

CITY OF WILDWOOD, FLORIDA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

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CITY OF WILDWOOD, FLORIDA

FINANCIAL REPORT
SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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, 2020, 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 error or fraud.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 41 through 43, and the pension and OPEB schedules on pages 44 through 48 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.

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 10, 2021, 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 solely to describe the scope of our testing of the effectiveness of the City's 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 10, 2021

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CITY OF WILDWOOD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

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, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

- **Governmental funds** – The City's governmental funds are 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.

CITY OF WILDWOOD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

- **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, 2020 and 2019

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 16,593,919	\$ 21,607,991	\$ 17,279,265	\$ 16,469,482	\$ 33,873,184	\$ 38,077,473
Capital assets	18,715,593	11,650,899	37,082,864	35,342,970	55,798,457	46,993,869
Total assets	<u>35,309,512</u>	<u>33,258,890</u>	<u>54,362,129</u>	<u>51,812,452</u>	<u>89,671,641</u>	<u>85,071,342</u>
Total deferred outflows of resources	2,839,304	2,822,297	531,140	469,519	3,370,444	3,291,816
Other liabilities	1,241,654	942,399	852,932	1,027,117	2,094,586	1,969,516
Long-term liabilities	19,357,106	19,858,026	13,913,015	13,575,443	33,270,121	33,433,469
Total liabilities	<u>20,598,760</u>	<u>20,800,425</u>	<u>14,765,947</u>	<u>14,602,560</u>	<u>35,364,707</u>	<u>35,402,985</u>
Total deferred inflows of resources	376,570	583,865	71,477	98,033	448,047	681,898
Net position:						
Net investment in capital assets	8,956,791	185,431	25,042,621	23,260,802	33,999,412	23,446,233
Restricted	1,245,219	2,694,063	-	-	1,245,219	2,694,063
Unrestricted	6,971,476	11,817,403	15,013,224	14,320,576	21,984,700	26,137,979
Total net position	<u>\$ 17,173,486</u>	<u>\$ 14,696,897</u>	<u>\$ 40,055,845</u>	<u>\$ 37,581,378</u>	<u>\$ 57,229,331</u>	<u>\$ 52,278,275</u>

CITY OF WILDWOOD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

Statement of Activities For the Years ended September 30, 2020 and 2019						
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,731,138	\$ 2,016,971	\$ 11,273,025	\$ 10,170,713	\$ 13,004,163	\$ 12,187,684
Operating grants and contributions	1,640,850	1,048,701	-	-	1,640,850	1,048,701
Capital grants and contributions	-	-	593,922	1,950,926	593,922	1,950,926
General revenues:						
Taxes	5,390,218	3,833,352	-	-	5,390,218	3,833,352
Other taxes	6,130,431	4,963,005	-	-	6,130,431	4,963,005
Other	203,500	3,426,312	60,529	74,280	264,029	3,500,592
Total revenues	15,096,137	15,288,341	11,927,476	12,195,919	27,023,613	27,484,260
Operating Expenses:						
General government	2,719,186	2,531,240	-	-	2,719,186	2,531,240
Public safety	4,013,941	4,907,254	-	-	4,013,941	4,907,254
Physical environment	374	115	-	-	374	115
Transportation	3,762,429	2,072,619	-	-	3,762,429	2,072,619
Culture and recreation	1,668,341	1,083,949	-	-	1,668,341	1,083,949
Economic environment	178,397	240,216	-	-	178,397	240,216
Interest	291,369	337,657	-	-	291,369	337,657
Utility	-	-	9,436,403	6,448,434	9,436,403	6,448,434
Industrial park	-	-	6,606	6,608	6,606	6,608
Total operating expenses	12,634,038	11,173,050	9,443,009	6,455,042	22,077,047	17,628,092
Increase in net position before transfers	2,462,099	4,115,291	2,484,467	5,740,877	4,946,566	9,856,168
Transfers	10,000	460,000	(10,000)	(460,000)	-	-
Change in net position	2,472,099	4,575,291	2,474,467	5,280,877	4,946,566	9,856,168
Net position, beginning	14,696,897	10,121,606	37,581,378	32,300,501	52,278,275	42,422,107
Net position, ending	\$ 17,168,996	\$ 14,696,897	\$ 40,055,845	\$ 37,581,378	\$ 57,224,841	\$ 52,278,275

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$3,371,988 in program revenues and \$11,724,149 of general revenues and incurred \$12,629,548 of program expenses. This, along with transfers in, resulted in a \$2,476,589 increase in net position. The City saw unanticipated increases in utility taxes and franchise fees, which contributed significantly to the \$2.4M increase in net position.

Business-type Activities

Net revenues of the business-type activities were \$11,927,476 compared to expenses of \$9,443,009. This, along with transfers out, resulted in a \$2,474,467 increase in net position. This increase was primarily due to the delay in transfer of utility service area, unexpectedly increasing the anticipated revenues for the fiscal year.

CITY OF WILDWOOD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

THE CITY'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance decreased by \$3,851,900 from \$17,976,355 to \$14,124,455. The City completed construction of the new police station headquarters, which utilized loan funds included in the prior year balance. The police station headquarters did utilize more than \$5.7M, but due to anticipated revenues coming in over budget in taxes, the fund balance did not decrease by this much.

Community Redevelopment Fund

The Community Redevelopment Fund's fund balance increased by \$173,164 from \$166,036 to \$339,200. This was the result of funds received that are pending project use.

Utility

The Utility Fund's net position increased by \$2,490,744 from \$37,345,981 to \$39,836,725. This was primarily the result of increased revenues due to growth and collection of impact fees from developers reserved for future utility infrastructure projects.

BUDGETARY HIGHLIGHTS

The variance between budgeted and actual expenditures during the year totaled \$3,469,678 for the General Fund. This variance included a \$471K difference in general government which was due to delay in one time purchases in software, signage and planning documents; \$1.9M in public safety expenditures due to timing of the capital expenditures of the new police station headquarters; \$397K in transportation expenditures related to timing of building rehabilitation costs; and \$659K in culture and recreation expenditures related to timing of large park project expenses.

Revenues of the General Fund exceeded budgeted amounts by \$959,499. A variance between final budget amounts and actual results occurred primarily in taxes \$851K due to increase in public services taxes and franchise fees. This increase is due to growth, which was underestimated in the budgeting process. The City saw a negative variance between final and budget amounts in intergovernmental revenues (\$73K) related to reduced state funding due to impacts from COVID-19.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year ended September 30, 2020, governmental and business-type activities reported capital assets of \$55,798,457 (net of accumulated depreciation), an increase of \$8,804,588 over the prior year. The total increase in capital assets was the result of current year additions exceeding depreciation expense, primarily in the construction in progress category in the General Fund for the Police Department project and the machinery and equipment category in the Enterprise Fund for a completed water treatment plant.

CITY OF WILDWOOD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,284,053	\$ 2,284,053	\$ 1,441,892	\$ 1,441,892	\$ 3,725,945	\$ 3,725,945
Construction in progress	8,285,197	1,261,308	343,843	7,525,984	8,629,040	8,787,292
Buildings and improvements	4,865,532	5,109,442	30,699,254	25,174,944	35,564,786	30,284,386
Equipment and vehicles	2,009,496	1,779,687	4,027,987	975,194	6,037,483	2,754,881
Infrastructure	1,271,315	1,216,409	569,888	224,956	1,841,203	1,441,365
Total capital assets	<u>\$ 18,715,593</u>	<u>\$ 11,650,899</u>	<u>\$ 37,082,864</u>	<u>\$ 35,342,970</u>	<u>\$ 55,798,457</u>	<u>\$ 46,993,869</u>

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

Debt Administration

The City's governmental activities long-term obligations had a slight decrease of \$500,920 during the year. The City did prepay \$2M towards notes payable, but an increase in net pension liability offset the difference. The business-type activities long-term obligations had a slight increase of \$337,572. The City did reduce bonds payable, but an increase in net pension liability and in notes payable offset the difference.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Bonds payable	\$ -	\$ -	\$ 816,000	\$ 1,084,000	\$ 816,000	\$ 1,084,000
Notes payable	9,437,590	11,104,189	11,224,243	10,998,168	20,661,833	22,102,357
Capital leases	321,212	361,279	-	-	321,212	361,279
Net pension liability	8,901,538	7,698,086	1,655,840	1,279,631	10,557,378	8,977,717
Total OPEB liability	117,878	96,514	47,806	33,165	165,684	129,679
Compensated absences	578,888	597,958	169,126	180,479	748,014	778,437
Total debt	<u>\$ 19,357,106</u>	<u>\$ 19,858,026</u>	<u>\$ 13,913,015</u>	<u>\$ 13,575,443</u>	<u>\$ 33,270,121</u>	<u>\$ 33,433,469</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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,841,922	\$ 15,684,682	\$ 24,526,604
Investments	7,013,992	250,559	7,264,551
Accounts receivables, net	453,527	1,322,158	1,775,685
Accrued income	10,080	-	10,080
Due from other governments	232,816	23,750	256,566
Internal balances	1,884	(1,884)	-
Prepaid items	130	-	130
Inventory	39,568	-	39,568
Capital assets			
Non-depreciable	10,569,250	1,785,734	12,354,984
Depreciable, net	8,146,343	35,297,130	43,443,473
Total assets	35,309,512	54,362,129	89,671,641
Deferred outflows of resources			
Deferred outflows - pension	2,825,724	525,633	3,351,357
Deferred outflows - OPEB	13,580	5,507	19,087
Total deferred outflows of resources	2,839,304	531,140	3,370,444
Liabilities			
Accounts payable	732,006	364,896	1,096,902
Accrued liabilities	203,359	77,456	280,815
Accrued interest payable	17,409	8,757	26,166
Customer deposits payable	-	401,823	401,823
Unearned revenue	288,880	-	288,880
Noncurrent liabilities			
Due within one year	823,146	1,449,734	2,272,880
Due in more than one year	18,538,450	12,463,281	31,001,731
Total liabilities	20,603,250	14,765,947	35,369,197
Deferred inflows of resources			
Deferred inflows - pension	370,059	68,837	438,896
Deferred inflows - OPEB	6,511	2,640	9,151
Total deferred inflows of resources	376,570	71,477	448,047
Net position			
Net investment in capital assets	8,952,301	25,337,302	34,289,603
Restricted for			
Physical environment	64,091	-	64,091
Community development	339,200	-	339,200
Public safety	394,935	-	394,935
Culture and recreation	446,993	-	446,993
Unrestricted	6,971,476	14,718,543	21,690,019
Total net position	\$ 17,168,996	\$ 40,055,845	\$ 57,224,841

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, 2020**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Functions/programs						
Primary government activities:						
Governmental activities:						
General government	\$ 2,719,186	\$ 545,921	\$ -	\$ -	\$ (2,173,265)	\$ (2,173,265)
Public safety	4,013,941	37,019	-	-	(3,976,922)	(3,976,922)
Physical environment	374	1,096,833	1,640,850	-	2,737,309	2,737,309
Transportation	3,762,429	-	-	-	(3,762,429)	(3,762,429)
Culture and recreation	1,668,341	51,365	-	-	(1,616,976)	(1,616,976)
Economic development	178,397	-	-	-	(178,397)	(178,397)
Interest on long-term debt	291,369	-	-	-	(291,369)	(291,369)
Total governmental activities	12,634,038	1,731,138	1,640,850	-	(9,262,050)	(9,262,050)
Business-type activities:						
Utility	9,436,403	11,273,025	-	593,922	-	2,430,544
Industrial park	6,606	-	-	-	-	(6,606)
Total business-type activities	9,443,009	11,273,025	-	593,922	-	2,423,938
Total primary government	\$ 22,077,047	\$ 13,004,163	\$ 1,640,850	\$ 593,922	(9,262,050)	(6,838,112)
General revenues						
Property taxes					5,390,218	5,390,218
Other taxes					6,130,431	6,130,431
Investment earnings					118,582	178,145
Miscellaneous					74,744	74,744
Gain on sale of capital assets					10,174	11,140
Transfers					10,000	11,140
Total general revenues and transfers					11,734,149	11,784,678
Change in net position					2,472,099	4,946,566
Net position, beginning of year					14,696,897	52,278,275
Net position, end of year					\$ 17,168,996	\$ 57,224,841

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

CITY OF WILDWOOD, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	General Fund	Community Redevelopment Agency Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,433,948	\$ 339,762	\$ 1,068,212	\$ 8,841,922
Investments	7,013,992	-	-	7,013,992
Accounts receivable	453,527	-	-	453,527
Due from other funds	14,785	-	198	14,983
Accrued income	10,080	-	-	10,080
Due from other governments	232,816	-	-	232,816
Inventory	39,568	-	-	39,568
Prepaid items	130	-	-	130
Total assets	<u>\$ 15,198,846</u>	<u>\$ 339,762</u>	<u>\$ 1,068,410</u>	<u>\$ 16,607,018</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 582,152	\$ 67	\$ 149,787	\$ 732,006
Accrued liabilities	203,359	-	-	203,359
Unearned revenue	288,880	-	-	288,880
Due to other funds	-	495	12,604	13,099
Total liabilities	<u>1,074,391</u>	<u>562</u>	<u>162,391</u>	<u>1,237,344</u>
Fund balances				
Nonspendable	39,698	-	-	39,698
Restricted				
Public safety	-	-	394,935	394,935
Physical environment	-	-	64,091	64,091
Community development	-	339,200	-	339,200
Culture and recreation	-	-	446,993	446,993
Unassigned	14,084,757	-	-	14,084,757
Total fund balances	<u>14,124,455</u>	<u>339,200</u>	<u>906,019</u>	<u>15,369,674</u>
Total liabilities and fund balances	<u>\$ 15,198,846</u>	<u>\$ 339,762</u>	<u>\$ 1,068,410</u>	<u>\$ 16,607,018</u>

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

CITY OF WILDWOOD, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds		\$ 15,369,674
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 26,266,572	
Accumulated depreciation	<u>(7,550,979)</u>	18,715,593
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	2,825,724	
Deferred inflows - pension	(370,059)	
Net pension liability	(8,901,538)	
Deferred outflows - OPEB	13,580	
Deferred inflows - OPEB	(6,511)	
Total OPEB liability	<u>(117,878)</u>	(6,556,682)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Compensated absences	(578,888)	
Capital leases payable	(325,702)	
Accrued interest	(17,409)	
Note payable	<u>(9,437,590)</u>	(10,359,589)
Net position of governmental activities		<u><u>\$ 17,168,996</u></u>

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, 2020**

	<u>General Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 11,378,629	\$ 142,020	\$ -	\$ 11,520,649
Licenses and permits	-	-	1,500	1,500
Intergovernmental revenues	1,640,850	-	-	1,640,850
Charges for services	545,921	-	5,050	550,971
Fines and forfeitures	37,019	-	-	37,019
Impact fees	-	-	1,096,833	1,096,833
Investment earnings	112,568	430	5,584	118,582
Miscellaneous revenues	90,642	-	28,917	119,559
Total revenues	<u>13,805,629</u>	<u>142,450</u>	<u>1,137,884</u>	<u>15,085,963</u>
Expenditures				
Current				
General government	2,433,426	-	-	2,433,426
Public safety	9,347,907	-	321	9,348,228
Physical environment	-	-	374	374
Transportation	3,959,340	-	-	3,959,340
Economic development	-	161,830	-	161,830
Culture and recreation	1,480,708	-	45,206	1,525,914
Debt service				
Principal retirement	7,267,190	-	-	7,267,190
Interest	291,369	-	-	291,369
Capital outlay	-	-	984,224	984,224
Total expenditures	<u>24,779,940</u>	<u>161,830</u>	<u>1,030,125</u>	<u>25,971,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,974,311)</u>	<u>(19,380)</u>	<u>107,759</u>	<u>(10,885,932)</u>
Other financing sources (uses)				
Notes payable issued	5,423,999	-	-	5,423,999
Capital leases issued	141,015	-	-	141,015
Insurance proceeds	10,174	-	-	10,174
Transfers in	1,747,242	192,544	7,475	1,947,261
Transfers out	(200,019)	-	(1,737,242)	(1,937,261)
Total other financing sources (uses)	<u>7,122,411</u>	<u>192,544</u>	<u>(1,729,767)</u>	<u>5,585,188</u>
Change in fund balances	(3,851,900)	173,164	(1,622,008)	(5,300,744)
Fund balances, beginning of year	17,976,355	166,036	2,528,027	20,670,418
Fund balances, end of year	<u>\$ 14,124,455</u>	<u>\$ 339,200</u>	<u>\$ 906,019</u>	<u>\$ 15,369,674</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, 2020**

Net Change in Fund Balances – Total Governmental Funds		\$ (5,300,744)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	\$ 7,801,181	
Less current year depreciation	<u>(736,487)</u>	7,064,694
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.</p>		
Debt proceeds	(5,423,999)	
Capital lease proceeds	<u>(141,015)</u>	(5,565,014)
<p>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.</p>		
Change in compensated absences	19,070	
Change in accrued interest	(12,583)	
OPEB expense	(10,905)	
Pension expense	<u>(989,609)</u>	(994,027)
<p>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.</p>		
<p>Debt repayments:</p>		
Leases	176,592	
Notes	<u>7,090,598</u>	<u>7,267,190</u>
Change in net position of governmental activities		<u><u>\$ 2,472,099</u></u>

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, 2020**

	Utility Fund	Nonmajor Industrial Park Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 15,592,279	\$ 92,403	\$ 15,684,682
Investments	250,559	-	250,559
Accounts receivable, net	1,322,158	-	1,322,158
Due from other governments	23,750	-	23,750
Total current assets	<u>17,188,746</u>	<u>92,403</u>	<u>17,281,149</u>
Noncurrent assets			
Capital assets, non-depreciable	1,690,330	95,404	1,785,734
Capital assets, net	35,265,817	31,313	35,297,130
Total noncurrent assets	<u>36,956,147</u>	<u>126,717</u>	<u>37,082,864</u>
Total assets	<u>54,144,893</u>	<u>219,120</u>	<u>54,364,013</u>
Deferred outflows of resources			
Deferred outflows - pension	525,633	-	525,633
Deferred outflows - OPEB	5,507	-	5,507
Total deferred outflows of resources	<u>531,140</u>	<u>-</u>	<u>531,140</u>
Liabilities			
Current liabilities			
Accounts payable	364,896	-	364,896
Notes payable	799,554	-	799,554
Bonds payable	542,000	-	542,000
Capital lease	67,590	-	67,590
Compensated absences	40,590	-	40,590
Accrued liabilities	77,456	-	77,456
Accrued interest	8,757	-	8,757
Due to other funds	1,884	-	1,884
Customer deposits payable	401,823	-	401,823
Total current liabilities	<u>2,304,550</u>	<u>-</u>	<u>2,304,550</u>
Noncurrent liabilities			
Compensated absences	128,536	-	128,536
Notes payable, net of current portion	10,130,008	-	10,130,008
Bonds payable, net of current portion	274,000	-	274,000
Capital lease, net of current portion	227,091	-	227,091
Net pension liability	1,655,840	-	1,655,840
Total OPEB liability	47,806	-	47,806
Total non-current liabilities	<u>12,463,281</u>	<u>-</u>	<u>12,463,281</u>
Total liabilities	<u>14,767,831</u>	<u>-</u>	<u>14,767,831</u>
Deferred inflows of resources			
Deferred inflows - pension	68,837	-	68,837
Deferred inflows - OPEB	2,640	-	2,640
Total deferred inflows of resources	<u>71,477</u>	<u>-</u>	<u>71,477</u>
Net position			
Net investment in capital assets	25,210,585	126,717	25,337,302
Unrestricted	14,626,140	92,403	14,718,543
Total net position	<u>\$ 39,836,725</u>	<u>\$ 219,120</u>	<u>\$ 40,055,845</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 FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Utility Fund</u>	<u>Nonmajor Industrial Park Fund</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 11,258,771	\$ -	\$ 11,258,771
Miscellaneous	14,254	-	14,254
Total operating revenues	<u>11,273,025</u>	<u>-</u>	<u>11,273,025</u>
Operating expenses			
Personnel costs	3,920,595	-	3,920,595
Operating expenses	3,175,046	-	3,175,046
Depreciation	2,209,373	6,606	2,215,979
Total operating expenses	<u>9,305,014</u>	<u>6,606</u>	<u>9,311,620</u>
Operating income (loss)	<u>1,968,011</u>	<u>(6,606)</u>	<u>1,961,405</u>
Nonoperating revenues (expenses)			
Investment earnings	59,234	329	59,563
Gain on disposal of capital assets	966	-	966
Interest expense	(131,389)	-	(131,389)
Total nonoperating expenses, net	<u>(71,189)</u>	<u>329</u>	<u>(70,860)</u>
Income (loss) before capital contributions and transfers	1,896,822	(6,277)	1,890,545
Capital contributions	593,922	-	593,922
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Changes in net position	2,490,744	(16,277)	2,474,467
Total net position, beginning of year	37,345,981	235,397	37,581,378
Total net position, end of year	<u>\$ 39,836,725</u>	<u>\$ 219,120</u>	<u>\$ 40,055,845</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, 2020**

	<u>Utility Fund</u>	<u>Nonmajor Industrial Park Fund</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 11,397,296	\$ -	\$ 11,397,296
Cash paid to suppliers for goods and services	(3,285,713)	-	(3,285,713)
Cash paid to employees for services and benefits	(3,652,135)	-	(3,652,135)
Net cash provided by operating activities	<u>4,459,448</u>	<u>-</u>	<u>4,459,448</u>
Cash flows from noncapital financing activities			
Transfer to other funds	-	(10,000)	(10,000)
Net cash used in noncapital financing activities	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(3,955,873)	-	(3,955,873)
Cash received from sale of capital assets	966	-	966
Proceeds from notes payable	845,972	-	845,972
Principal paid on notes payable	(914,578)	-	(914,578)
Principal paid on bonds payable	(268,000)	-	(268,000)
Capital contributions	1,487,737	-	1,487,737
Interest paid	(135,283)	-	(135,283)
Net cash used in capital and related financing activities	<u>(2,939,059)</u>	<u>-</u>	<u>(2,939,059)</u>
Cash flows from investing activities			
Purchase of investments	(50)	-	(50)
Interest received	59,234	329	59,563
Net cash provided by investing activities	<u>59,184</u>	<u>329</u>	<u>59,513</u>
Net change in cash and cash equivalents	1,579,573	(9,671)	1,569,902
Cash and cash equivalents, beginning of year	<u>13,718,025</u>	<u>102,074</u>	<u>13,820,099</u>
Cash and cash equivalents, end of year	<u>\$ 15,297,598</u>	<u>\$ 92,403</u>	<u>\$ 15,390,001</u>

(Continued)

CITY OF WILDWOOD, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Utility Fund</u>	<u>Nonmajor Industrial Park Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 1,968,011	\$ (6,606)	\$ 1,961,405
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,209,373	6,606	2,215,979
Change in operating assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	180,771	-	180,771
Deferred outflows - pension	(56,845)	-	(56,845)
Deferred outflows - OPEB	(4,776)	-	(4,776)
Increase (decrease) in liabilities:			
Accounts payable	(90,931)	-	(90,931)
Accrued liabilities	(22,860)	-	(22,860)
Due to other funds	(19,736)	-	(19,736)
Compensated absences payable	(11,353)	-	(11,353)
Net pension liability	376,209	-	376,209
Deferred inflows - pension	(27,300)	-	(27,300)
Total OPEB liability	14,641	-	14,641
Deferred inflows - OPEB	744	-	744
Customer deposits	(56,500)	-	(56,500)
Net cash provided by operating activities	<u>\$ 4,459,448</u>	<u>\$ -</u>	<u>\$ 4,459,448</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, 2020**

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.

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 2019-2020 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, 2020

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, 2020**

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 the 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, and U.S. Treasury securities, stated at fair value.

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 \$176,000 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, 2020**

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 distribution system	20 - 40

For its business-type activities, the City's policy is to capitalize construction period interest costs on projects funded specifically through debt financing. No interest costs were capitalized during 2020.

I. Deferred Outflows/Inflows of Resources

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

A deferred inflow of resources is defined as the acquisition of net position 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, 2020**

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 Statement 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 \$64,091 net position restricted by enabling legislation for the Greenwood cemetery (physical environment), \$356,106 for law enforcement impact fees (public safety), and \$436,115 for recreation impact fees (culture and recreation), \$339,200 for community redevelopment agencies (community development), \$38,829 for law enforcement trust fund (public safety), and \$10,878 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, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance (Continued)

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, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions

At September 30, 2020, 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, was \$25,502,055.

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. As of September 30, 2020, the City's investments consist of \$250,559 invested in certificates of deposits in qualified public depositories, and \$7,013,992 in U.S. Treasury securities.

Fair Value Measurements

The City categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs for similar assets, and Level 3 inputs are significant unobservable inputs. As of September 30, 2020, the City's investments were all classified as Level 1, valued using prices quoted in active markets.

Custodial Risk

All of the City's deposits (checking, savings, money market and certificates of deposit) are held in the City's name in banks or savings and loan associations certified by the State of Florida as qualified public depositories under Chapter 280, *Florida Statutes*, the Florida Security of Public Deposits Act and are either insured by federal depository insurance or through the State of Florida's public depository collateral pool.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires its investments to be held in the City's name to negate this risk.

Interest Rate Risk

Investment rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investments are currently held in U.S. Treasury securities which mature within one year to limit its investment risk.

CITY OF WILDWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3 – INTERFUND BALANCES AND TRANSFERS

At September 30, 2020, interfund balances are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Community Redevelopment Agency	\$ 495
General Fund	Utility Fund	1,884
General Fund	Nonmajor Governmental Funds	12,406
Nonmajor Governmental Funds	Nonmajor Governmental Funds	198
		\$ 14,983

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, 2020, consisted of the following:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Enterprise Fund	\$ 10,000
General Fund	Nonmajor Governmental Funds	1,737,242
Commnuity Redevelopment Agency	General Fund	192,544
Nonmajor Governmental Funds	General Fund	7,475
		\$ 1,947,261

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, 2020**

NOTE 4 – CAPITAL ASSETS

Primary government:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets not being depreciated					
Land	\$ 2,284,053	\$ -	\$ -	\$ -	\$ 2,284,053
Construction in progress	1,261,308	7,023,889	-	-	8,285,197
Total assets not being depreciated	<u>3,545,361</u>	<u>7,023,889</u>	<u>-</u>	<u>-</u>	<u>10,569,250</u>
Capital assets being depreciated					
Buildings and improvements	9,020,968	-	-	-	9,020,968
Furniture and equipment	4,540,131	641,446	(101,860)	-	5,079,717
Infrastructure	1,460,791	135,846	-	-	1,596,637
Total assets being depreciated	<u>15,021,890</u>	<u>777,292</u>	<u>(101,860)</u>	<u>-</u>	<u>15,697,322</u>
Less accumulated depreciation					
Buildings and improvements	(3,911,526)	(243,910)	-	-	(4,155,436)
Furniture and equipment	(2,760,444)	(411,637)	101,860	-	(3,070,221)
Infrastructure	(244,382)	(80,940)	-	-	(325,322)
Total accumulated depreciation	<u>(6,916,352)</u>	<u>(736,487)</u>	<u>101,860</u>	<u>-</u>	<u>(7,550,979)</u>
Total assets depreciated, net	<u>8,105,538</u>	<u>40,805</u>	<u>-</u>	<u>-</u>	<u>8,146,343</u>
Governmental activities, net	<u>\$ 11,650,899</u>	<u>\$ 7,064,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,715,593</u>
Business-type activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated					
Land	\$ 1,441,892	\$ -	\$ -	\$ -	\$ 1,441,892
Construction in progress	7,525,984	325,239	-	(7,507,381)	343,842
Total assets not being depreciated	<u>8,967,876</u>	<u>325,239</u>	<u>-</u>	<u>(7,507,381)</u>	<u>1,785,734</u>
Capital assets being depreciated					
Buildings and improvements	48,138,395	-	-	7,507,381	55,645,776
Machinery and equipment	3,052,387	3,074,508	(21,872)	-	6,105,023
Plant assets and equipment	1,067,022	556,126	-	-	1,623,148
Total assets being depreciated	<u>52,257,804</u>	<u>3,630,634</u>	<u>(21,872)</u>	<u>7,507,381</u>	<u>63,373,947</u>
Less accumulated depreciation					
Buildings and improvements	(22,963,451)	(1,983,070)	-	-	(24,946,521)
Machinery and equipment	(2,077,193)	(21,715)	21,872	-	(2,077,036)
Plant assets and equipment	(842,066)	(211,194)	-	-	(1,053,260)
Total accumulated depreciation	<u>(25,882,710)</u>	<u>(2,215,979)</u>	<u>21,872</u>	<u>-</u>	<u>(28,076,817)</u>
Total assets depreciated, net	<u>26,375,094</u>	<u>1,414,655</u>	<u>-</u>	<u>7,507,381</u>	<u>35,297,130</u>
Business-type activities, net	<u>\$ 35,342,970</u>	<u>\$ 1,739,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,082,864</u>

CITY OF WILDWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 126,021
Public safety	222,481
Transportation	216,704
Culture and recreation	171,281
	<u>\$ 736,487</u>
Business-type activities	
Utility	\$ 2,209,373
Industrial park	6,606
	<u>\$ 2,215,979</u>

NOTE 5 – LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations of the City for the year ended September 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
Notes payable	\$ 11,104,189	\$ 5,423,999	\$ (7,090,598)	\$ 9,437,590	\$ 565,067
Capital leases	361,279	141,015	(176,592)	325,702	119,146
Total OPEB liability	96,514	36,979	(15,615)	117,878	-
Net pension liability	7,698,086	3,272,139	(2,068,687)	8,901,538	-
Compensated absences	597,958	438,016	(457,086)	578,888	138,933
Total governmental activities	<u>\$ 19,858,026</u>	<u>\$ 9,312,148</u>	<u>\$ (9,808,578)</u>	<u>\$ 19,361,596</u>	<u>\$ 823,146</u>
Business-type activities					
Bonds payable	\$ 1,084,000	\$ -	\$ (268,000)	\$ 816,000	\$ 542,000
Notes payable	10,998,168	845,972	(914,578)	10,929,562	799,554
Capital lease	-	379,280	(84,599)	294,681	84,599
Net pension liability	1,279,631	608,674	(232,465)	1,655,840	-
Total OPEB liability	33,165	19,323	(4,682)	47,806	-
Compensated absences	180,479	150,832	(162,185)	169,126	40,590
Total business-type activities	<u>\$ 13,575,443</u>	<u>\$ 2,004,081</u>	<u>\$ (1,666,509)</u>	<u>\$ 13,913,015</u>	<u>\$1,466,743</u>

CITY OF WILDWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Long-term debt payable as of September 30, 2020, is composed of the following:

Notes Payable:

Fiscal Year	Governmental Activities			Business-type Activities		
	Notes Payable			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 565,067	\$ 313,724	\$ 878,791	\$ 945,902	\$ 122,186	\$ 1,068,088
2022	601,075	297,328	898,403	985,241	110,561	1,095,802
2023	617,934	280,469	898,403	997,095	98,707	1,095,802
2024	635,270	263,133	898,403	1,009,180	86,620	1,095,800
2025	653,097	245,307	898,404	1,021,505	74,297	1,095,802
2026-2030	3,551,040	940,977	4,492,017	4,555,232	183,905	4,739,137
2031-2035	2,694,911	463,155	3,158,066	1,195,660	12,910	1,208,570
2036-2038	119,196	123,340	242,536	219,747	319	220,066
	<u>\$ 9,437,590</u>	<u>\$ 2,927,433</u>	<u>\$12,365,023</u>	<u>\$ 10,929,562</u>	<u>\$ 689,505</u>	<u>\$ 11,619,067</u>

Bonds Payable:

	Business-type Activities		
	Bonds Payable		
	Principal	Interest	Total
2021	\$ 542,000	\$ 11,509	\$ 553,509
2022	274,000	2,315	276,315
	<u>\$ 816,000</u>	<u>\$ 13,824</u>	<u>\$ 829,824</u>

Capital Lease Obligations

At September 30, 2020, 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	\$ 642,598
Accumulated depreciation	(120,180)
	<u>\$ 522,418</u>

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

CITY OF WILDWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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	Governmental Activities	Business-Type Activities
2021	\$ 169,806	84,599
2022	114,465	84,599
2023	30,332	84,599
2024	30,332	84,598
	344,935	338,395
Less amounts representing interest	(19,233)	(43,714)
Present value of future minimum lease payments	\$ 325,702	294,681

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).

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, 2020**

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

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2019 through June 30, 2020, and July 1, 2020 through September 30, 2020, were as follows: Regular Class 8.47% and 10%, Senior Management 25.41% and 27.29%, Special Risk Employee Class 25.48% and 24.45%, Elected Officials 48.82% and 49.18%, and DROP Participants 14.60% and 16.98%.

The City's contributions for the year ended September 30, 2020, were \$706,102 to the FRS Plan and \$98,862 to the HIS plan.

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

At September 30, 2020, the City reported a liability of \$8,564,927 for its proportionate share of the FRS Pension Plan's net pension liability and \$1,992,451 for its proportionate share of the HIS Plan's net pension liability. The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liabilities were based on the City's 2019-2020 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share of the FRS and HIS plans were 0.01976150% and 0.01631841%, respectively, which was a decrease of (0.00087035%) and (.00041586%), respectively, from its proportionate share measured as of June 30, 2020.

CITY OF WILDWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, 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	\$ 327,797	\$ -	\$ 81,503	\$ 1,537
Change of assumptions	1,550,524	-	214,245	115,853
Net difference between projected and actual earnings on Pension Plan investments	509,964	-	1,591	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	271,352	283,267	177,265	38,239
City Pension Plan contributions subsequent to the measurement date	191,748	-	25,368	-
Total	\$ 2,851,385	\$ 283,267	\$ 499,972	\$ 155,629

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, 2021. 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 September 30:	FRS	HIS
2021	\$ 489,712	\$ 88,278
2022	762,698	65,483
2023	648,290	17,893
2024	387,551	41,550
2025	88,119	56,578
Thereafter	-	49,193
	2,376,370	318,975

CITY OF WILDWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020, 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:

	<u>FRS</u>	<u>HIS</u>
Inflation rate	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

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, 2013 through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.9% to 6.80%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

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 on the following page 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, 2020**

NOTE 6 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation ⁽¹⁾	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.20%	2.20%	1.20%
Fixed income	19.00%	3.00%	2.90%	3.50%
Global equity	54.20%	8.00%	6.70%	17.10%
Real estate	10.30%	6.40%	5.80%	11.70%
Private equity	11.10%	10.80%	8.10%	25.70%
Strategic investments	4.40%	5.50%	5.30%	6.90%
Total	100.00%			
 Assumed Inflation - Mean		 2.40%		 1.70%

⁽¹⁾ 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 6.80%. 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 2.21% 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.

	FRS			HIS		
	Current			Current		
	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)

City's proportionate share of the net pension liability	\$ 13,676,746	\$ 8,564,924	\$ 4,295,510	\$ 2,303,184	\$ 1,992,451	\$ 1,738,117
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CITY OF WILDWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, totaled \$193,759.

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, 2020, participants consisted of 118 active participants. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, 2020.

CITY OF WILDWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability of the City

The City's total OPEB liability was measured as of September 30, 2019, and was determined by an actuarial valuation as of September 30, 2019, 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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	3.58%
Salary increases	Varies by service
Inflation rate	2.50%
Healthcare cost trend rate	7.50% - 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, 2019, valuation were based on the results of the July 1, 2019, Florida Retirement System valuation report.

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 3.58%. 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, 2020, were as follows:

Balance at 9/30/19	\$ 129,679
Changes for the year:	
Service cost	20,559
Interest	6,252
Assumption changes	10,554
Benefit payments	(1,360)
Net changes	<u>36,005</u>
Balance at 9/30/20	<u>\$ 165,684</u>

CITY OF WILDWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 multi-year 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 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB liability	\$ 185,521	\$ 165,684	\$ 149,100

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% - 6.5%	Healthcare Cost Trend Rate 4.0% - 7.5%	1% Increase 5.0% - 8.5%
Total OPEB liability	\$ 139,395	\$ 165,684	\$ 198,223

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$28,496.

On September 30, 2020, 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	\$ 12,105	\$ 9,151
Contributions subsequent to the City's measurement date	6,982	-
	<u>\$ 19,087</u>	<u>\$ 9,151</u>

CITY OF WILDWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020. Other OPEB related amounts reported as deferred inflows of resources will be recognized in pension expense as follows:

Fiscal year ended September 30:	
2021	185
2022	185
2023	185
2024	185
2025	186
Thereafter	2,028
	<u>\$ 2,954</u>

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 \$9.57 million in state revolving fund loans, \$4.01 million of revenue bonds and \$1.23 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 2039. The revenue note was used to purchase Continental Utility and make improvements and is payable through 2031.

CITY OF WILDWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 – PLEDGED REVENUES (CONTINUED)

Additionally, the City has pledged sales tax revenues to repay approximately \$1.68 million of capital improvement refunding revenue bonds used to refund Series 2000 and 2000A bonds, \$3.6 million of a capital improvement revenue note used to construct the new police station and related improvements, and \$5.47 million of a capital improvement revenue refunding note to refund the Series 2018 note.

The total principal and interest remaining to be paid on all loans secured by pledged revenues is approximately \$22.37 million.

For 2020, the City paid approximately \$2.01 million of principal and interest on debt secured by pledged revenues. Pledged net revenues for the water and sewer system for 2020 were approximately \$1.5 million. Pledged revenues from sales taxes were \$677,904 while revenues from utility taxes were approximately \$1.4 million.

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 expiration of the agreement is on September 30, 2024.

NOTE 11 – CONSTRUCTION COMMITMENTS

As of September 30, 2020, the City entered into a construction contract for the construction of a new police station in the amount of \$7,240,811 and the construction of a new park in the amount of \$1,935,000. The unpaid portions of these agreements at September 30, 2020, are \$1,669,910 and \$1,447,587 respectively.

NOTE 12 – RELATED PARTY TRANSACTIONS

During the year ended September 30, 2020, the City paid Brown & Brown Insurance premiums of \$196,640. The Mayor during this fiscal year was a board member at Brown & Brown.

NOTE 13 – CONTINGENCY

During March 2020, the World Health Organization declared the Coronavirus outbreak a global pandemic. Actions taken around the world to help mitigate the spread of the Coronavirus include restrictions to travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus and actions taken to mitigate it have had, and are expected to continue to have an adverse impact on local economies. The ultimate impact of the pandemic on the City's results of operations, financial position, and liquidity cannot be reasonably estimated at this time.

CITY OF WILDWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated all subsequent events through June 10, 2021, the date the financial statements were available to be issued.

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 10,285,410	\$ 10,527,510	\$ 11,378,629	\$ 851,119
Intergovernmental revenues	1,714,040	1,714,040	1,640,850	(73,190)
Charges for services	388,100	488,100	545,921	57,821
Fines and forfeitures	19,500	19,500	37,019	17,519
Investment earnings	1,000	1,000	112,568	111,568
Miscellaneous revenues	95,980	95,980	90,642	(5,338)
Total revenues	<u>12,504,030</u>	<u>12,846,130</u>	<u>13,805,629</u>	<u>959,499</u>
Expenditures				
Current				
General government	2,622,681	2,904,881	2,433,426	471,455
Public safety	11,139,638	11,238,638	9,347,907	1,890,731
Transportation	3,943,945	4,356,945	3,959,340	397,605
Culture/recreation	1,751,033	2,140,133	1,480,708	659,425
Debt service				
Principal retirement	2,468,946	7,274,946	7,267,190	7,756
Interest	334,075	334,075	291,369	42,706
Total expenditures	<u>22,260,318</u>	<u>28,249,618</u>	<u>24,779,940</u>	<u>3,469,678</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,756,288)</u>	<u>(15,403,488)</u>	<u>(10,974,311)</u>	<u>4,429,177</u>
Other financing sources (uses)				
Notes payable issued	-	4,846,000	5,423,999	577,999
Capital leases issued	-	-	141,015	141,015
Insurance proceeds	80,000	80,000	10,174	(69,826)
Transfers in	1,747,240	1,747,240	1,747,242	2
Transfers out	(121,058)	(121,058)	(200,019)	(78,961)
Total other financing sources, net	<u>1,706,182</u>	<u>6,552,182</u>	<u>7,122,411</u>	<u>570,229</u>
Change in fund balance	<u>(8,050,106)</u>	<u>(8,851,306)</u>	<u>(3,851,900)</u>	<u>4,999,406</u>
Fund balance, beginning of year	<u>17,976,355</u>	<u>17,976,355</u>	<u>17,976,355</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,926,249</u>	<u>\$ 9,125,049</u>	<u>\$ 14,124,455</u>	<u>\$ 4,999,406</u>

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 92,000	\$ 92,000	\$ 142,020	\$ 50,020
Investment earnings	-	-	430	430
Total revenues	<u>92,000</u>	<u>92,000</u>	<u>142,450</u>	<u>50,450</u>
Expenditures				
Current				
Economic development	<u>213,058</u>	<u>213,058</u>	<u>161,830</u>	<u>51,228</u>
Total expenditures	<u>213,058</u>	<u>213,058</u>	<u>161,830</u>	<u>51,228</u>
Deficiency of revenues under expenditures	<u>(121,058)</u>	<u>(121,058)</u>	<u>(19,380)</u>	<u>101,678</u>
Other financing sources				
Transfers in	<u>121,058</u>	<u>121,058</u>	<u>192,544</u>	<u>71,486</u>
Total other financing sources	<u>121,058</u>	<u>121,058</u>	<u>192,544</u>	<u>71,486</u>
Change in fund balance	-	-	173,164	173,164
Fund balance, beginning of year	<u>166,036</u>	<u>166,036</u>	<u>166,036</u>	<u>-</u>
Fund balance, end of year	<u>\$ 166,036</u>	<u>\$ 166,036</u>	<u>\$ 339,200</u>	<u>\$ 173,164</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending Measurement date	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>
City's proportion of the FRS net pension liability	0.01976150%	0.02063185%	0.02134745%	0.01968601%
City's proportionate share of the FRS net pension liability	\$ 8,564,927	\$ 7,105,320	\$ 6,429,962	\$ 5,822,990
City's covered payroll	\$ 5,663,655	\$ 5,310,128	\$ 5,445,630	\$ 4,893,865
City's proportionate share of the pension liability as a percentage of its covered payroll	151.23%	133.81%	118.08%	118.99%
FRS plan fiduciary net position as a percentage of the FRS total pension liability	79.52%	82.61%	84.26%	83.89%
Reporting period ending Measurement date	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>	
City's proportion of the FRS net pension liability	0.019030003%	0.016744779%	0.016013709%	
City's proportionate share of the FRS net pension liability	\$ 4,805,097	\$ 2,162,813	\$ 2,718,087	
City's covered payroll	\$ 4,357,570	\$ 3,973,610	\$ 3,876,511	
City's proportionate share of the pension liability as a percentage of its covered payroll	110.27%	54.43%	70.12%	
FRS plan fiduciary net position as a percentage of the FRS total pension liability	84.88%	92.00%	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 CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Contractually required FRS contribution	\$ 706,102	\$ 634,250	\$ 610,095	\$ 540,350
FRS contributions in relation to the contractually required FRS contribution	<u>706,102</u>	<u>634,250</u>	<u>610,095</u>	<u>540,350</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,567,672	\$ 5,108,308	\$ 5,427,018	\$ 5,122,524
FRS contributions as a percentage of covered payroll	12.68%	12.42%	11.24%	10.55%

Reporting period ending	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Contractually required FRS contribution	\$ 476,723	\$ 425,699	\$ 408,252
FRS contributions in relation to the contractually required FRS contribution	<u>476,723</u>	<u>425,699</u>	<u>408,252</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,399,723	\$ 4,098,115	\$ 3,727,825
FRS contributions as a percentage of covered payroll	10.84%	10.39%	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 PENSION PLAN**

Reporting period ending Measurement Date	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>
City's proportion of the HIS net pension liability	0.01631841%	0.01673427%	0.01658962%	0.015351716%
City's proportionate share of the HIS net pension liability	\$ 1,992,451	\$ 1,872,397	\$ 1,755,863	\$ 1,641,476
City's covered payroll	\$ 5,663,655	\$ 5,310,128	\$ 5,445,630	\$ 4,893,865
City's proportionate share of the pension liability as a percentage of its covered payroll	35.18%	35.26%	32.24%	33.54%
HIS plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%
Reporting period ending Measurement date	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>	
City's proportion of the HIS net pension liability	0.014115612%	0.013097673%	0.012434072%	
City's proportionate share of the HIS net pension liability	\$ 1,645,116	\$ 1,335,757	\$ 1,082,423	
City's covered employee payroll	\$ 4,805,097	\$ 3,973,610	\$ 3,876,511	
City's proportionate share of the pension liability as a percentage of its covered employee payroll	34.24%	33.62%	27.92%	
HIS plan fiduciary net position as a percentage of the HIS total pension liability	0.97%	0.50%	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 PENSION PLAN**

Reporting period ending	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Contractually required HIS contribution	\$ 98,862	\$ 92,589	\$ 90,199	\$ 85,042
HIS contributions in relation to the contractually required HIS contribution	<u>98,862</u>	<u>92,589</u>	<u>90,199</u>	<u>85,042</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,567,672	\$ 5,108,308	\$ 5,427,018	\$ 5,122,524
HIS contributions as a percentage of covered payroll	1.78%	1.81%	1.66%	1.66%

Reporting period ending	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Contractually required HIS contribution	\$ 73,053	\$ 55,552	\$ 50,067
HIS contributions in relation to the contractually required HIS contribution	<u>73,053</u>	<u>55,552</u>	<u>50,067</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,399,723	\$ 4,098,115	\$ 3,727,825
HIS contributions as a percentage of covered payroll	1.66%	1.36%	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, 2020**

	<u>2020</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 20,559	\$ 21,106
Interest	6,252	4,749
Assumption changes	10,554	(4,917)
Benefit payments	<u>(1,360)</u>	<u>(1,253)</u>
Net change in total OPEB liability	36,005	19,685
Total OPEB liability - beginning	<u>129,679</u>	<u>109,994</u>
Total OPEB liability - ending	<u>\$ 165,684</u>	<u>\$ 129,679</u>
Covered-employee payroll	\$ 5,567,672	\$ 5,108,308
Total OPEB liability as a percentage of covered-employee payroll	2.98%	2.54%

Notes to the Schedule:

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

Difference between expected and actual experience. Differene between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2019.

Changes of assumptions . Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

FY 2020	3.58%
FY 2019	4.18%
FY 2018	3.64%

Also reflected as assumption changes are updated health care costs and premiums, updated health care cost trend rates, and updated mortality, retirement, termination, and disability rates, and updated salary scale.

SUPPLEMENTARY INFORMATION

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CITY OF WILDWOOD, FLORIDA

NONMAJOR GOVERNMENTAL FUNDS

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.

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CITY OF WILDWOOD, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Recreation Impact Fees Fund	Law Enforcement Impact Fees Fund	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Baker House Fund	Wildwood Area Historical Association Fund		
Assets								
Cash and cash equivalents	\$ 585,902	\$ 356,106	\$ 64,091	\$ 51,235	\$ 10,834	\$ 44	\$ 1,068,212	
Due from other funds	-	-	-	-	-	198	198	
Total assets	<u>\$ 585,902</u>	<u>\$ 356,106</u>	<u>\$ 64,091</u>	<u>\$ 51,235</u>	<u>\$ 10,834</u>	<u>\$ 242</u>	<u>\$ 1,068,410</u>	
Liabilities and fund balances								
Liabilities								
Accounts payable	\$ 149,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,787	
Due to other funds	-	-	-	12,406	198	-	12,604	
Total liabilities	<u>149,787</u>	<u>-</u>	<u>-</u>	<u>12,406</u>	<u>198</u>	<u>-</u>	<u>162,391</u>	
Fund balances								
Restricted								
Public safety	-	356,106	-	38,829	-	-	394,935	
Physical environment	-	-	64,091	-	-	-	64,091	
Culture and recreation	436,115	-	-	-	10,636	242	446,993	
Total fund balances	<u>436,115</u>	<u>356,106</u>	<u>64,091</u>	<u>38,829</u>	<u>10,636</u>	<u>242</u>	<u>906,019</u>	
Total liabilities and fund balances	<u>\$ 585,902</u>	<u>\$ 356,106</u>	<u>\$ 64,091</u>	<u>\$ 51,235</u>	<u>\$ 10,834</u>	<u>\$ 242</u>	<u>\$ 1,068,410</u>	

CITY OF WILDWOOD, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Recreation Impact Fees Fund	Law Enforcement Impact Fees Fund	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Baker House Fund	Wildwood Area Historical Association Fund		
Revenues								
Licenses and permits	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Charges for services	-	-	5,050	-	-	-	-	5,050
Impact fees	162,112	934,721	-	-	-	-	-	1,096,833
Investment earnings	-	5,456	81	-	47	-	-	5,584
Miscellaneous	5,264	-	580	123	22,950	-	-	28,917
Total revenues	<u>167,376</u>	<u>940,177</u>	<u>7,211</u>	<u>123</u>	<u>22,997</u>	<u>-</u>	<u>-</u>	<u>1,137,884</u>
Expenditures								
Current								
Public safety	-	319	-	2	-	-	-	321
Physical environment	-	-	374	-	-	-	-	374
Culture and recreation	-	-	-	-	45,206	-	-	45,206
Capital outlay	984,224	-	-	-	-	-	-	984,224
Total expenditures	<u>984,224</u>	<u>319</u>	<u>374</u>	<u>2</u>	<u>45,206</u>	<u>-</u>	<u>-</u>	<u>1,030,125</u>
Excess of revenues over expenditures	<u>(816,848)</u>	<u>939,858</u>	<u>6,837</u>	<u>121</u>	<u>(22,209)</u>	<u>-</u>	<u>-</u>	<u>107,759</u>
Other financing sources (uses)								
Transfers in	-	-	-	7,475	-	-	-	7,475
Transfers out	-	(1,737,242)	-	-	-	-	-	(1,737,242)
Total other financing sources (uses)	<u>-</u>	<u>(1,737,242)</u>	<u>-</u>	<u>7,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,729,767)</u>
Net change in fund balance	<u>(816,848)</u>	<u>(797,384)</u>	<u>6,837</u>	<u>7,596</u>	<u>(22,209)</u>	<u>-</u>	<u>-</u>	<u>(1,622,008)</u>
Fund balances, beginning	<u>1,252,963</u>	<u>1,153,490</u>	<u>57,254</u>	<u>31,233</u>	<u>32,845</u>	<u>242</u>	<u>242</u>	<u>2,528,027</u>
Fund balances, ending	<u>\$ 436,115</u>	<u>\$ 356,106</u>	<u>\$ 64,091</u>	<u>\$ 38,829</u>	<u>\$ 10,636</u>	<u>\$ 242</u>	<u>\$ 242</u>	<u>\$ 906,019</u>

COMPLIANCE REPORTS

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**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**

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, 2020, 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 10, 2021.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 10, 2021



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

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, 2020. 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, 2020.

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 10, 2021

CITY OF WILDWOOD, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	CFDA Number	Grant ID Number	Actual Expenditures	Passed Through to Subrecipients
Federal Awards				
U.S. Department of Housing and Urban Development				
Passed through the Florida Department of Economic Opportunity Community Development Block Grant Program	14.228	17DB-OL-05-70-02-N-03	\$ 647,562	\$ -
Total U.S. Department of Housing and Urban Development			<u>647,562</u>	<u>-</u>
U.S. Department of Environmental Protection				
Passed through the Florida Department of Environmental Protection Capitalization Grants for Drinking Water Drinking Water State Revolving Fund Cluster State Revolving Funds	66.468	DW600231	1,280,677	-
Total U.S. Department of Environmental Protection			<u>1,280,677</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed through the Florida Division of Emergency Management Hurricane Irma Disaster Grant	97.036	Z0558	2,581	-
Total U.S. Department of Homeland Security			<u>2,581</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,930,820</u>	<u>\$ -</u>

CITY OF WILDWOOD, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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, 2020.

NOTE 3 – NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended September 30, 2020.

NOTE 3 – STATE REVOLVING FUND LOANS

The City had the following State Revolving Fund loan balances outstanding at September 30, 2020. Current year additions to the loan balances to be included in the Schedule of Expenditures of State Financial Assistance for the fiscal year ended September 30, 2020, were \$845,972. Expenditures reported on the SEFA in the amount of \$434,705 were forgiven by the Florida Department of Environmental Protection during the year-ended September 30, 2020.

<u>Program Title</u>	<u>State CSFA Number</u>	<u>Grant Number</u>	Total Outstanding	
			<u>As of September 30, 2020</u>	
State Revolving Fund	37.077	DW600231	\$	4,378,285
State Revolving Fund	37.077	WW769070		2,625,637
State Revolving Fund	37.077	CR 209		1,333,077
			<u>\$</u>	<u>8,336,999</u>

CITY OF WILDWOOD, FLORIDA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major program:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes 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? yes 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 DWSRF Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low risk auditee No

CITY OF WILDWOOD, FLORIDA

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None noted.

**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, 2020**

None noted.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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, 2020, and have issued our report thereon dated June 10, 2021.

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 10, 2021, 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. There were no findings or recommendations in the preceding annual financial audit report requiring correction.

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.

Financial Condition and Management

Sections 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 condition(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.b. 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

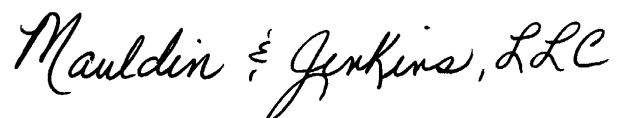
Section 10.554(1)(i)5.c, *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, 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 10, 2021



INDEPENDENT ACCOUNTANT'S REPORT

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, 2020. 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, 2020.

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 black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
June 10, 2021

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City of Wildwood

Section 163.31801 Compliance

Affidavit

As City Clerk/Finance Director of the City of Wildwood, my signature below indicates that the City of Wildwood has complied with "Section 163.31801 – Impact Fees" of the Florida Statutes for the fiscal year ending September 30, 2020.

Cassandra Smith, City Clerk/Finance Director
City of Wildwood, Florida

STATE OF FLORIDA
COUNTY OF SUMTER

The forgoing instrument was acknowledged before me this 24th day of June, 2021 by Cassandra Smith, as City Clerk/Finance Director of the City of Wildwood, who is personally known to me.

Notary Public – State of Florida

Print Name: ALICE BORRACK

Commission Number: GG310563

Commission Expires: 4/30/2023

