection			<u>823,981</u>	<u>-</u>
<b>Total expenditures of Federal awards</b>			<u>\$ 833,981</u>	<u>\$ -</u>

**CITY OF WILDWOOD, FLORIDA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wildwood, Florida (the “City”), and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**NOTE 2 – DE MINIMIS INDIRECT COST RATE**

The City did not use the 10% de minimis indirect cost rate for the year ended September 30, 2018.

**NOTE 3 – NON-CASH AWARDS**

The City did not receive non-cash federal awards during the year ended September 30, 2018.

**CITY OF WILDWOOD, FLORIDA**

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

SECTION I  
SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

**Federal Awards**

Internal control over major program: Material weaknesses identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be Reported in accordance with the Uniform Guidance?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	U.S. Department of Environmental Protection: Capitalization Grants for Drinking Water State Revolving Loan Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as a low risk auditee	No
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**CITY OF WILDWOOD, FLORIDA**

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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**SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2018-001 Unbilled Utility Accounts Receivable**

Criteria: Generally accepted accounting principles (GAAP) require the reporting of accounts receivable and related revenue in the accounting period in which they are earned within business-type activities.

Condition: As of September 30, 2017, amounts recorded as utility accounts receivable for the Utility Fund were not properly stated.

Context: Amounts for utility consumption not yet billed by the City had not been properly recorded as accounts receivable in the Utility Fund as of September 30, 2017.

Effect: A prior period adjustment was required to increase net position and accounts receivable in the Utility Fund in the amount of \$493,234, as of September 30, 2017.

Cause: Management did not consider the effects of utilities consumed, but not billed as of September 30, 2017.

Recommendation: We recommend the City implement procedures to consider and calculate the amount of utilities consumed, but not billed as of the end of each fiscal year related to the utility accounts receivable.

Management's Response and Corrective Action: We concur with the finding. We are in the process of implementing procedures to calculate and record the amount of utilities consumed, but not billed as of the end of each fiscal year related to the utility accounts receivable.

**SECTION III  
FEDERAL AWARDS AND QUESTIONED COSTS**

None noted.

**CITY OF WILDWOOD, FLORIDA**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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2017-001 Financial Reporting

Criteria: Financial statements must be presented in accordance with generally accepted accounting principles.

Condition: As part of the audit process, it was necessary for the prior auditor propose material adjustments to the financial statements. It was also necessary for the prior auditor to assist with the preparation of the City's financial statements.

Cause: Personnel are unable to prepare financial statements, including related notes, in accordance with generally accepted accounting principles.

Status: Resolved. The City has personnel that can accept responsibility for the audited financial statements.

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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Honorable Mayor and  
City Commissioners,  
City of Wildwood, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the City of Wildwood, Florida (the "City"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 19, 2019.

### **Auditor's Responsibility**

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, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

### **Other Reports and Schedule**

We have issued our 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 19, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Finding 2017-001 was resolved as of September 30, 2018.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Wildwood, Florida was incorporated in 1903. Additional information on the City's creation and the City's component units is disclosed within the City's footnotes.

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### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific conditions(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Special District Component Units**

Section 10.554(1)(i)5.d, *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

### **Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor and the City Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida  
June 19, 2019







## INDEPENDENT ACCOUNTANT'S REPORT

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Honorable Mayor and  
City Commissioners,  
City of Wildwood, Florida

We have examined the City of Wildwood, Florida's (the "City") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2018. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018.

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

A handwritten signature in cursive script that reads "Mauldin &amp; Jenkins, LLC". The signature is written in black ink and is positioned to the right of the date and location.

Bradenton, Florida  
June 19, 2019