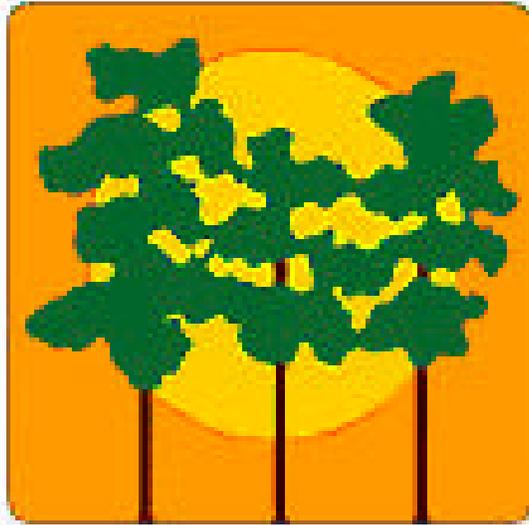


Village of Wellington



Florida

***Comprehensive Annual Financial Report
September 30, 2004***



***Village of Wellington,
Florida***

***Comprehensive Annual Financial Report
September 30, 2004***

***Prepared by:
Finance Department***

***Francine L. Ramaglia, CPA
Director of Administrative
and Financial Services***

VILLAGE OF WELLINGTON, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2004

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VILLAGE OF WELLINGTON, FLORIDA

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INTRODUCTORY SECTION



VILLAGE OF WELLINGTON

December 17, 2004

***The Honorable Mayor, Members of the Village Council,
and Residents of the Village of Wellington, Florida***

It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the Village of Wellington (the Village) for the year ended September 30, 2004. This report was prepared by the Finance Department in accordance with the Village Charter, State Statutes and generally accepted accounting principles for governments. In addition to meeting legal requirements, this report reflects the Village's commitment to full financial disclosure. We encourage you to thoroughly read this report and take the opportunity to discuss some of the important items it addresses.

State law requires that a complete set of financial statements be published within one year of fiscal year end and presented in conformance with generally accepted accounting principles (GAAP) as applicable to governmental entities and audited in accordance with generally accepted auditing standards by licensed independent certified public accountants.

The financial statements are presented in accordance with Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. The presentation of the Village's financial information includes two financial statements that provide a government-wide perspective using the accrual basis of accounting. The two government-wide statements present governmental activities separately from business-type activities. The inclusion of the government-wide statements in this format enables a more thorough understanding of the financial operations and condition of the Village.

The fund financial statements focus on individual major funds. Each major fund is presented in a separate column in the fund financial statements. Nonmajor funds are aggregated and presented in a combined column. Budget to actual comparisons are presented as required supplementary information. The comparisons are informative, including both the original adopted budget and the final amended budget.

We believe the report will assist in making economic, social and political decisions and in assessing accountability to the residents by:

- ❖ comparing actual financial results with the legally adopted budget, where appropriate;
- ❖ assessing financial condition and results of operations;
- ❖ assisting in determining compliance with fiscally-oriented laws, rules and regulations; and
- ❖ assisting in evaluating the efficiency and effectiveness of Village operations.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of our knowledge and belief, the data, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the Village. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

FINANCIAL STATEMENT FORMAT

This report has been prepared and organized to meet the requirements of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. By following the guidelines of this program, the report's format facilitates understanding by the residents and provides information needed by the most sophisticated and interested financial observers. The report is presented in four sections: introductory, financial, statistical, and compliance.

- ❖ The **introductory section**, which is unaudited, includes this transmittal letter, the Village's organization chart, and a list of principal officials. This section is designed to provide an overview and general understanding of the report.
- ❖ The **financial section** provides a detailed presentation of the financial position and results for the fiscal year ended September 30, 2004. The financial section is divided into four main subsections:
 - ❖ Management's Discussion and Analysis
 - ❖ Basic Financial Statements
 - ❖ Required Supplementary Information
 - ❖ Combining Financial Statements

Readers are encouraged to pay particular attention to management's discussion and analysis and to the footnotes in the basic financial statements. These provide valuable analysis and explanation of the financial statements.

- ❖ The **statistical section**, which is unaudited, includes a number of multi-year tables and other data designed to present social, economic and financial trends of the Village, providing an overall view of the fiscal capacity of the Village.
- ❖ The **compliance section** includes the report of the independent auditors on internal control over financial reporting and on compliance and other matters in accordance with *Government Auditing Standards*, and the management letter.

The 2004 Comprehensive Annual Financial Report is the ninth Comprehensive Annual Financial Report prepared by the Village. The Village was incorporated on December 31, 1995, and municipal operations commenced on March 28, 1996. Concurrent with incorporation, the former local government – Acme Improvement District (the District) – became a dependent district of the Village. Hence, comparative data provided herein for 1995/1996 is comprised of the combined actual operating results of the two separately adopted budgets for each entity, whereas data for the years prior to incorporation results solely from the now dependent district's operations.

The financial reporting entity includes all the funds of the primary government (the Village of Wellington, as legally defined), as well as all of its component units in accordance with GASB *Codification of Governmental*

Accounting and Financial Reporting Standards, Section 2100, "Defining the Reporting Entity." Component units are legally separate entities for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Village's combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of the authority of the organization's governing board. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the District is reported in the governmental funds (special revenue) of the primary government as a blended component unit.

PROFILE OF THE GOVERNMENT

The Village of Wellington is a full-service municipality located within the boundaries of Palm Beach County. The Village derives its government authority from a charter granted by the legislature of the State of Florida. The Village operates under a Council-Manager form of government. Four Council Members are elected at large on a non-partisan basis for staggered four-year terms; the Mayor is elected on a non-partisan basis for a three year term. The Village Council appoints the Village Manager who is the Chief Administrative Officer of the Village and who directs the business of the Village and its various departments. The Village Council determines policy, adopts legislation, approves the Village's budget, sets taxes and fees, and appoints the Village Attorney and members of various boards and committees.

The Village provides a wide variety of community services including general government; planning, zoning and building; public safety (police protection); public works (construction and maintenance of roads, rights of way and other infrastructure; street lighting; and stormwater drainage); culture and recreation (parks maintenance, recreational activities, cultural events and related facilities); water and sewer utilities; and solid waste collection and recycling.

The Village currently encompasses approximately 46.6 square miles in the east-central portion of Palm Beach County and is the 3rd largest municipality in the County based on its geographic area. When the District was initially created in 1953, fewer than 100 individuals resided in the area. Today, the Village is an affluent bedroom community with an estimated current permanent population of 50,600 people residing in over 16,500 dwellings with an average housing value of \$250,000. Projections indicate that this population will exceed 60,800 residents by the year 2014.

The Village offers tremendous diversity: the 10,000 acres north of Pierson Road consist of developments ranging from apartments to estate homes at the Polo Club and from town homes to the Aeroclub where the residents have airplane hangars attached to their homes. The 10,000 acres south of Pierson Road contain one of the world's premiere equestrian facilities, horse farms, agriculture, nurseries, and fully developed multi-million dollar 80-acre estates promoting equestrian activities. The primary sources of employment within the Village are construction, agriculture and retail sales. Approximately 95% of employed Village residents work outside of the Village.

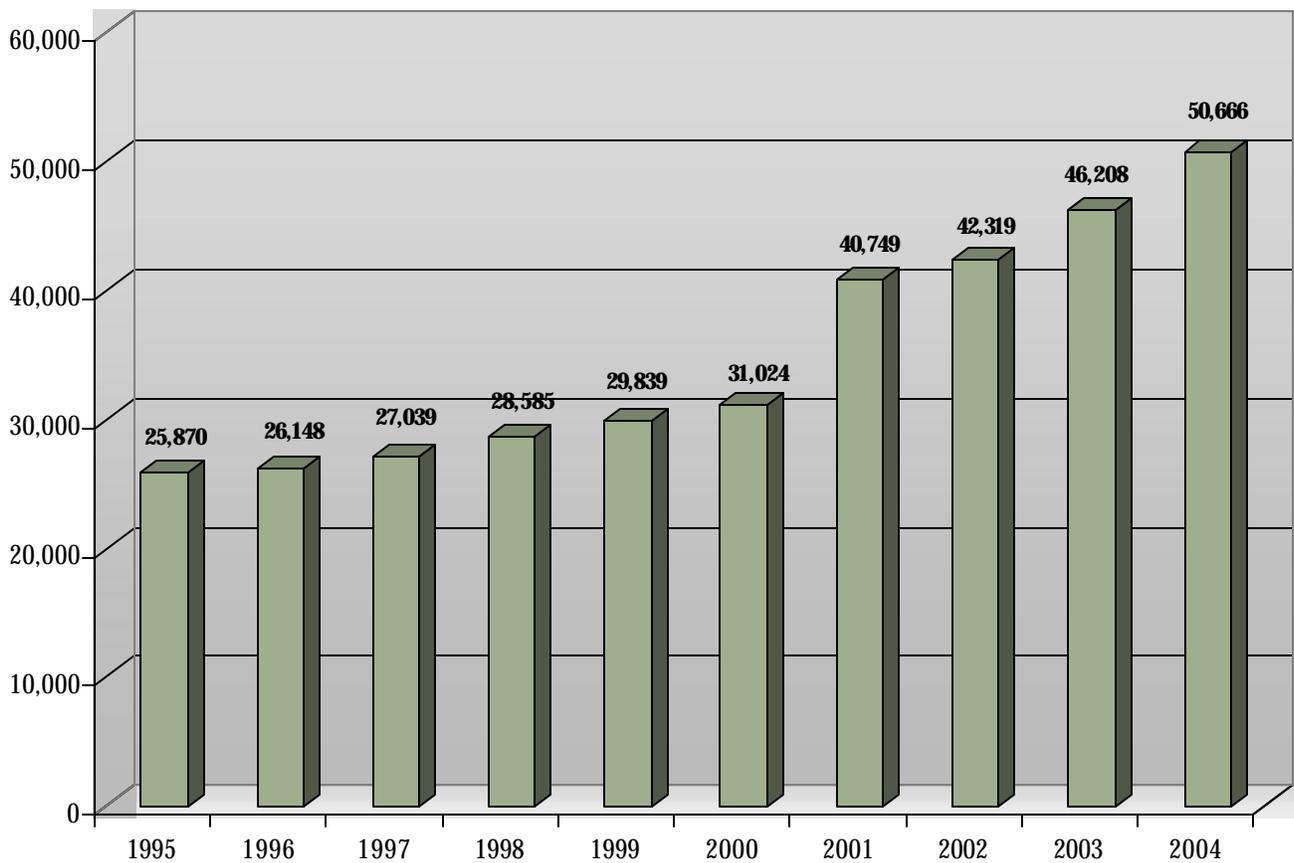
ECONOMIC CONDITION AND OUTLOOK

The growth and development of the Village is dependent upon the economic environment of South Florida and particularly that of Palm Beach County. Consideration of the impact of these economic indicators is critical as the Village endeavors to develop its resources and facilities to meet the demand of its residents as well as to comply with regulatory requirements.

Between 1993 and 2004, total employment in Palm Beach County was relatively stable while population increased at an average annual rate of approximately 3%. Population growth for Palm Beach County and the Village, based on information obtained from Palm Beach County, the U.S. Census Bureau, the Bureau of Economic and Business Research at the University of Florida, and the Treasure Coast Regional Planning Council (TCRPC), are illustrated below.

The population growth of the area within the Village has consistently exceeded that of the County. Between 1995 and 2004, the population of the area within the Village increased by 96% or at an annual rate of 10.7%. The Village's estimated 2005 permanent population of 51,679 (excluding seasonal residents) makes it the 5th largest municipality in Palm Beach County.

1995-2004 HISTORICAL POPULATION

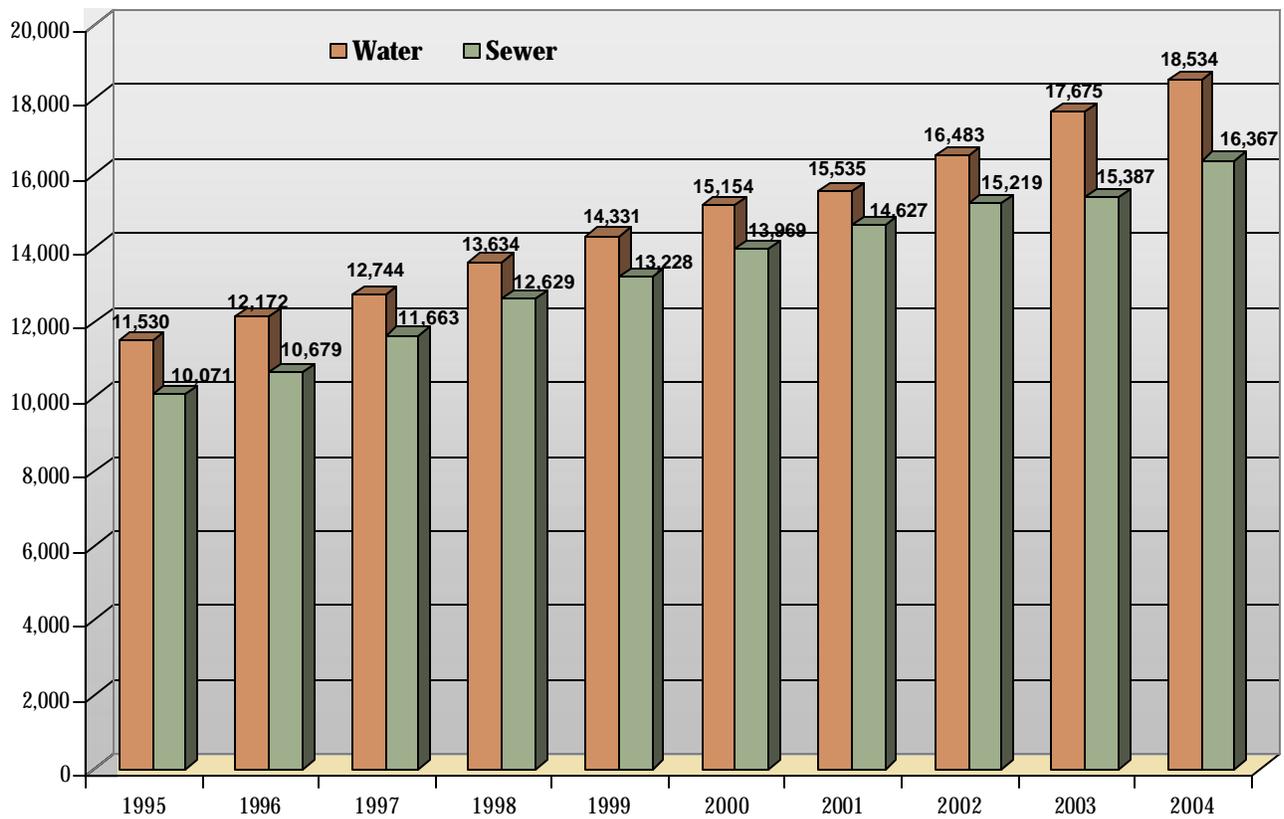


1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
25,870	26,148	27,039	28,585	29,839	31,024	40,749	42,319	46,208	50,666

The strength of the local economy can also be seen in the growth of the Village's water production and number of active accounts. Between 1995 and 2004, the Village's water production increased 39%, or at an average annual rate of 4%, while the number of active accounts grew at approximately 61% over the same period. At present, the Village has 18,534 water service customers and 16,367 sewer service customers. At buildout, it is projected that the water system will service over 24,000 customers and the wastewater system will service over 20,000 customers.

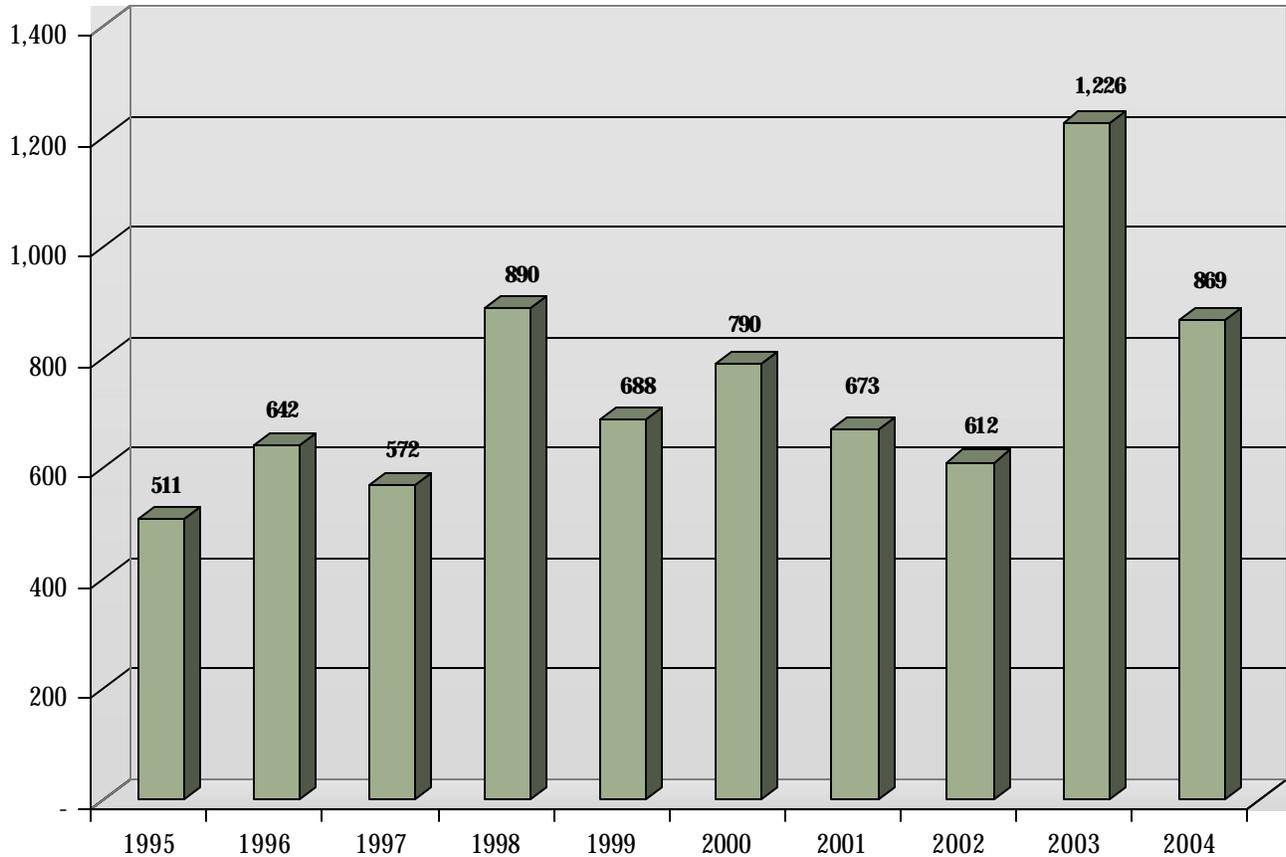
In the early 1990's, a reduction in housing construction activity in the area within the Village occurred. From 1988 to 1993, new construction activity (as measured by the number of new water meter installations) declined from a high of 982 units to a low of 439 units. However, the trend has reversed itself over the recent years and, with major new developments such as Wellington's Edge, Grand Isles, Isle of Wellington, Black Diamond, Equestrian Club Estates, Country Place, Versailles and the Minto & Divosta projects coming on line, construction activity is expected to continue to increase. In fact, growth estimates project 600 new homes to be added for fiscal year 2005/2006. Some of the new areas of development will not utilize the Village of Wellington's water and wastewater services. Total new meter installations for the year ended September 30, 2004 were 869. Conservative estimates anticipate future growth of the water and wastewater customers at a pproximately 600 new units in the coming year.

1995-2004 HISTORICAL ACTIVE WATER AND SEWER ACCOUNTS



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Water	11,530	12,172	12,744	13,634	14,331	15,154	15,535	16,483	17,675	18,534
Sewer	10,071	10,679	11,663	12,629	13,228	13,969	14,627	15,219	15,387	16,367

1995-2004 HISTORICAL NEW METER INSTALLATIONS



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
511	642	572	890	688	790	673	612	1,226	869

MAJOR INITIATIVES

The following were among those many diverse activities and accomplishments to which the elected officials and staff devoted their energies in Fiscal Year 2003/2004.

- ❖ GFOA Certificate of Achievement for Excellence in Financial Reporting was received for the Village's Comprehensive Annual Financial Report for the Fiscal Year October 1, 2002 through September 30, 2003. This award has been received for eight consecutive years.
- ❖ GFOA Award for Distinguished Budget Presentation was received for the Village's Annual Budget for the Fiscal Year October 1, 2002 through September 30, 2003. This award has been received for nine consecutive years.
- ❖ Awarded a grant to public schools in the Village of Wellington of \$5 per student, for a total of \$200,965 for materials, supplies, equipment or curriculum needs.
- ❖ Award Reading Challenge Grant to five elementary schools for a total of \$125,000.
- ❖ Completed the following projects
 - Pump Station 6
 - Birkdale Pedestrian Path
 - Greenview Shores Pedestrian Path

- Fairlane Farms Pedestrian Path
- Bridge over C-51 Canal
- Wellington High Parking Lot
- Mechanic Shop Building
- New Horizons Park Lighting
- Olympia Park
- ❖ Received \$260,421 in grant funding for capital projects and special activities.
- ❖ Expended a total of \$8,023,854 for damages and debris removal for Hurricanes Frances and Jeanne.
- ❖ Completed Classification and Compensation Study.
- ❖ Employee focus groups recommended changes to Employee Handbook, Benefits and Performance Measurement.

Water Quality Issues / Surface Water Action Team (SWAT)

SWAT (Surface Water Issues)/Basin B drainage issues continues to be one of the biggest issues and challenges the Village faces. The Everglades Forever Act requires that all discharge into the Everglades Protection Area meet water quality standards established by the State by the December 31, 2006 deadline for compliance. Wellington residents must pay the cost of phosphorus removal from Basin B, the area roughly south of Pierson Road. The Village entered into an interlocal agreement with South Florida Water Management District (SFWMD) for a Basin B solution. The agreement acknowledges the need for improved water resource management facilities for the combined Basin A and Basin B. The key elements of the agreement are as follows:

- ❖ Project to be completed by 2006
- ❖ Wellington's cash contribution for the phosphorus solution is capped at \$3,000,000
- ❖ Wellington receives a credit of \$3,250,000 for incurred costs
- ❖ SFWMD agrees that Section 24 can be included as recreation and open space when calculating the Villages level of service required in the comprehensive plan

Annexations/Growth

Within the past few years, the Village Council approved the annexation of six properties: the 237 acre Black Diamond tract located west of State Road 7 between Forest Hill Boulevard and Southern Boulevard; the 226 acre Kahlert property located west of State Road 7 and ½ mile north of Lake Worth Road; the 1,670 acre Minto property located on the east side of State Road 7 on the north and south sides of Forest Hill Boulevard; two parcels totaling .08 acres adjacent to Wellington Green Mall; and in 2003, 10 acres for the "New Community Church" located on the west side of State Road 7 south of Forest Hill Boulevard. After being developed, these properties are expected to add approximately 4,100 dwelling units and approximately 12,000 new residents to Wellington.

Reserves and Surplus

One of the primary reasons we are once again able to hold the line on total taxes and assessments despite the increased spending for higher levels of services desired by residents is the continued strong or robust economy combined with the greater than expected growth of our community. The Village maintains unreserved and undesignated reserves for the general fund (\$8 million) and recreation programs (\$1.2 million). The Village decided during FY 2004 we would go to "pay-as-you-go" for some projects. In addition, some of the cash reserves were used to pay for expenses related to Hurricane Frances and Jeanne. FEMA has not yet finalized the reimbursement figures. The Village picked up debris on private roads, yet FEMA has not yet decided if the Village will be reimbursed for these costs. The Village was concerned about the 10 year growth outlook and did not want significant debt service in the future. These undesignated reserves are equal to roughly 28% of the Village's 2004/2005 adopted general fund budget.

The Council has set a target for reserves of between 23% to 27% and has generally set tax rates in the last few years that keep these reserves around 25%. The reserves are generally considered a necessary function of sound fiscal management for a variety of reasons:

- ❖ Time lag in first quarter collection of property taxes (including assessments) in each year,
- ❖ Timing of when the Village borrows,
- ❖ Unforeseen activities and mandates,
- ❖ Natural disasters, such as Florida hurricanes! Additionally, the recent national tragedy and any related recession could affect revenues, which in turn, could affect reserves,
- ❖ The fact that roughly 50% of the Village's revenues are elastic (that is, based on economic factors and growth estimates that can easily deviate from projections),
- ❖ Potential increases to programmed expenditure estimates based on bid results, litigation, contract renewals, additional services, etc., and
- ❖ We must be able to have a buffer to enable us to continue the same service levels while adjusting staff/operations as a result of any shifts in the economy.

FINANCIAL INFORMATION

Accounting and Administrative Controls

The Village's internal control structure is designed to ensure that the assets of the Village are protected against loss from theft, unauthorized use, or disposition and to ensure that adequate and reliable financial records are available for preparing financial statements in conformity with generally accepted accounting principles. The internal controls provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework and it is our belief that the Village's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Control

The Village adopts fiscal year budgets for all funds. The Village maintains budgetary controls with the objective being to ensure compliance with legal provisions contained in the annual appropriated budget approved by the Village Council. The level of budgetary control is the department. The Village Manager or designee is authorized to transfer budgeted amounts within departments of any fund, while revisions that alter the budgeted totals of any fund require approval of the Village Council. Monthly budget reports are prepared in detail for each department, with actual revenues and expenditures being compared with appropriated revenues and estimated expenditures.

As demonstrated by the budgetary comparison schedules included in the required supplementary information section of this Comprehensive Annual Financial Report, the Village continues to meet its responsibility for sound financial management practices.

Capital Financing

In conjunction with the operating budget, the Village Manager annually prepares a program to provide for improvements to the Village's public facilities for the ensuing fiscal year and next four years, along with

proposals for the financing of these improvements. This five-year plan is called the Capital Improvement Program. The first year of the program constitutes the capital budget for the current fiscal year; the remaining years are used as a planning guide. The program allocates funding over five years for Village roads, park development, public works projects, and new equipment. The Village's Capital Improvement Program for fiscal years 2005 through 2009 calls for expenditures approximating \$48 million in the governmental funds and approximately \$23 million in the enterprise funds. The Village anticipates borrowing to provide funds for a new municipal complex.

Retirement Plans

The Village provides a non-contributory defined contribution pension plan for all employees. The Village also offers a deferred compensation plan to employees and permits participants to contribute any amount within the limitations as prescribed by the Internal Revenue Service while deferring a portion of their salary until future years when it would become available upon termination, retirement, death, or unforeseen non-reimbursement emergency. The deferred compensation plan does not allow for the Village to make contributions. In addition to the above plans, 12 employees employed prior to January 1, 1996, who did not elect to participate in the Local Option Retirement Plan, are participants of the Florida Retirement System.

Debt Service Administration

In Florida, there is no legal debt limit. All general obligation debt pledging payment from ad valorem taxes must be approved by referendum, unless it is to refund outstanding debt. Article VII, Section 12, of the Florida State Constitution states "Counties, school districts, municipalities, special districts, and local governmental bodies with taxing powers may issue bonds, certificates of indebtedness, or any form of tax anticipation certificates payable from ad valorem taxes and maturing more than twelve months after issuance only to finance or refinance capital projects authorized by law and only when approved by vote of the electors ..." The Village has no general obligation debt outstanding.

All applicable debt covenants such as ratios of net income to debt service, sinking funds and insurance coverage have been met or exceeded. The Village has an underlying bond rating of Aa3 from Moody's Investors Services and AA- from Fitch based on the financial stability of the Village.

Cash Management

The Village's investment strategy is promulgated within the framework of an investment policy which establishes a conservative set of investment criteria that prudently protects the Village's principal and enables the Village to generate a fair rate of return from its investment activities. The primary focus of the Village's investment policy is the safeguarding of public assets by minimizing credit and market risk. The Village uses a pooled cash concept for the funds under its control, except for the assets of the deferred compensation plan and the local retirement plan. The Village invests in those instruments authorized by State Statutes, Village resolutions, and applicable bond resolutions. The Village's temporarily idle cash was invested within the guidelines of the adopted investment policy in overnight repurchase agreements, money market mutual funds, and U.S. Treasury securities. The Village's invested funds, excluding the assets of the local retirement plan, achieved an annual average rate of return of 3.6%, resulting in total investment income of \$1.1 million in 2004.

Risk Management

Risk management is the systematic, logical, and continuous process which identifies exposures to different types of losses, evaluates the potential cost of these losses, and identifies the most cost effective method or methods to deal with them. These methods include reducing or eliminating the risk by sound loss control and safety practices. The Village has traditionally financed loss exposures through conventional insurance with varying levels of retention. An active and ongoing risk management program along with loss control

measures is coupled with an annual evaluation of the methods of financing the exposures, to produce what the Village feels is an effective and efficient program.

The Village purchases insurance coverage for workers compensation, property damage and general liability through the Florida League of Cities insurance program, which assumes all risk of loss up to the policy maximum. Insurance coverages are evaluated annually by management and adjusted as necessary to provide the most cost effective protection for the Village.

Independent Audit

An audit of the Village's financial records, as required by State Statutes and the Village Charter, was performed by the independent certified public accounting firm Rachlin Cohen & Holtz LLP. The auditors' report on the financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Wellington, Florida, for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Village of Wellington has received the Certificate of Achievement for the last eight consecutive years (1996-2003). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

In addition, the Village also received the GFOA's Award for Distinguished Budget Presentation for the Fiscal Year beginning October 1, 2003. The Village has received this award for the last nine years. In order to earn the Distinguished Budget Presentation Award, the Village's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. We have submitted the Village's 2005 budget document to the GFOA, as we believe it also conforms to the program requirements.

Acknowledgements

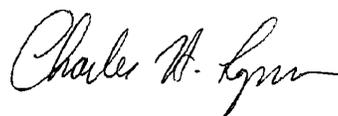
Preparation of this report could not have been accomplished without the dedicated efforts of Holly Vath, Deputy Director of Administrative and Financial Services. The following Finance staff also contributed to this report; Carol Stone, Accounting Supervisor; Donna Ryan-Ruiz, Accounting Technician; Tisa Sullivan, Accounting Technician and Maria Miserendino, Accounting Technician. Their technical expertise and concerted efforts were truly evident in the audit process. Their assistance and cooperation have allowed us to prepare, on a timely basis, a report which gives its readers a comprehensive view of the Village's financial and economic position. We also extend our sincere appreciation to the independent certified public accounting firm of Rachlin Cohen & Holtz LLP for the professionalism and cooperation shown during the performance of the engagement and the expertise shown in financial reporting for government entities.

We believe that this report reflects the sound financial position of the Village of Wellington. We would like to thank the Mayor, the Village Council, and the residents of the Village of Wellington for their interest and support toward the planning and administration of the financial operations of the Village of Wellington in a responsible, progressive manner. With this support, we have been able to maintain a high degree of fiscal health and responsibility for the Village of Wellington in our challenging environment.

Respectfully submitted,



Francine L. Ramaglia, CPA
Director of Administrative and Financial Services



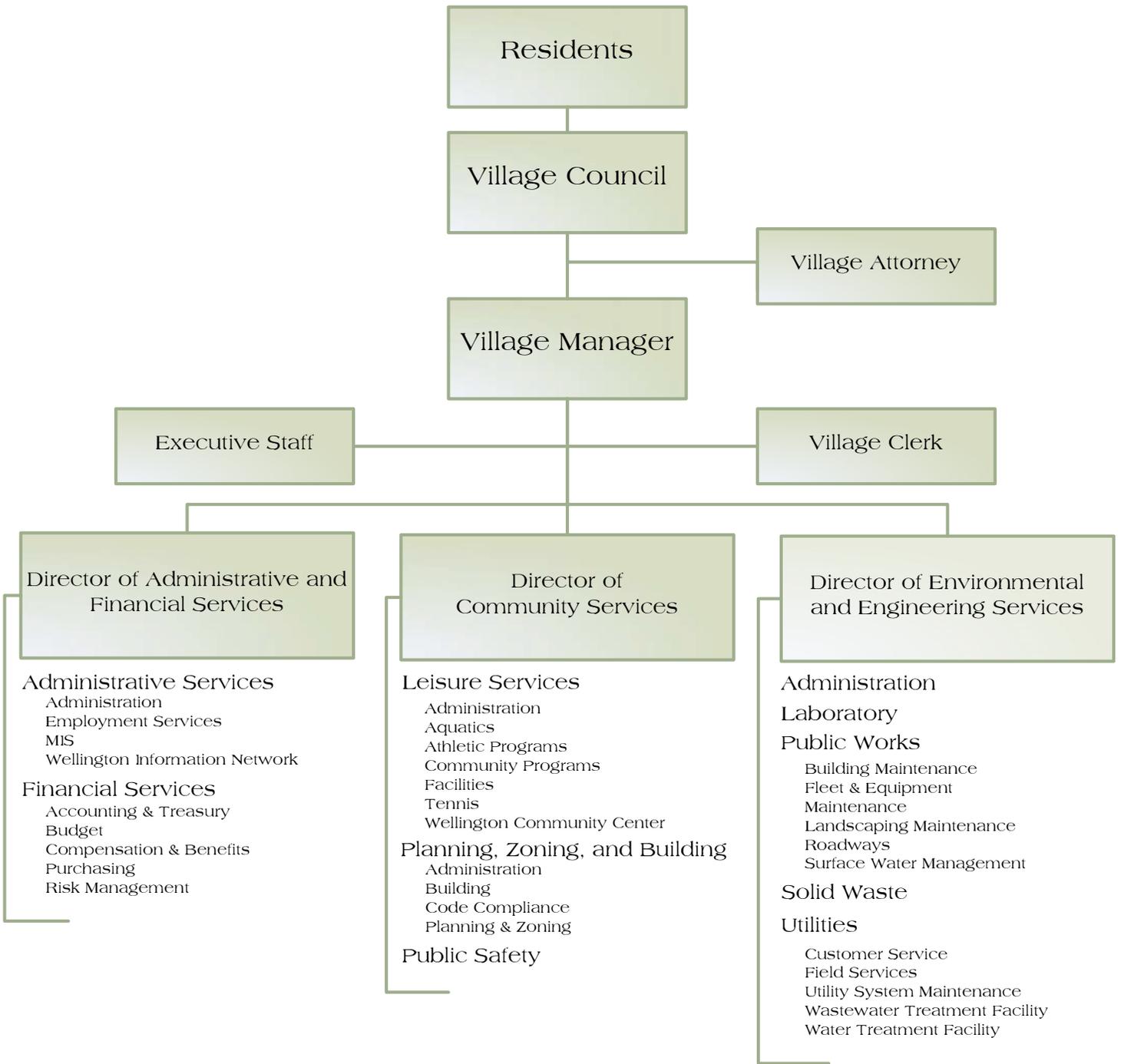
Charles H. Lynn, AICP
Village Manager

VILLAGE OF WELLINGTON, FLORIDA

FOR THE YEAR ENDED SEPTEMBER 30, 2004

LIST OF PRINCIPAL OFFICIALS

TITLE	NAME
Mayor	Thomas M. Wenham
Vice Mayor	Lizbeth Benacquisto
Council Member	Laurie S. Cohen
Council Member	Robert S. Margolis
Council Member	Dr. Carmine A. Priore
Village Manager	Charles H. Lynn, AICP
Director of Administrative and Financial Services	Francine L. Ramaglia, CPA
Director of Environmental and Engineering Services	Gary R. Clough, P.E.
Director of Community Services	Paul Schofield
Village Clerk	Awilda Rodriguez
Village Attorney	Jeffrey Kurtz



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Wellington,
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjella

President

Jeffrey R. Emery

Executive Director



FINANCIAL SECTION

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Village Council
Village of Wellington, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wellington, Florida, (the Village) as of and for the year ended September 30, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2004, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



The Honorable Mayor and Village Council
Village of Wellington, Florida
Page Two

Management's discussion and analysis (pages 3 through 10), budgetary comparison schedules (pages 51 through 63), and condition rating of the street system (page 64) are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The introductory section, combining and individual fund financial statements and other supplemental information, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village. The combining and individual fund financial statements and other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are presented fairly, in all material respects, in relation to the basic financial statements taken as a whole. The information included in the introductory and statistical sections have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.

Rachlin Cohen & Holtz, LLP

West Palm Beach, Florida
December 17, 2004

VILLAGE OF WELLINGTON, FLORIDA

Management's Discussion and Analysis

September 30, 2004

The Village of Wellington's discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, and conditions. It is intended to provide a broad overview and short-term and long-term analysis of the Village's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent years' challenges), identify material deviations from the approved budget, and identify individual fund issues.

The information contained within this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and the other Required Supplementary Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- ❖ The Village's government-wide total assets exceeded liabilities (net assets) at the close of the fiscal year by \$249.6 million, which is an increase of 7% or \$16.8 million over 2003. Of this amount, \$39.5 million is in unrestricted net assets which is available to meet the Village's ongoing commitments to citizens and creditors.
- ❖ The Village's governmental funds ended the year with a combined fund balance of \$46.5 million, which is an increase of 2% or \$808,800 over 2003. Of that amount, the unreserved, undesignated portion is \$10.1 million.
- ❖ Net assets of our business-type activities increased 6% or \$7.2 million, with \$6 million coming from capital contributions.
- ❖ The Village's total revenues were \$64.3 million, while total expenses were \$47.5 million. The total revenues decreased 6% or \$4.2 million while the total expenses increased 14% or \$5.7 million.
- ❖ Governmental Activities generated \$40.1 million in revenue with \$30.5 million in expenses.
- ❖ Business-type Activities generated \$24.2 million in revenue with \$17.0 million in expenses.
- ❖ The Village's total investment in capital assets, net of related debt, account for \$146.4 million of the Village's total net assets of \$249.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. One of the most important questions asked about the Village's finances is "Is the Village as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about

the Village as a whole and about its activities in a way that helps answer this question. Both statements represent an overview of the Village as a whole, separating its operations between governmental activities and business-type activities. The government-wide statements are prepared using the accrual basis of accounting. The impact of long-term financial decisions is recorded as the transactions occur, as opposed to the traditional method of recording them when the bill is paid.

The statement of net assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increase or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Other factors should be considered, however, such as the condition of the Village's capital assets (canals, bridges, buildings, etc.) to assess the overall health of the Village.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 11-13 of this report.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Village's funds can be divided into two categories: governmental funds and proprietary funds. The two kinds of funds use different accounting approaches.

Basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources and the balances of spendable resources available at year-end. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The fund financial statements provide detailed information about the most significant funds – not the Village as a whole. Accordingly, five major funds are reported individually in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining governmental funds are reported as a combined total. Major governmental funds for the year ended September 30, 2004 were the General Fund, Planning, Zoning, and Building Special Revenue Fund, Recreation Programs Special Revenue Fund, Recreation Impact Fees Special Revenue Fund, and the Surface Water Management Special Revenue Fund. The basic governmental fund financial statements can be found on pages 14-23 of this report.

Proprietary funds are used to account for revenues and expenses from services provided on a user-charge basis to the public. Proprietary fund activities are reported on the same accounting basis and measurement focus as the statement of net assets and the statement of activities. This is similar to that found in the private sector and provides a periodic measurement of net income. The Village's proprietary activities are accounted for in enterprise funds for water and sewer operations and for solid waste collection and recycling. The Village's major enterprise funds for the year ended September 30, 2004 were the Utility System Enterprise Fund and the Solid Waste Fund. The basic proprietary fund financial statements can be found on pages 24-27 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 28 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This information includes budgetary comparisons for the Village's general fund and major special revenue funds. It also includes statistical information on the assessed condition of the Village's road system and on budgeted road maintenance expenses. Required supplementary information can be found on pages 51-64 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules for nonmajor funds can be found on pages 65-71 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Wellington, assets exceeded liabilities by \$249.6 million at the close of the most recent year. The largest portion of the Village's net assets (60%) reflects its investment in capital assets. The Village uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Restricted net assets of the Village (\$63.7 million) are reported in both the governmental and business-type activities. These net assets have limits on their use that are externally imposed (gas tax, impact fees, and bond covenants) and imposed by enabling legislation (planning, zoning and building and surface water management). These resources can be used only for future construction; planning, zoning and building; surface water management; or debt service activities. The remaining unrestricted net assets may be used to meet the government's ongoing operations.

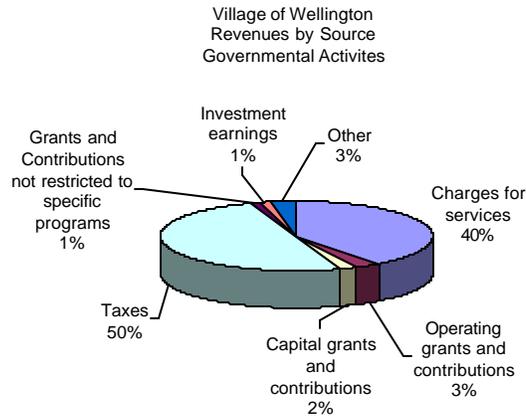
Village of Wellington's Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 49,590,644	\$ 49,723,806	\$ 62,420,775	\$ 56,286,537	\$ 112,011,419	\$ 106,010,343
Capital Assets	107,101,870	99,089,920	84,727,117	82,110,753	191,828,987	181,200,673
Total Assets	\$ 156,692,514	\$ 148,813,726	\$ 147,147,892	\$ 138,397,290	\$ 303,840,406	\$ 287,211,016
Long term debt outstanding	\$ 25,316,552	\$ 26,140,386	\$ 21,272,452	\$ 21,057,078	\$ 46,589,004	\$ 47,197,464
Other liabilities	3,180,828	4,118,769	4,415,435	3,086,113	7,596,263	7,204,882
Total Liabilities	\$ 28,497,380	\$ 30,259,155	\$ 25,687,887	\$ 24,143,191	\$ 54,185,267	\$ 54,402,346
Net Assets:						
Invested in capital assets	\$ 82,441,223	\$ 73,424,222	\$ 63,977,950	\$ 61,103,841	\$ 146,419,173	\$ 134,528,063
Restricted	28,588,134	25,021,182	35,173,687	22,753,650	63,761,821	47,774,832
Unrestricted	17,165,777	20,109,167	22,308,368	30,396,608	39,474,145	50,505,775
Total Net Assets	\$ 128,195,134	\$ 118,554,571	\$ 121,460,005	\$ 114,254,099	\$ 249,655,139	\$ 232,808,670

Village of Wellington's Change In Net Assets						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services	\$ 15,918,456	\$ 13,534,501	\$ 15,544,649	\$ 14,605,477	\$ 31,463,105	\$ 28,139,978
Operating grants and contributions	1,206,275	2,126,925	1,113,196		2,319,471	2,126,925
Capital grants and contributions	962,437	1,237,268	5,973,688	15,299,995	6,936,125	16,537,263
General revenues:						
Taxes	19,755,300	17,007,297			19,755,300	17,007,297
Grants and contributions not restricted to specific program:	504,157	448,180			504,157	448,180
Investment earnings	562,948	781,265	569,820	1,001,488	1,132,768	1,782,753
Other	1,214,021	1,018,405		92,557	1,214,021	1,110,962
Total Revenues	40,123,594	36,153,841	23,201,353	30,999,517	63,324,947	67,153,358
Program expenses including indirect expenses:						
General government	3,271,159	2,540,811			3,271,159	2,540,811
Public safety	4,751,759	3,909,543			4,751,759	3,909,543
Planning and development	4,687,148	4,251,364			4,687,148	4,251,364
Engineering and public works	2,486,160	2,354,330			2,486,160	2,354,330
Surface water management	1,814,288	1,785,806			1,814,288	1,785,806
Transportation	3,362,695	3,398,006			3,362,695	3,398,006
Culture/recreation	7,939,630	7,219,764			7,939,630	7,219,764
Interest and debt issuance costs	1,195,192	1,199,039			1,195,192	1,199,039
Water and wastewater			12,812,127	11,924,676	12,812,127	11,924,676
Solid waste			4,158,320	1,738,507	4,158,320	1,738,507
Total expenses	29,508,031	26,658,663	16,970,447	13,663,183	46,478,478	40,321,846
Excess before transfers	10,615,563	9,495,178	6,230,906	17,336,334	16,846,469	26,831,512
Transfers	(975,000)	(100,000)	975,000	100,000	-	-
Increase in net assets	9,640,563	9,395,178	7,205,906	17,436,334	16,846,469	26,831,512
Beginning net assets	118,554,571	109,159,393	114,254,099	96,817,765	232,808,670	205,977,158
Total net assets	\$ 128,195,134	\$ 118,554,571	\$ 121,460,005	\$ 114,254,099	\$ 249,655,139	\$ 232,808,670

Governmental Activities

Governmental activities increased the Village of Wellington's net assets by \$9,640,563, accounting for 57% of the total growth in the net assets of the Village of Wellington. Key elements of this increase are as follows:

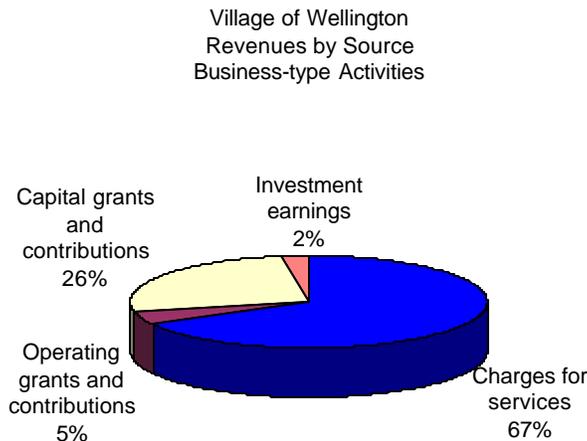
- ❖ Charges for services increased \$2,383,955 or 18% compared to the prior year mostly due to an increase in recreation impact fees.
- ❖ Taxes increased by \$2,748,003 or 16% during the year mostly due to an increase in property taxes caused by the increase in values of property that are being assessed.



Business-type Activities

Business-type activities increased the Village of Wellington’s net assets by \$7,205,906, accounting for 43% of the total growth in the net assets of the Village of Wellington. Key elements of this increase are as follows:

- ❖ Capital contributions of \$5,973,688 that were used to increase the capacity of the Utility System were responsible for 83% of the increase in net assets. Capital contributions decreased \$9,326,307 or 60% compared to prior year.



Governmental Funds Financial Analysis

The focus of the Village of Wellington’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village of Wellington’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village of Wellington’s governmental funds reported combined ending fund balances of \$46,493,590, an increase of \$808,800 over the prior year. The majority of the increase is attributable to delays in capital project construction. The Village had \$22 million in capital outlay projects that were unspent. A majority of those projects will be completed in future years.

The unreserved and undesignated fund balance (\$10,056,890) is available for spending at the Village's discretion including uses earmarked by the Village that do not meet the criteria for a designation. The remainder of fund balance (\$36,436,700) is reserved or designated to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$1,902,267), to pay debt service (\$45,692), and for capital improvements or other specified purposes (\$34,488,741).

The general fund is the main operating fund of the Village of Wellington. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$8,818,863, while the total fund balance was \$17,938,609. As a measure of the general fund's liquidity, it is useful to compare unreserved fund balance to total general fund expenditures. Unreserved and undesignated fund balance represents approximately 50% of total 2004/2005 general fund budgeted expenditures.

The planning, zoning and building fund is used to account for operations of the planning and building functions of the Village. At the end of the current fiscal year, \$5,273,211 was reserved for future building department expenditures. Building permit fees may only be used for building and inspection services expenditures. Revenues for the fund were \$5,891,363 and \$5,745,322 for fiscal year 2003 and 2004, respectively. This represents a decrease of 2% (\$146,041) from 2003. Revenues remained relatively constant due to the steady demanding housing market that is being experienced throughout Palm Beach County. The Village anticipates steady building revenue through 2009. The Village projects that new development will decrease significantly after 2009.

The recreation programs fund is used to account for operations relating to recreation facilities. At the end of the current fiscal year, unreserved and undesignated fund balance of the recreation programs fund was \$1,238,027, while the total fund balance was \$2,153,783. Unreserved and undesignated fund balance represents approximately 19% of total 2004/2005 recreation program fund budgeted expenditures. Additionally, revenues were \$1,996,097 and \$1,915,025 for fiscal year 2003 and 2004, respectively. This represents a decrease of 4% (\$81,072) over 2003.

The recreation impact fees fund is used to account for impact fee revenues and expenditures for recreation construction purposes. At the end of the current fiscal year, \$5,134,373 was reserved for future recreation construction projects. During the current year, fund balance increased \$558,568 or 10% over 2003.

The surface water management fund is used to account for operations related to water management facilities. Funding is provided through a non-ad valorem assessment within the Acme Improvement District (a dependent district). At the end of the current fiscal year \$4,426,175 was reserved for future expenses relating to water management. Additionally, revenues were \$3,508,907 and \$3,544,357 for fiscal year 2003 and 2004, respectively.

Proprietary Funds

The Village of Wellington's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets for business-type funds was \$22,308,368; \$21,831,104 for the Utility System and \$477,264 for Solid Waste. Total growth in net assets for these funds was \$7,205,906. The majority of this increase is attributable to an increase in capital contributions for increasing the capacity of the Utility System.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget totaled \$2,074,911 without transfers, and can be briefly summarized as follows:

\$442,824 in increases allocated to general government
\$21,240 in increases allocated to public safety
\$29,043 in decreases allocated to physical environment
\$1,639,890 in increases allocated to capital outlay

The budget amendments were funded with \$1,964,382 of prior year carry forwards and additional intergovernmental funding. Additional information on the Village's budgetary comparisons can be found on pages 51-63 of this report.

Long-Term Debt Activity

At the end of the current fiscal year, the Village of Wellington had total long-term debt outstanding of \$46,589,504. \$24,858,925 is for revenue bonds and loans issued to finance capital improvements for roadways, parks and recreation, public building and infrastructure. \$21,141,720 is for Utility System revenue bonds which financed projects to increase the capacity of the Utility System. An additional \$588,859 for compensated absences is also outstanding. Additional information on the Village's long-term debt can be found in Note 6 on pages 40-44 of this report.

Village of Wellington's Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
	Revenue bonds and loans	\$ 24,858,925	\$ 25,875,155	\$ 21,141,720	\$ 21,006,912	\$ 46,000,645
Compensated absences	457,627	265,231	131,232	50,166	588,859	315,397
Total	\$ 25,316,552	\$ 26,140,386	\$ 21,272,952	\$ 21,057,078	\$ 46,589,504	\$ 47,197,464

Capital Assets Activity

The Village of Wellington's investment in capital assets for its governmental and business-type activities as of September 30, 2004, amounts to \$191,828,987 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

The Village has elected to use the modified approach for its street system in lieu of the depreciation method. An up-to-date inventory of these infrastructure assets was performed and the annual costs to maintain and preserve these assets was established and disclosed through administrative policy. The current condition level of the street system meets the target condition level established by the Village. There were no significant changes in the condition levels of infrastructure assets, and the differences between the estimated amounts necessary to maintain and preserve the street system at target condition levels and the actual amount of expense incurred for that purpose for 2004 was not material.

Village of Wellington's Capital Assets
(net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Land	\$ 19,115,991	\$ 18,261,524	\$ 8,996,705	\$ 8,996,705	\$ 28,112,696	\$ 27,258,229
Buildings	6,968,281	5,451,134	2,319,690	2,405,950	9,287,971	7,857,084
Improvements	16,234,785	12,569,563	771,766	229,121	17,006,551	12,798,684
Machinery and equipment	4,308,086	3,980,621	2,577,018	3,187,282	6,885,104	7,167,903
Water and wastewater plant	-	-	13,529,768	13,240,353	13,529,768	13,240,353
Meters	-	-	2,699,778	2,963,963	2,699,778	2,963,963
Wells	-	-	2,124,148	2,401,055	2,124,148	2,401,055
Distribution lines	-	-	46,508,857	46,105,685	46,508,857	46,105,685
Infrastructure	51,256,079	50,904,802	-	-	51,256,079	50,904,802
Construction in progress	9,218,648	7,922,276	5,199,387	2,580,639	14,418,035	10,502,915
Total	\$ 107,101,870	\$ 99,089,920	\$ 84,727,117	\$ 82,110,753	\$ 191,828,987	\$ 181,200,673

Major capital projects completed during the current fiscal year included the following:

- ❖ Pump Station 6 Replacement
- ❖ C-51 Canal Bridge
- ❖ Mechanic Shop Building
- ❖ Minto Baseball Complex
- ❖ Lighting at New Horizons Park
- ❖ Wellington High School Parking Lot Paving
- ❖ Fairlane Farms Pedestrian Path
- ❖ Little Ranches Road Paving
- ❖ Greenview Shores Pedestrian Path
- ❖ Birkdale Pedestrian Path

Additional information on the Village's capital assets can be found in Note 5 on pages 39 – 40 of this report.

Economic Factors

The State of Florida, by constitution, does not have a personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments primarily rely on property taxes and fees to fund their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring grants.

While property taxes are important to the Village, they represent 24% of total governmental revenue. The largest governmental resource, at 28%, comes from program revenues such as licenses, permits, and other charges for services. Because of the decreased dependence upon property taxes, the Village's resources tend to keep pace with increased demand for services. Nevertheless, the Village monitors all of its resources and determines the need for program adjustment or fee increases accordingly.

Next Year's Budget and Rates

The operating millage rate (2.70 mills) for fiscal year 2004/2005 remained constant over the current fiscal year. The Surface Water Management Assessment rate (\$120 per unit) for fiscal year 2004/2005 also remained the same as the current fiscal year. The Solid Waste Assessment was increased for fiscal year 2004/2005 to \$114 per unit (\$106 per unit in fiscal year 2003/2004). The increase was necessary to enhance the level of service for solid waste collection. Additional information regarding the adoption of the annual budget can be found on page 63 of this report.

This financial report is designed to provide a general overview of the Village of Wellington's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

Finance Department
14000 Greenbriar Boulevard
Wellington, FL 33414
561-791-4000
www.ci.wellington.fl.us

BASIC FINANCIAL STATEMENTS



VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 13,269,557	\$ 21,082,740	\$ 34,352,297
Investments	24,596,660	39,084,972	63,681,632
Receivables (net)	601,982	1,479,290	2,081,272
Internal balances	1,172,506	(1,172,506)	-
Due from other governments	879,706	1,061,084	1,940,790
Inventories	6,676	459,280	465,956
Prepaid expenses	284,157	33,362	317,519
Deposits	57,230	-	57,230
Restricted assets:			
Cash and cash equivalents	8,523,892	-	8,523,892
Deferred charges	198,278	392,553	590,831
Capital assets:			
Capital assets not being depreciated	79,590,718	14,196,092	93,786,810
Capital assets being depreciated, net	<u>27,511,152</u>	<u>70,531,025</u>	<u>98,042,177</u>
Total assets	<u>156,692,514</u>	<u>147,147,892</u>	<u>303,840,406</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	1,904,944	2,622,689	4,527,633
Contracts and retainage payable	104,765	295,010	399,775
Due to other governments	215,939	-	215,939
Deposits	241,205	1,148,724	1,389,929
Unearned revenue	431,923	-	431,923
Accrued interest	282,052	348,512	630,564
Noncurrent liabilities:			
Due within one year	1,225,932	2,159,055	3,384,987
Due in more than one year	<u>24,090,620</u>	<u>19,113,897</u>	<u>43,204,517</u>
Total liabilities	<u>28,497,380</u>	<u>25,687,887</u>	<u>54,185,267</u>
<u>NET ASSETS</u>			
Invested in capital assets (net of related debt)	82,441,223	63,977,950	146,419,173
Restricted for:			
Debt service	45,692	-	45,692
Capital projects	28,542,442	35,173,687	63,716,129
Unrestricted	<u>17,165,777</u>	<u>22,308,368</u>	<u>39,474,145</u>
Total net assets	<u>\$ 128,195,134</u>	<u>\$ 121,460,005</u>	<u>\$ 249,655,139</u>

See notes to basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF ACTIVITIES YEAR ENDED SEPTEMBER 30, 2004

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>
Governmental activities:		
General government	\$ 7,260,676	\$(3,989,517)
Public safety	4,634,172	117,587
Planning and development	3,396,474	1,290,674
Engineering and public works	3,765,102	(1,278,942)
Surface water management	1,264,735	549,553
Transportation	2,936,346	426,349
Culture and recreation	6,553,695	1,385,935
Interest on long-term debt	1,184,013	-
Issuance costs	11,179	-
Total governmental activities	31,006,392	(1,498,361)
Business-type activities:		
Utility system	11,465,865	1,346,262
Solid waste	4,006,221	152,099
Total business-type activities	15,472,086	1,498,361
Total government	\$46,478,478	\$ -
General revenues:		
Taxes:		
Property taxes		
Utility taxes		
Sales tax		
Franchise taxes		
Grants and contributions not restricted to specific programs		
Investment earnings		
Gain on sale of capital asset		
Miscellaneous		
Transfers		
Total general revenues and transfers		
Change in net assets		
Net assets, beginning of year		
Net assets, end of year		

See notes to basic financial statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 238,627	\$ -	\$ -	\$ (3,032,532)	\$ -	\$ (3,032,532)
275,880	-	-	(4,475,879)	-	(4,475,879)
5,505,353	-	-	818,205	-	818,205
-	-	-	(2,486,160)	-	(2,486,160)
3,098,084	-	-	1,283,796	-	1,283,796
760,992	1,198,275	962,437	(440,991)	-	(440,991)
6,039,520	8,000	-	(1,892,110)	-	(1,892,110)
-	-	-	(1,184,013)	-	(1,184,013)
-	-	-	(11,179)	-	(11,179)
<u>15,918,456</u>	<u>1,206,275</u>	<u>962,437</u>	<u>(11,420,863)</u>	<u>-</u>	<u>(11,420,863)</u>
13,348,053	63,196	5,973,688	-	6,572,810	6,572,810
2,196,596	1,050,000	-	-	(911,724)	(911,724)
<u>15,544,649</u>	<u>1,113,196</u>	<u>5,973,688</u>	<u>-</u>	<u>5,661,086</u>	<u>5,661,086</u>
<u>\$ 31,463,105</u>	<u>\$ 2,319,471</u>	<u>\$ 6,936,125</u>	<u>(11,420,863)</u>	<u>5,661,086</u>	<u>(5,759,777)</u>
			9,276,804	-	9,276,804
			4,863,526	-	4,863,526
			3,235,206	-	3,235,206
			2,379,764	-	2,379,764
			504,157	-	504,157
			562,948	569,820	1,132,768
			416,983	-	416,983
			797,038	-	797,038
			(975,000)	975,000	-
			<u>21,061,426</u>	<u>1,544,820</u>	<u>22,606,246</u>
			9,640,563	7,205,906	16,846,469
			<u>118,554,571</u>	<u>114,254,099</u>	<u>232,808,670</u>
			<u>\$ 128,195,134</u>	<u>\$ 121,460,005</u>	<u>\$ 249,655,139</u>

See notes to basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2004

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Recreation Programs</u>	<u>Recreation Impact Fees</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,306,056	\$ 2,375,672	\$ 824,322	\$ 1,165,355
Investments	7,981,437	4,402,937	1,526,923	2,160,532
Receivables:				
Utility taxes	239,783	-	-	-
Franchise fees	213,090	-	-	-
Accounts	19,096	5,086	-	-
Interest	79,967	-	9,938	3,107
Due from other funds	1,125,567	-	-	-
Advances to other funds	4,046,939	-	-	-
Due from other governments	709,328	-	-	-
Inventories	6,676	-	-	-
Prepaid expenditures	284,157	-	-	-
Deposits	57,230	-	-	-
Restricted assets:				
Cash and cash equivalents	<u>62,097</u>	<u>-</u>	<u>-</u>	<u>3,018,071</u>
Total assets	<u>\$ 19,131,423</u>	<u>\$ 6,783,695</u>	<u>\$ 2,361,183</u>	<u>\$ 6,347,065</u>

See notes to basic financial statements.

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,015,777	\$ 1,582,375	\$ 13,269,557
5,591,156	2,933,675	24,596,660
-	-	239,783
-	-	213,090
-	-	24,182
18,062	13,853	124,927
-	-	1,125,567
-	-	4,046,939
17,710	152,668	879,706
-	-	6,676
-	-	284,157
-	-	57,230
<u>-</u>	<u>5,443,724</u>	<u>8,523,892</u>
<u>\$ 8,642,705</u>	<u>\$ 10,126,295</u>	<u>\$ 53,392,366</u>

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2004

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Recreation Programs</u>	<u>Recreation Impact Fees</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,053,504	\$ 171,012	\$ 174,972	\$ 282,576
Contracts and retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Due to other governments	-	215,939	-	-
Deposits	128,494	112,711	-	-
Unearned revenue	<u>10,816</u>	<u>388,679</u>	<u>32,428</u>	<u>-</u>
Total liabilities	<u>1,192,814</u>	<u>888,341</u>	<u>207,400</u>	<u>282,576</u>
Fund balances:				
Reserved for:				
Encumbrances	513,762	98,581	156	606,116
Advances	4,046,939	-	-	-
Capital improvements	870,284	-	-	5,134,373
Prepaid expenditures	284,157	-	-	-
Inventory	6,676	-	-	-
Building department expenditures	-	5,273,211	-	-
Debt service	-	-	-	-
Unreserved, designated for, reported in:				
General fund:				
Subsequent year's expenditures	3,397,928	-	-	-
Special revenue funds:				
Recreation capital projects	-	-	-	324,000
Road improvements	-	-	-	-
Road maintenance	-	-	-	-
Subsequent year's expenditures	-	523,562	915,600	-
Unreserved, undesignated, reported in:				
General fund	8,818,863	-	-	-
Special revenue funds	<u>-</u>	<u>-</u>	<u>1,238,027</u>	<u>-</u>
Total fund balances	<u>17,938,609</u>	<u>5,895,354</u>	<u>2,153,783</u>	<u>6,064,489</u>
Total liabilities and fund balances	<u>\$ 19,131,423</u>	<u>\$ 6,783,695</u>	<u>\$ 2,361,183</u>	<u>\$ 6,347,065</u>

See notes to basic financial statements.

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 111,765	\$ 111,115	\$ 1,904,944
104,765	-	104,765
1,000,000	-	1,000,000
3,000,000	-	3,000,000
-	-	215,939
-	-	241,205
-	-	431,923
<u>4,216,530</u>	<u>111,115</u>	<u>6,898,776</u>
322,530	361,122	1,902,267
-	-	4,046,939
3,435,445	8,106,901	17,547,003
-	-	284,157
-	-	6,676
-	-	5,273,211
-	45,692	45,692
-	-	3,397,928
-	-	324,000
-	222,372	222,372
-	1,086,723	1,086,723
668,200	192,370	2,299,732
-	-	8,818,863
-	-	1,238,027
<u>4,426,175</u>	<u>10,015,180</u>	<u>46,493,590</u>
<u>\$ 8,642,705</u>	<u>\$ 10,126,295</u>	<u>\$ 53,392,366</u>

See notes to basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

SEPTEMBER 30, 2004

Total governmental fund balances	\$ 46,493,590
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	107,101,870
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred charges	198,278
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(24,858,925)
Accrued interest	(282,052)
Compensated absences	<u>(457,627)</u>
Net assets of governmental activities	<u>\$ 128,195,134</u>

See notes to basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2004

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Recreation Programs</u>	<u>Recreation Impact Fees</u>
Revenues:				
Ad valorem taxes	\$9,276,804	\$ -	\$ -	\$ -
Franchise fees	2,379,764	-	-	-
Utility taxes	4,863,526	-	-	-
Special assessments	-	-	-	-
Impact fees	-	-	-	2,870,785
Licenses and permits	95,434	5,505,353	-	-
Intergovernmental revenue	3,802,791	-	8,000	-
Charges for services	143,193	-	1,868,735	-
Fines and forfeitures	220,933	54,947	-	-
Investment income	338,048	-	29,027	2,585
Miscellaneous	180,759	185,022	9,263	7,078
Total revenues	<u>21,301,252</u>	<u>5,745,322</u>	<u>1,915,025</u>	<u>2,880,448</u>

See notes to basic financial statements.

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 9,276,804
-	-	2,379,764
-	-	4,863,526
2,824,179	-	2,824,179
-	760,992	3,631,777
-	-	5,600,787
-	2,112,206	5,922,997
273,905	-	2,285,833
-	-	275,880
48,029	145,259	562,948
398,244	1,750	782,116
<u>3,544,357</u>	<u>3,020,207</u>	<u>38,406,611</u>

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS (Continued)

YEAR ENDED SEPTEMBER 30, 2004

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Recreation Programs</u>	<u>Recreation Impact Fees</u>
Expenditures:				
Current:				
General government	\$ 6,765,480	\$ -	\$ -	\$ -
Public safety	4,634,172	-	-	-
Physical environment	3,420,942	3,244,236	-	-
Transportation	365,700	-	-	-
Culture and recreation	-	-	4,426,043	-
Capital outlay	1,123,939	138,676	299,757	5,516,916
Debt service:				
Principal	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>16,310,233</u>	<u>3,382,912</u>	<u>4,725,800</u>	<u>5,516,916</u>
Excess (deficiency) of revenues over expenditures	<u>4,991,019</u>	<u>2,362,410</u>	<u>(2,810,775)</u>	<u>(2,636,468)</u>
Other financing sources (uses):				
Transfers in	11,268,772	514,907	4,268,070	3,681,000
Transfer out	(16,355,864)	(1,290,674)	(1,518,282)	(1,381,673)
Sale of capital asset	-	-	-	895,709
Total other financing sources (uses)	<u>(5,087,092)</u>	<u>(775,767)</u>	<u>2,749,788</u>	<u>3,195,036</u>
Net change in fund balances	(96,073)	1,586,643	(60,987)	558,568
Fund balances, beginning of year	<u>18,034,682</u>	<u>4,308,711</u>	<u>2,214,770</u>	<u>5,505,921</u>
Fund balances, end of year	<u>\$ 17,938,609</u>	<u>\$ 5,895,354</u>	<u>\$ 2,153,783</u>	<u>\$ 6,064,489</u>

See notes to basic financial statements.

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	-	6,765,480
-	-	4,634,172
1,051,794	-	7,716,972
-	1,144,642	1,510,342
-	-	4,426,043
2,837,185	1,839,998	11,756,471
-	985,000	985,000
-	1,222,401	1,222,401
<u>3,888,979</u>	<u>5,192,041</u>	<u>39,016,881</u>
<u>(344,622)</u>	<u>(2,171,834)</u>	<u>(610,270)</u>
151,454	2,655,208	22,539,411
(549,553)	(920,004)	(22,016,050)
-	-	895,709
<u>(398,099)</u>	<u>1,735,204</u>	<u>1,419,070</u>
(742,721)	(436,630)	808,800
<u>5,168,896</u>	<u>10,451,810</u>	<u>45,684,790</u>
<u>\$ 4,426,175</u>	<u>\$ 10,015,180</u>	<u>\$ 46,493,590</u>

See notes to basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

SEPTEMBER 30, 2004

Net change in fund balances - total governmental funds (Page 18) \$ 808,800

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for capital assets	\$ 10,465,275	
Less current year depreciation	<u>(3,625,875)</u>	6,839,400

Governmental funds do not report the donation of capital assets. However, in the government wide statements, donations of capital assets increase net assets.

Donation of capital assets		1,651,276
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In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the disposal increase financial resources:

Proceeds from sale of capital assets	\$ (895,709)	
Gain on sale of capital assets	<u>416,983</u>	(478,726)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:

Principal payments on debt		985,000
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Governmental funds report the effect of debt issuance costs, premiums, discounts, and similar items when debt is first issued. However, these costs are capitalized and amortized in the government-wide financial statements:

Amortization of issuance costs	\$ (11,179)	
Amortization of premium	<u>31,230</u>	20,051

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest		7,158
Change in compensated absences		<u>(192,396)</u>

Change in net assets of governmental activities		<u>\$ 9,640,563</u>
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See notes to basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2004

	<u>Utility System</u>	<u>Solid Waste</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 20,108,287	\$ 974,453	\$ 21,082,740
Investments	37,278,367	1,806,605	39,084,972
Receivables:			
Accounts, net of allowance for uncollectible amounts	1,301,092	12,749	1,313,841
Interest	157,585	7,864	165,449
Due from other governments	-	1,061,084	1,061,084
Inventories	459,280	-	459,280
Prepaid expenses	33,362	-	33,362
Total current assets	<u>59,337,973</u>	<u>3,862,755</u>	<u>63,200,728</u>
Noncurrent assets:			
Deferred charges	392,553	-	392,553
Property, plant and equipment (net of allowance for depreciation)	<u>84,162,898</u>	<u>564,219</u>	<u>84,727,117</u>
Total noncurrent assets	<u>84,555,451</u>	<u>564,219</u>	<u>85,119,670</u>
Total assets	<u>143,893,424</u>	<u>4,426,974</u>	<u>148,320,398</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	411,501	2,211,188	2,622,689
Contracts and retainage payable	295,010	-	295,010
Due to other funds	-	125,567	125,567
Deposits	1,148,724	-	1,148,724
Accrued interest	348,512	-	348,512
Compensated absences payable - current portion	58,246	809	59,055
Revenue refunding bonds payable - current portion	<u>2,100,000</u>	<u>-</u>	<u>2,100,000</u>
Total current liabilities	<u>4,361,993</u>	<u>2,337,564</u>	<u>6,699,557</u>
Noncurrent liabilities:			
Advances from other funds	-	1,046,939	1,046,939
Compensated absences payable	71,189	988	72,177
Revenue refunding bonds payable	<u>19,041,720</u>	<u>-</u>	<u>19,041,720</u>
Total noncurrent liabilities	<u>19,112,909</u>	<u>1,047,927</u>	<u>20,160,836</u>
Total liabilities	<u>23,474,902</u>	<u>3,385,491</u>	<u>26,860,393</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	63,413,731	564,219	63,977,950
Restricted for capital improvements	35,173,687	-	35,173,687
Unrestricted	<u>21,831,104</u>	<u>477,264</u>	<u>22,308,368</u>
Total net assets	<u>\$ 120,418,522</u>	<u>\$ 1,041,483</u>	<u>\$ 121,460,005</u>

See notes to basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2004

	<u>Utility System</u>	<u>Solid Waste</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 12,890,229	\$ -	\$ 12,890,229
Special assessments	-	1,736,183	1,736,183
Franchise fees	-	106,533	106,533
Intergovernmental	63,196	1,050,000	1,113,196
Other	<u>457,824</u>	<u>353,880</u>	<u>811,704</u>
Total operating revenues	<u>13,411,249</u>	<u>3,246,596</u>	<u>16,657,845</u>
Operating expenses:			
Water services	3,000,502	-	3,000,502
Wastewater services	1,787,485	-	1,787,485
Laboratory	73,990	-	73,990
Water distribution	463,150	-	463,150
Customer service	806,990	-	806,990
General and administrative	623,489	-	623,489
Solid waste	-	3,879,097	3,879,097
Depreciation	<u>3,834,809</u>	<u>127,124</u>	<u>3,961,933</u>
Total operating expenses	<u>10,590,415</u>	<u>4,006,221</u>	<u>14,596,636</u>
Income (loss) from operations	<u>2,820,834</u>	<u>(759,625)</u>	<u>2,061,209</u>
Nonoperating revenues (expenses):			
Investment income	542,005	27,815	569,820
Interest expense	(696,925)	-	(696,925)
Amortization of bond issuance costs	<u>(178,525)</u>	<u>-</u>	<u>(178,525)</u>
Total nonoperating revenues (expenses)	<u>(333,445)</u>	<u>27,815</u>	<u>(305,630)</u>
Income (loss) before contributions and transfers	<u>2,487,389</u>	<u>(731,810)</u>	<u>1,755,579</u>
Capital contributions:			
Capacity charges	3,640,256	-	3,640,256
Distribution lines	2,074,577	-	2,074,577
Meters	258,855	-	258,855
Transfers in	100,000	875,000	975,000
Transfers out	<u>(1,346,262)</u>	<u>(152,099)</u>	<u>(1,498,361)</u>
Change in net assets	7,214,815	(8,909)	7,205,906
Net assets, beginning of year	<u>113,203,707</u>	<u>1,050,392</u>	<u>114,254,099</u>
Net assets, end of year	<u>\$ 120,418,522</u>	<u>\$ 1,041,483</u>	<u>\$ 121,460,005</u>

See notes to basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2004

	<u>Utility System</u>	<u>Solid Waste</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 12,784,373	\$ 793,722	\$ 13,578,095
Payments to suppliers for goods and services	(3,600,645)	(1,654,453)	(5,255,098)
Payments to employees for services	(2,985,084)	(129,305)	(3,114,389)
Other operating revenues	<u>521,020</u>	<u>1,403,880</u>	<u>1,924,900</u>
Net cash provided by operating activities	<u>6,719,664</u>	<u>413,844</u>	<u>7,133,508</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	100,000	875,000	975,000
Transfer to other funds	<u>(1,346,262)</u>	<u>(152,099)</u>	<u>(1,498,361)</u>
Net cash provided by (used in) noncapital financing activities	<u>(1,246,262)</u>	<u>722,901</u>	<u>(523,361)</u>
Cash flows from capital and related financing activities:			
Collection of capacity and meter charges from customers	3,640,256	-	3,640,256
Acquisition of property, plant and equipment	(4,179,632)	(65,233)	(4,244,865)
Repayment of advances from other funds	-	(72,792)	(72,792)
Interest paid on indebtedness	<u>(429,732)</u>	<u>-</u>	<u>(429,732)</u>
Net cash used in capital and related financing activities	<u>(969,108)</u>	<u>(138,025)</u>	<u>(1,107,133)</u>
Cash flows from investing activities:			
Interest received	621,084	25,957	647,041
Sale of investments	34,182,126	917,058	35,099,184
Purchase of investments	<u>(42,380,810)</u>	<u>(1,738,700)</u>	<u>(44,119,510)</u>
Net cash used in investing activities	<u>(7,577,600)</u>	<u>(795,685)</u>	<u>(8,373,285)</u>
Net increase (decrease) in cash and cash equivalents	(3,073,306)	203,035	(2,870,271)
Cash and cash equivalents, beginning of year	<u>23,181,593</u>	<u>771,418</u>	<u>23,953,011</u>
Cash and cash equivalents, end of year	<u>\$ 20,108,287</u>	<u>\$ 974,453</u>	<u>\$ 21,082,740</u>
Noncash investing, capital, and financing activities:			
Developer contributed distribution lines and meters	<u>\$ 2,333,432</u>	<u>\$ -</u>	<u>\$ 2,333,432</u>

(Continued)

See notes to basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued)

YEAR ENDED SEPTEMBER 30, 2004

	<u>Utility System</u>	<u>Solid Waste</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 2,820,834	\$ (759,625)	\$2,061,209
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	3,834,809	127,124	3,961,933
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(129,230)	2,655	(126,575)
Due from other governments	-	(1,051,649)	(1,051,649)
Inventories	(115,789)	-	(115,789)
Prepaid expenses	16,386	-	16,386
Increase (decrease) in:			
Accounts payable and accrued liabilities	(89,944)	2,096,448	2,006,504
Contracts and retainage payable	277,049	-	277,049
Deposits	23,374	-	23,374
Compensated absences payable	82,175	(1,109)	81,066
Total adjustments	<u>3,898,830</u>	<u>1,173,469</u>	<u>5,072,299</u>
Net cash provided by operating activities	<u>\$ 6,719,664</u>	<u>\$ 413,844</u>	<u>\$7,133,508</u>

See notes to basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village of Wellington (the "Village") was incorporated December 31, 1995, pursuant to Chapter 95-496, Laws of Florida, and commenced operations on March 28, 1996. The Village operates under the Council-Manager form of government and provides a wide range of community services including general government; planning, zoning and building; public safety (police protection); public works (construction and maintenance of roads, rights of way, and other infrastructure; street lighting; and storm water drainage); culture and recreation (parks maintenance, recreational activities, cultural events, and related facilities); water and sewer utilities; and solid waste collection and recycling. The Village Council (the "Council") is responsible for legislative and fiscal control of the Village.

As required by generally accepted accounting principles, these basic financial statements present the government and its component units. Component units are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Village's combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board (GASB), management has included Acme Improvement District (the "District") in the Village's reporting entity. Prior to incorporation, the District was an independent special taxing district created in 1953, which served as the local government providing the majority of community services and facilities for the area including water and sewer, stormwater drainage, transportation, street lighting, and parks and recreation. As a result of incorporation, the Village now provides those municipal services and the District has become a dependent district of the Village. Because of the breadth of the services it already provided to residents, the District formed the backbone of the Village. The District is governed by a five-member board of supervisors that is the same as the governing body of the Village. Although the District is legally separate from the Village, it is reported as if it were part of the primary government as a blended component unit of the Village. The District is presented as a special revenue fund type.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village 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 and charges for support.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items 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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items reported in the governmental funds are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

General Fund – The general fund is the primary operating fund and is used to account for all financial resources applicable to the general operations of the Village except those required to be accounted for in another fund.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Planning, Zoning and Building – This special revenue fund accounts for revenues and expenditures applicable to the planning, zoning and building divisions of the Village. The purpose of the fund is to segregate various permitting and inspection services pertaining to planning, zoning and building and to ensure that the fee structure for such activities is accurate. Any shortfalls (revenues less than expenditures) are funded by the general fund through operating transfers.

Recreation Programs – This special revenue fund accounts for financial resources and expenditures applicable to specific recreational programs. The purpose of the fund is to implement a wide variety of recreational programs for all ages, as well as various special events, and to provide net operating results. Any shortfalls (program revenues less than program expenditures) are funded by the general fund through operating transfers.

Recreation Impact Fees – This special revenue fund accounts for impact fee revenues and expenditures for recreation construction purposes.

Surface Water Management – This special revenue fund accounts for all financial resources and expenditures applicable to the operations of the Acme Improvement District, a dependent district of the Village, related solely to water management facilities in accordance with the Plan of Reclamation and existing operations, construction of capital facilities, and maintenance of the same. The funding basis is non-ad-valorem special assessments against all taxable units within the District.

The Village reports the following major proprietary funds:

Utility System Enterprise Fund – This fund accounts for the activities related to the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

Solid Waste Enterprise Fund – This fund accounts for the activities related to solid waste removal and recycling.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's utility system enterprise fund are charges to customers for sales and services. The principal operating revenues of the Village's solid waste collection and recycling enterprise fund are special assessments. Operating expenses for the enterprise 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 non-operating revenues and expenses.

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

Deposits and Investments

Cash and investments of each fund, except certain investments in the debt service and enterprise funds, are accounted for in pooled cash and investment accounts with each fund maintaining its proportionate equity in the pooled accounts. The use of a pooled cash and investment account enables the Village to invest idle cash for short periods of time, thereby maximizing earnings potential. Income earned from this pooling of investments is allocated to the respective funds based upon average monthly proportionate balances.

The Village considers cash on hand, demand deposits, and all other short-term investments that are highly liquid to be cash equivalents. Highly liquid short-term investments are those readily convertible to a known amount of cash, that at the day of purchase, have a maturity date not longer than three months.

The Village is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase agreements, certificates of deposit, Local Government Surplus Funds Trust Fund, any intergovernmental investment pools authorized pursuant to Chapter 163 of the Florida Statutes, SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency and money market and mutual funds that restrict its investments to obligations of the U.S. government.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments (Continued)

All cash deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act", and are collateralized with eligible securities having a market value equal or greater than the average daily or monthly balance of all public deposits. The Village's investment practices are governed by Chapter 218.415 of the Florida Statutes and the requirements of outstanding bond issues.

Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market. The Village uses the consumption method wherein all inventories are maintained by perpetual records, expensed when used and adjusted by an annual physical count.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

Certain debt proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost of \$750 or more and an estimated useful life in excess of one year.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net assets. General capital assets are carried at historical cost. Where cost can not be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair value at the date of donation. The road network was valued based on current construction costs discounted by consumer price indices for highway construction.

Capital assets of the enterprise funds are capitalized in the fund in which they are utilized. The valuation basis for enterprise fund capital assets are the same as those used for general capital assets. Additionally, net interest cost is capitalized on enterprise fund projects during the construction period in accordance with Statements of Financial Accounting Standards No. 34 and 62.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation (Continued)

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated lives for each major class of depreciable fixed assets are as follows:

Distribution lines	40 years
Buildings and utility plants	30 years
Telemetry and wells	20 years
Major equipment	15 years
Land improvements	10 years
Meters	10 years
Furniture, fixtures, equipment and vehicles	5 years
Computers	3 years

The street network is not depreciated. The Village has elected to use the modified approach in accounting for its streets. The modified approach allows governments to report as expenses in lieu of depreciation, infrastructure expenditures which maintain the asset but do not add or improve the asset. Additions and improvements to the street network are capitalized. The Village uses an asset management system to rate street condition and quantify the results of maintenance efforts.

Compensated Absences

The Village's employees are granted compensated absence pay for annual leave in varying amounts based on length of service. Annual leave is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the liability and it is probable that the Village will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement. During the current year, benefits for employees were amended to include major illness leave. This benefit accrues at 4 hours per month per employee. Employees may utilize this benefit for an illness lasting more than one day. Upon separation of service, and with 10 years of continuous service, any balance of these hours are valued at the current hourly pay rate, and are paid into the Retirement Health Savings Plan sponsored by the ICMA. In this plan, monies are used by individuals to pay for qualified medical expenses, including premiums. For individuals that leave prior to 10 years of service, this time is forfeited. Compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured. For the governmental funds, compensated absences are liquidated by the fund in which employees are compensated. Those funds are the General; Planning, Zoning and Building; Recreation Programs, and Surface Water Management.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets

Equity in the government-wide statement of net assets is displayed in three categories: 1) invested in capital assets net of related debt, 2) restricted, 3) unrestricted. Net assets invested in capital assets net of related debt consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Village legislation or external restrictions by other governments, creditors, or grantors. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Unreserved fund balance amounts that are reported as designations of fund balances represent tentative plans for financial resource utilization in a future period. The following is a description of the reserves and designations used by the Village.

Reserved for encumbrances – represents outstanding purchase orders and open contracts at year end which will be re-appropriated in the new year.

Reserved for advances – represents funds set aside to indicate the long-term nature of certain interfund loans.

Reserved for capital improvements – represents spendable resources restricted for construction projects.

Reserved for prepaid expenditures – established to account for certain payments made in advance. This reserve indicates that funds are not “available spendable resources”.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

Reserved for inventory – indicates that a portion of fund balance is segregated since these items do not represent “available spendable resources”.

Reserved for building department expenditures – represents spendable resources restricted solely for building department expenditures.

Reserved for debt service – represents spendable resources restricted to the payment of future debt service of general long-term debt.

Designated for recreation capital projects – represents funds set aside for future improvements of Village owned roads.

Designated for road improvements – represents funds set aside for future improvements of Village owned roads.

Designated for road maintenance – represents funds set aside for future maintenance of Village owned roads.

Designated for subsequent year’s expenditures – represents funds set aside for future expenditures.

Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resource.

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, school board, and special district property taxes are consolidated in the offices of the county Property Appraiser and county Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment roll meets all of the appropriate requirements of State law. The Village Charter permits it to levy property taxes at a rate of up to 5 mills.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (Continued)

The millage rate assessed by the Village for the 2003/2004 year was 2.7 (\$2.70 for each \$1,000 of assessed valuation). This levy was based upon an assessed valuation of January 1, 2003, of approximately \$3.6 billion.

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1st following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1st following the tax year, certificates are offered for sale for all delinquent taxes on real property.

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificate may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2004, unpaid delinquent taxes are not material and have not been recorded by the Village.

Service Delivery Units

The District's enabling legislation provides that the owners of a majority of the acreage within a particular portion of the District may petition the Board to designate that portion of the District as a unit wherein a water management system will be constructed and maintained. After formation of the unit and preparation of a water control plan and approval by the Board of Supervisors, bonds can be issued for the purpose of constructing the improvements. Bonds issued for that purpose will then be secured by assessments on the lands located within that unit, and will not be secured by assessments owing on any other District lands.

Concentration of Credit Risk

The Village performs ongoing credit evaluations of its customers and does not require collateral. The Village maintains an allowance for uncollectible accounts at a level which management believes is sufficient to cover potential credit losses.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

All of the Village's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act". Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 125% of the average monthly balance of public deposits depending upon the depository's

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Investments

As of September 30, 2004, the Village had the following investments in its internal investment pool.

Investment Type	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Government money market fund	\$ 12,804,051	\$ 12,804,051	\$ -
Overnight repurchase agreements	255,545	255,545	-
U.S. Treasuries and U.S. Agencies securities	46,799,494	12,820,490	33,979,004
Florida Municipal Investment Trust	<u>25,406,030</u>	<u>8,523,892</u>	<u>16,882,138</u>
Total	\$ 85,265,120	\$ 34,403,978	\$ 50,861,142

Interest Rate Risk

The Village's investment policy matches its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement or otherwise approved by the Village Council, the Village will not directly invest in securities maturing in more than 5 years.

Credit Risk

The Village's policy is to limit investments to the safest types of securities, pre-qualify financial institutions, broker/dealers, intermediaries, and advisors with which the Village will do business, and diversify the investment portfolio to minimize potential losses on individual securities.

The Village's investments in U.S. Treasuries and U.S. Agencies are rated AAA by Standard & Poor's. The Florida Municipal Investment Trust (the Fund) was created under the laws of the State of Florida to provide eligible units of local governments with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust. The Florida Municipal Investment Trust is not a registrant with the Securities and Exchange Commission (SEC); however, the funds have adopted operating procedures consistent with the requirements for a 2a-7 Fund. No credit ratings are available for this investment or the government money market fund.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable as of September 30, 2004, for the Village's individual major funds and aggregate nonmajor funds are as follows:

	General	Planning, Zoning and Building	Recreation Programs	Recreation Impact	Surface Water Management	Nonmajor Funds	Utility System	Solid Waste	Total
Utility taxes	\$ 239,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,783
Franchise fees	213,090	-	-	-	-	-	-	-	213,090
Accounts	19,096	5,086	-	-	-	-	1,327,692	12,749	1,364,623
Interest	<u>79,967</u>	<u>-</u>	<u>9,938</u>	<u>3,107</u>	<u>18,062</u>	<u>13,853</u>	<u>157,585</u>	<u>7,864</u>	<u>290,376</u>
	551,936	5,086	9,938	3,107	18,062	13,853	1,485,277	20,613	2,107,872
Less allowable for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,600</u>	<u>-</u>	<u>26,600</u>
	<u>\$ 551,936</u>	<u>\$ 5,086</u>	<u>\$ 9,938</u>	<u>\$ 3,107</u>	<u>\$ 18,062</u>	<u>\$ 13,853</u>	<u>\$ 1,458,677</u>	<u>\$ 20,613</u>	<u>\$ 2,081,272</u>

NOTE 4. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments as of September 30, 2004, for the Village's major individual funds and aggregate nonmajor funds are as follows:

	<u>General</u>	<u>Surface Water Management</u>	<u>Nonmajor Funds</u>	<u>Solid Waste</u>	<u>Total</u>
Federal Government:					
FEMA	\$ -	\$ -	\$ -	\$ 1,061,084	\$ 1,061,084
State of Florida:					
State Shared Revenues	493,114	-	-	-	493,114
Communication Services Tax	172,649	-	-	-	172,649
Local Option Gas Tax	-	-	152,668	-	152,668
Palm Beach County:					
Excess Ad Valorem Taxes	-	17,710	-	-	17,710
County Shared Revenues	<u>43,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,565</u>
	\$ 709,328	\$ 17,710	\$ 152,668	\$ 1,061,084	\$ 1,940,790

Amounts due from FEMA have been estimated at 50% of the expenditures incurred through September 30, 2004 for hurricane related debris management.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2004, was as follows:

	Balance October 1, 2003	Increases	Decreases	Balance September 30, 2004
Governmental activities:				
Non-depreciable assets:				
Land	\$ 18,261,524	\$ 1,300,000	\$ (445,533)	\$ 19,115,991
Construction in progress	7,922,276	10,368,890	(9,072,518)	9,218,648
Infrastructure	50,904,802	351,277	-	51,256,079
Total non-depreciable assets	<u>77,088,602</u>	<u>12,020,167</u>	<u>(9,518,051)</u>	<u>79,590,718</u>
Depreciable assets:				
Buildings	6,138,307	1,726,552	-	7,864,859
Improvements	27,643,935	6,034,154	-	33,678,089
Machinery and equipment	<u>9,101,986</u>	<u>1,408,196</u>	<u>(206,941)</u>	<u>10,303,241</u>
Total depreciable assets	42,884,228	9,168,902	(206,941)	51,846,189
Less accumulated depreciation for:				
Buildings	(687,173)	(209,405)	-	(896,578)
Improvements	(15,074,372)	(2,368,932)	-	(17,443,304)
Machinery and equipment	<u>(5,121,365)</u>	<u>(1,047,540)</u>	<u>173,750</u>	<u>(5,995,155)</u>
Total accumulated depreciation	<u>(20,882,910)</u>	<u>(3,625,877)</u>	<u>173,750</u>	<u>(24,335,037)</u>
Total depreciable assets, net	<u>22,001,318</u>	<u>5,543,025</u>	<u>(33,191)</u>	<u>27,511,152</u>
Governmental activities-capital assets, net	\$ 99,089,920	\$ 17,563,192	\$ (9,551,242)	\$ 107,101,870
Business-type activities:				
Non-depreciable assets:				
Land	\$ 8,996,705	\$ -	\$ -	\$ 8,996,705
Construction in progress	<u>2,580,639</u>	<u>4,269,757</u>	<u>(1,651,009)</u>	<u>5,199,387</u>
Total non-depreciable assets	11,577,344	4,269,757	(1,651,009)	14,196,092
Depreciable assets:				
Buildings	2,587,818	-	-	2,587,818
Land improvements	427,183	570,209	-	997,392
Furniture, fixtures, equipment & vehicles	2,781,140	243,597	(64,709)	2,960,028
Meters	4,924,387	258,855	(311,059)	4,872,183
Major equipment	9,093,094	-	-	9,093,094
Water and wastewater plant	22,410,157	1,123,370	-	23,533,527
Wells	7,161,702	-	-	7,161,702
Telemetry	479,756	-	-	479,756
Distribution lines	<u>64,213,410</u>	<u>2,074,577</u>	<u>-</u>	<u>66,287,987</u>
Total depreciable assets	<u>114,078,647</u>	<u>4,270,608</u>	<u>(375,768)</u>	<u>117,973,487</u>
Less accumulated depreciation for:				
Buildings	(181,868)	(86,260)	-	(268,128)
Land improvements	(198,062)	(92,273)	64,709	(225,626)
Furniture, fixtures, equipment & vehicles	(1,482,948)	(391,417)	-	(1,874,365)
Meters	(1,960,424)	(211,981)	-	(2,172,405)
Major equipment	(7,313,952)	(380,900)	-	(7,694,852)
Water and wastewater plant	(9,169,804)	(833,955)	-	(10,003,759)
Wells	(4,760,647)	(276,907)	-	(5,037,554)
Telemetry	(369,808)	(16,835)	-	(386,643)
Distribution lines	<u>(18,107,725)</u>	<u>(1,671,405)</u>	<u>-</u>	<u>(19,779,130)</u>
Total accumulated depreciation	(43,545,238)	(3,961,933)	64,709	(47,442,462)
Total depreciable assets, net	70,533,409	308,675	(311,059)	70,531,025
Business-type activities capital assets, net	<u>\$ 82,110,753</u>	<u>\$ 4,578,432</u>	<u>\$ (1,962,068)</u>	<u>\$ 84,727,117</u>

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 450,522
Planning and development	110,376
Engineering and public works	242,908
Surface water management	96,465
Transportation	602,560
Culture and recreation	<u>2,123,046</u>
Total depreciation expense – governmental activities	<u>\$3,625,877</u>
Business-type activities:	
Water utility	\$3,834,809
Solid waste	<u>127,124</u>
Total depreciation expense – business-type activities	<u>\$3,961,933</u>

NOTE 6. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2004, was as follows:

Governmental Activities

	Balance October 1, 2003	Additions	Reductions	Balance September 30, 2004	Due Within One Year
Public service tax revenue bonds	\$13,585,000	\$ -	\$ (590,000)	\$ 12,995,000	\$ 615,000
Florida Municipal Loan Council:					
Series 2001A	5,415,000	-	(185,000)	5,230,000	190,000
Series 2002C	6,290,000	-	(210,000)	6,080,000	215,000
Plus unamortized bond premium	<u>585,155</u>	<u>-</u>	<u>(31,230)</u>	<u>553,925</u>	<u>-</u>
Total bonds payable	25,875,155	-	(1,016,230)	24,858,925	1,020,000
Compensated absences payable	<u>265,231</u>	<u>642,937</u>	<u>(450,541)</u>	<u>457,627</u>	<u>205,932</u>
Total	<u>\$26,140,386</u>	<u>\$ 642,937</u>	<u>\$(1,466,771)</u>	<u>\$ 25,316,552</u>	<u>\$ 1,225,932</u>

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities (Continued)

Governmental Activities (Continued)

\$15,670,000 Public Service Tax Revenue Bonds

In August 1999, the Village issued \$15,670,000 of Public Service Tax Revenue Bonds, Series 1999. The bonds were sold at an original issue discount of \$149,252. Interest, at rates ranging from 3.60% to 5.25%, is payable semi-annually on March 1 and September 1. Principal is payable in annual installments of \$445,000 to \$1,195,000, with the final payment due September 1, 2019. The bonds do not constitute a general obligation of the Village, or the State of Florida, or any political subdivision, but are payable solely from public service taxes levied on the purchase of electricity, gas, water service, and telecommunication service. The bonds were issued to provide funds for construction of infrastructure and recreational projects under the Village's Capital Improvement Plan. Additionally, proceeds were used to repay an outstanding promissory note. At September 30, 2004, the outstanding balance was \$12,995,000.

The bond agreement contains significant limitations and restrictions on annual debt service levels, minimum amounts to be maintained, conditions upon the issuance of additional bonds, and certain other covenants. At September 30, 2004, the Village was in compliance with these covenants.

Future debt service requirements to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2005	\$ 615,000	\$ 644,318	\$ 1,259,318
2006	640,000	618,182	1,258,182
2007	670,000	590,182	1,260,182
2008	700,000	560,032	1,260,032
2009	730,000	528,532	1,258,532
2010 – 2014	4,225,000	2,076,122	6,301,122
2015 – 2019	5,415,000	880,780	6,295,780
Total Public Service Tax Revenue Bonds	\$ 12,995,000	\$ 5,898,148	\$ 18,893,148

\$5,605,000 Florida Municipal Loan Council

In November 2001, the Village entered into a loan agreement with the Florida Municipal Loan Council for \$5,605,000. Proceeds from the loan are to be used for capital improvements including road construction, improvements to the storm water system, and acquisition and construction of public buildings. Interest, at rates ranging from 3.25% to 5.25% is payable semi-annually on May 1 and November 1. Principal is payable in annual installments of \$185,000 to \$425,000 beginning in November 2002, with the final payment due in November 2021.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities (Continued)

Governmental Activities (Continued)

Future debt service requirements to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2005	\$ 190,000	\$ 254,550	\$ 444,550
2006	195,000	246,363	441,363
2007	205,000	237,362	442,362
2008	215,000	227,913	442,913
2009	225,000	217,450	442,450
2010 – 2014	1,305,000	901,894	2,206,894
2015 – 2019	1,670,000	519,313	2,189,313
2020 – 2022	<u>1,225,000</u>	<u>88,944</u>	<u>1,313,944</u>
Total loan payable	<u>\$ 5,230,000</u>	<u>\$ 2,693,789</u>	<u>\$ 7,923,789</u>

\$6,290,000 Florida Municipal Loan Council

In November 2002, the Village entered into a loan agreement with the Florida Municipal Loan Council for \$6,290,000. Proceeds from the loan are to be used for capital improvements including but not limited to parks and recreation improvements, road extension improvements, and surface water management projects. Interest, at rates ranging from 3.00% to 5.25% is payable annually on November 1. Principal is payable in annual installments of \$210,000 to \$480,000 beginning in November 2004, with the final payment due in November 2022.

Future debt service requirements to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2005	\$ 215,000	\$ 286,488	\$ 501,488
2006	220,000	279,688	499,688
2007	230,000	272,375	502,375
2008	235,000	263,938	498,938
2009	245,000	254,950	499,950
2010 – 2014	1,390,000	1,096,288	2,486,288
2015 – 2019	1,765,000	708,094	2,473,094
2020 – 2023	<u>1,780,000</u>	<u>192,938</u>	<u>1,972,938</u>
Total loan payable	<u>\$ 6,080,000</u>	<u>\$ 3,354,759</u>	<u>\$ 9,434,759</u>

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities (Continued)

Business-type Activities

	Balance October 1, <u>2003</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2004</u>	Due Within <u>One Year</u>
Utility system revenue refunding bonds	\$ 22,355,000	\$ -	\$ -	\$ 22,355,000	\$ 2,100,000
Plus unamortized bond premium	277,922	-	(27,792)	250,130	-
Less unamortized bond discount	(1,626,010)	-	162,600	(1,463,410)	-
Total bonds payable	21,006,912	-	134,808	21,141,720	2,100,000
Compensated absences	<u>50,166</u>	<u>191,495</u>	<u>(110,429)</u>	<u>131,232</u>	<u>59,055</u>
Total	\$ 21,057,078	\$ 191,495	\$ 24,379	\$ 21,272,952	\$ 2,159,055

Utility System Revenue Refunding and Improvement Bonds

In August 2003, the Village issued \$22,355,000 of Utility System Revenue Refunding and Improvement Bonds, Series 2003. The bonds were sold at an original issue discount of \$81,579. Interest, at rates ranging from 2.00% to 4.00%, is payable semi-annually on April 1 and October 1. Principal is payable in annual installments of \$1,500,000 to \$2,635,000, with the final payment due October 1, 2013. The bonds do not constitute a general obligation of the Village, or the State of Florida, or any political subdivision, but are payable solely from net revenues derived from the operation of a water and sewer utility system, certain impact fees, and money and fees held in certain funds. The bonds were issued to refund all of the Utility System Revenue Refunding Bonds, Series 1993, and finance certain capital expenditures related to the water and sewer system or for any other lawful purpose. At September 30, 2004, the outstanding balance was \$22,355,000.

Annual debt service requirements to maturity for the Utility System Revenue Bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2005	\$ 2,100,000	\$ 676,024	\$ 2,776,024
2006	2,140,000	633,624	2,773,624
2007	2,185,000	590,374	2,775,374
2008	2,225,000	542,936	2,767,936
2009	2,280,000	487,424	2,767,424
2010 – 2014	<u>11,425,000</u>	<u>1,087,977</u>	<u>12,512,977</u>
Total debt service requirements	<u>\$ 22,355,000</u>	<u>\$ 4,018,359</u>	<u>\$ 26,373,359</u>

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. LONG-TERM DEBT (Continued)

Federal Arbitrage Regulations

The Village is subject to the arbitrage restrictions that have been imposed by the federal government for each of its outstanding debt issues (Public Services Tax Revenue Bonds, Loans with the Florida Municipal Loan Council, and the Utility System Revenue Bonds). No events have occurred since the issuance of each bond that would cause the bonds to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code.

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2004 is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Solid waste	\$ 125,567
	Surface water management	<u>1,000,000</u>
		\$ 1,125,567

These outstanding balances between funds result mainly from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system and (c) payments between funds are made. These balances also include loans to other funds that the General Fund expects to collect in the subsequent year.

Advances from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Solid waste	\$ 1,046,939
	Surface water management	<u>3,000,000</u>
		\$ 4,046,939

These amounts payable to the General Fund related to loans that are not scheduled to be collected in the subsequent year.

Interfund Transfers

Transfers of resources from a fund receiving revenue to the fund through which the resources will be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and transfers (to) from other funds in the enterprise fund.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Transfers for the year ended September 30, 2004, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 11,268,772	\$ 16,355,864
Planning, zoning and building fund	514,907	1,290,674
Recreation programs fund	4,268,070	1,518,282
Recreation impact fees fund	3,681,000	1,381,673
Surface water management fund	151,454	549,553
Nonmajor governmental funds	2,655,208	920,004
Utility system fund	100,000	1,346,262
Solid waste fund	<u>875,000</u>	<u>152,099</u>
Total	\$ 23,514,411	\$ 23,514,411

Transfers are used to (1) move revenues from the fund budgeted to collect them to the fund budgeted to expend them, and (2) use unrestricted revenues collected in the general fund to finance recreation programs.

NOTE 8. RETIREMENT PLAN

The Village contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan. FRS was created by the Florida Legislature, and is administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability or death benefits for retirees or their designated beneficiaries. All retirement legislation must comply with Article X, Section 14 of the State Constitution and Part VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis.

FRS issues a publicly available financial report that includes statements of financial condition, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants, and benefit payments, as well as a description of the retirement plans. That report may be obtained by writing to the Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Plan members are not required to contribute to the Plan. As of September 30, 2004, the Village's required annual contribution is 7.39% of the covered salary for regular members. The Village's contributions to FRS for the years ending September 30, 2004, 2003, and 2002 were \$50,008, \$42,350, and \$49,857 respectively, equal to the required contributions for each year.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. DEFINED CONTRIBUTION PLAN

The Florida Municipal Pension Trust Fund is a defined contribution 401A pension plan established by the Village and administered by Citistreet, who is sponsored by the Florida League of Cities, to provide benefits at retirement to the employees of the Village. This plan replaced the Acme Money Purchase Pension Trust, a previous defined contribution pension plan established by the Village and administered by Lincoln Financial Group. The funds in the previous plan were transferred to the Florida Municipal Pension Trust Fund in January 2004.

All full-time employees, who have completed 90 days of service, are eligible to participate in the plan. The Village's contribution for each employee (and interest allocated to the employee's account) is fully vested after three continuous years of service. The contribution rate is 7.5% for employees who have been with the Village from 0 – 10 years, and 10% for employees who have been with the Village for over 10 years. Employees are not required to contribute to the plan. Village contributions for, and interest forfeited by, employees who leave employment before three years of service are used to reduce the Village's current period contribution amount. Plan revisions and contribution requirements are established, and may be amended, by the Village Council.

The Village's total payroll for the year ended September 30, 2004, was \$10,028,228. The Village's contribution was calculated using the base salary amount of \$8,302,406. The Village made one hundred percent of its required contributions of \$665,442, \$612,547, and \$553,157, for fiscal years 2004, 2003, and 2002, respectively.

NOTE 10. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Village carries commercial insurance. Specifically, the Village purchases commercial insurance for property, medical benefits, worker's compensation, general liability, automobile liability, errors and omissions, and directors and officers liability. The Village is also covered by Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the amount of liability of municipalities to individual claims of \$100,000/\$200,000 for all claims relating to the same accident. There were no changes in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage in the last three years.

NOTE 11. CONTINGENCIES

There are various claims and legal actions pending against the Village for which no provision has been made in the financial statements. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Village's Attorneys that resolution of these matters will not have a material adverse effect on the financial condition of the Village.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. CONTINGENCIES (Continued)

Litigation

The Village has filed an action for declaratory judgment against a developer regarding the developer's obligation to maintain an open space in its natural condition pursuant to a land use regulation. Subsequently, the developer filed a counter-claim alleging an unlawful and unconstitutional restriction on his property rights. The Court rejected the counterclaim, however, that decision was appealed. The Village is vigorously defending this action and, in the opinion of counsel, if there was an unfavorable outcome, there would be no monetary loss.

Water Resources Management

The Village of Wellington is responsible for the management, operations, and maintenance of the surface water management system serving the Village. Wellington is divided into two interconnected drainage basins, one of which discharges into the Loxahatchee National Wildlife Refuge, part of the Everglades Protection Area as defined in the Everglades Forever Act (EFA). In order to meet the goals of the EFA, the total phosphorus from this drainage basin must be reduced to meet water quality standards established by the State.

The Village entered into a Memorandum of Understanding (the "MOU") with the South Florida Water Management District (SFWMD) wherein both parties acknowledge the need for improved water resource management facilities for the combined basins that meet the objectives of environmental restoration, flood protection, water quality enhancement, and recreation.

The key elements of the agreement are:

The Village will contribute a maximum of \$3,000,000.

The Village agrees to continue implementation of its existing Best Management Practices (BMP) and Phosphorus Reduction Program.

Both parties agree that best efforts to meet EFA have been made and any future issues will be addressed in a joint manner.

SFWMD agrees that Section 24, owned by it, recreation and open space benefits can be included in Wellington's Comprehensive Plan.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. COMMITMENTS

Construction Commitments

Construction contracts of the proprietary fund type consist of the following:

	<u>Total Project Authorization</u>	<u>Expended at September 30, 2004</u>	<u>Payable at September 30, 2004</u>	<u>Balance to Complete</u>
Western Water Main	\$ 1,323,460	\$ 1,191,113	\$ 132,347	\$ -
Chlorine Generator	1,585,000	1,273,176	141,464	170,360
Boys and Girls Lift Station	<u>237,260</u>	<u>190,796</u>	<u>21,199</u>	<u>25,265</u>
	\$ 3,145,720	\$ 2,655,085	\$ 295,010	\$ 195,625

Construction contracts of the governmental fund types consist of the following:

	<u>Total Project Authorization</u>	<u>Expended at September 30, 2004</u>	<u>Payable at September 30, 2004</u>	<u>Balance to Complete</u>
Pump Station #3	\$ 969,553	\$ 778,791	\$ 86,532	\$ 104,230
Pump Station #3	<u>182,328</u>	<u>164,095</u>	<u>18,233</u>	<u>-</u>
	\$ 1,151,881	\$ 942,886	\$ 104,765	\$ 104,230

Facilities Management and Information Technology

The Village renewed a contract with HTE, Inc. to provide facilities management, information technology, and related services. The term of the agreement is for a period of five years commencing September 2004.

The Facilities Management Agreement provides for on site management services. According to the agreement, the Village will pay HTE, Inc. \$760,000 per year. The total amount of the contract is \$3,800,000. For the year ended September 30, 2004, amounts were remitted pursuant to the agreement.

Agreement for Police Services

The Village entered into an agreement with the Palm Beach County Sheriff's Office for the provision of professional police services through September 30, 2006. By May 1 of each year, the Palm Beach County Sheriff's Office submits the proposed cost of services and related staffing which is incorporated into the Village's budget. Pursuant to the agreement, the Sheriff will assign personnel to provide law enforcement coverage within the Village. Amounts paid pursuant to this agreement were \$4,545,197 for the year ended September 30, 2004. In September 2004, the Village Council approved an additional one year agreement in the amount of \$4,961,440.

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. COMMITMENTS

Solid Waste Collection and Recycling

On January 27, 1998, the Village entered into a five-year agreement with Browning Ferris Industries, Inc. for waste and recycling collection services. The term of the contract was October 1, 1998 to September 30, 2004. In December 2002, the Village executed its right to extend the contract for an additional five-year term. The cost of the contract totaled \$1,523,906 for the year ended September 30, 2004 for residential services. The contract also grants the contractor the exclusive right to provide service directly to commercial operations. The contract gives the contractor the right to petition the Village for rate adjustments on the basis of extraordinary and unusual changes in the cost of operations.

REQUIRED SUPPLEMENTARY INFORMATION

**COMBINING NONMAJOR FUND STATEMENTS
AND OTHER SUPPLEMENTAL INFORMATION**

Budgetary Comparison Schedules:

General Fund

Special Revenue Funds:

Planning, Zoning and Building
Recreation Programs
Recreation Impact Fees
Surface Water Management

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2004

	Original Adopted <u>Budget</u>	Prior Year <u>Carryforward</u>	Legally Adopted Budget <u>Amendments</u>
Revenues:			
Ad valorem taxes	\$9,181,301	\$ -	\$ (341,934)
Franchise fees	1,927,080	-	-
Utility taxes	2,570,077	-	-
Public services tax	1,886,002	-	-
Licenses and permits	60,000	-	-
Intergovernmental	3,360,700	82,751	41,250
Charges for services	296,730	-	-
Fines and forfeitures	155,579	-	-
Investment income	575,000	-	-
Sale of fixed assets	-	-	271,406
Miscellaneous	<u>143,264</u>	<u>-</u>	<u>72,793</u>
Total revenues	<u>20,155,733</u>	<u>82,751</u>	<u>43,515</u>

Final Revised Budget	<u>Actual</u>	Variance With Final Budget Positive (Negative)
\$8,839,367	\$9,276,804	\$ 437,437
1,927,080	2,379,764	452,684
2,570,077	2,773,318	203,241
1,886,002	2,090,208	204,206
60,000	95,434	35,434
3,484,701	3,802,791	318,090
296,730	143,193	(153,537)
155,579	220,933	65,354
575,000	338,048	(236,952)
271,406	-	(271,406)
216,057	180,759	(35,298)
<u>20,281,999</u>	<u>21,301,252</u>	<u>1,019,253</u>

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND (Continued)

YEAR ENDED SEPTEMBER 30, 2004

	Original Adopted <u>Budget</u>	Prior Year <u>Carryforward</u>	Legally Adopted Budget <u>Amendments</u>
Expenditures:			
Current:			
General government:			
Village Council	\$ 611,631	\$ 9,275	\$ 12,152
Village Clerk	1,035,305	56,052	30,800
Office of Public Information	-	157,900	(157,900)
Information Center	264,937	6,057	139,713
Village Manager	771,925	38,991	75,500
Finance	1,822,621	102,171	174,400
Human resources	375,745	344,640	(317,401)
Risk management	579,600	22,000	-
Legal	612,000	-	50,000
MIS	1,171,200	93,435	(44,961)
Other	122,200	-	-
Contingency	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Total general government	<u>7,717,164</u>	<u>830,521</u>	<u>(387,697)</u>
Public safety:			
Law enforcement	<u>4,673,597</u>	<u>21,240</u>	<u>-</u>
Physical environment:			
Public works	3,271,110	128,921	(149,500)
Engineering	<u>825,561</u>	<u>29,900</u>	<u>(38,364)</u>
Total physical environment	<u>4,096,671</u>	<u>158,821</u>	<u>(187,864)</u>
Transportation:			
Roadways	<u>487,400</u>	<u>-</u>	<u>-</u>
Capital outlay	<u>1,180,050</u>	<u>953,800</u>	<u>686,090</u>
Total expenditures	<u>18,154,882</u>	<u>1,964,382</u>	<u>110,529</u>
Excess (deficiency) of revenues over expenditures	<u>2,000,851</u>	<u>(1,881,631)</u>	<u>(67,014)</u>
Other financing sources (uses):			
Transfers in	12,280,974	-	(72,793)
Transfers out	<u>(14,205,066)</u>	<u>-</u>	<u>(4,556,000)</u>
Total other financing sources (uses)	<u>(1,924,092)</u>	<u>-</u>	<u>(4,628,793)</u>
Net change in fund balance	76,759	(1,881,631)	(4,695,807)
Fund balance, beginning of year	<u>(76,759)</u>	<u>1,881,631</u>	<u>4,695,807</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
\$ 633,058	\$ 533,525	\$ 99,533
1,122,157	857,570	264,587
-	-	-
410,707	341,136	69,571
886,416	679,770	206,646
2,099,192	1,527,675	571,517
402,984	399,763	3,221
601,600	517,820	83,780
662,000	660,125	1,875
1,219,674	1,143,242	76,432
122,200	104,854	17,346
-	-	-
<u>8,159,988</u>	<u>6,765,480</u>	<u>1,394,508</u>
<u>4,694,837</u>	<u>4,634,172</u>	<u>60,665</u>
3,250,531	2,643,909	606,622
817,097	777,033	40,064
<u>4,067,628</u>	<u>3,420,942</u>	<u>646,686</u>
<u>487,400</u>	<u>365,700</u>	<u>121,700</u>
<u>2,819,940</u>	<u>1,123,939</u>	<u>1,696,001</u>
<u>20,229,793</u>	<u>16,310,233</u>	<u>3,919,560</u>
<u>52,206</u>	<u>4,991,019</u>	<u>1,019,253</u>
12,208,181	11,268,772	(939,409)
<u>(18,761,066)</u>	<u>(16,355,864)</u>	<u>2,405,202</u>
<u>(6,552,885)</u>	<u>(5,087,092)</u>	<u>1,465,793</u>
(6,500,679)	(96,073)	6,404,606
<u>6,500,679</u>	<u>18,034,682</u>	<u>11,534,003</u>
<u>\$ -</u>	<u>\$ 17,938,609</u>	<u>\$ 17,938,609</u>

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE PLANNING, ZONING AND BUILDING - SPECIAL REVENUE FUND YEAR ENDED SEPTEMBER 30, 2004

	Original Adopted <u>Budget</u>	Prior Year Carryforward	Legally Adopted Budget <u>Amendments</u>
Revenues:			
Licenses and permits	\$4,552,085	\$ -	\$ -
Fines and forfeitures	60,000	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,612,085</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Physical environment:			
Planning, zoning and building administration	626,744	7,740	90,211
Planning and zoning	760,894	90,308	(66,076)
Code compliance	552,141	18,465	(37,446)
Building	<u>1,745,013</u>	<u>4,471</u>	<u>57,706</u>
Total physical environment	<u>3,684,792</u>	<u>120,984</u>	<u>44,395</u>
Capital outlay	<u>198,470</u>	<u>-</u>	<u>2,005</u>
Total expenditures	<u>3,883,262</u>	<u>120,984</u>	<u>46,400</u>
Excess (deficiency) of revenues over expenditures	<u>728,823</u>	<u>(120,984)</u>	<u>(46,400)</u>
Other financing sources (uses):			
Transfers in	686,542	-	-
Transfers out	<u>(1,415,365)</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>(728,823)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(120,984)	(46,400)
Fund balance, beginning of year	<u>-</u>	<u>120,984</u>	<u>46,400</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
\$4,552,085	\$5,505,353	\$ 953,268
60,000	54,947	(5,053)
<u>-</u>	<u>185,022</u>	<u>185,022</u>
<u>4,612,085</u>	<u>5,745,322</u>	<u>1,133,237</u>
724,695	544,029	180,666
785,126	489,841	295,285
533,160	450,393	82,767
<u>1,807,190</u>	<u>1,759,973</u>	<u>47,217</u>
<u>3,850,171</u>	<u>3,244,236</u>	<u>605,935</u>
<u>200,475</u>	<u>138,676</u>	<u>61,799</u>
<u>4,050,646</u>	<u>3,382,912</u>	<u>667,734</u>
<u>561,439</u>	<u>2,362,410</u>	<u>1,800,971</u>
686,542	514,907	(171,635)
<u>(1,415,365)</u>	<u>(1,290,674)</u>	<u>124,691</u>
<u>(728,823)</u>	<u>(775,767)</u>	<u>(46,944)</u>
(167,384)	1,586,643	1,754,027
<u>167,384</u>	<u>4,308,711</u>	<u>4,141,327</u>
<u>\$ -</u>	<u>\$5,895,354</u>	<u>\$ 5,895,354</u>

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE RECREATION PROGRAMS - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2004

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments
Revenues:			
Intergovernmental	\$ -	\$ 6,400	\$ 11,500
Charges for services	1,664,810	-	10,000
Investment income	-	-	-
Miscellaneous	-	-	65,000
Total revenues	<u>1,664,810</u>	<u>6,400</u>	<u>86,500</u>
Expenditures:			
Current:			
Culture and recreation:			
Recreational facilities - pool	529,884	17,871	34,117
Recreational facilities - tennis	466,293	890	(12,726)
Recreational facilities - Community Center	213,115	-	7,595
Parks and recreational facilities	2,087,937	56,626	(104,975)
Parks and recreational administration	423,775	-	(155,401)
Community programs	521,152	-	38,831
Athletics programs	<u>1,026,623</u>	<u>2,090</u>	<u>43,393</u>
Total culture and recreation	<u>5,268,779</u>	<u>77,477</u>	<u>(149,166)</u>
Capital outlay	<u>423,550</u>	<u>144,506</u>	<u>449,165</u>
Total expenditures	<u>5,692,329</u>	<u>221,983</u>	<u>299,999</u>
Deficiency of revenues over expenditures	<u>(4,027,519)</u>	<u>(215,583)</u>	<u>(213,499)</u>
Other financing sources (uses):			
Transfers in	5,690,760	-	-
Transfers out	<u>(1,663,241)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>4,027,519</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(215,583)	(213,499)
Fund balance, beginning of year	<u>-</u>	<u>215,583</u>	<u>213,499</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
\$ 17,900	\$ 8,000	\$ (9,900)
1,674,810	1,868,735	193,925
-	29,027	29,027
<u>65,000</u>	<u>9,263</u>	<u>(55,737)</u>
<u>1,757,710</u>	<u>1,915,025</u>	<u>157,315</u>
581,872	537,587	44,285
454,457	425,137	29,320
220,710	186,323	34,387
2,039,588	1,628,211	411,377
268,374	195,600	72,774
559,983	480,889	79,094
<u>1,072,106</u>	<u>972,296</u>	<u>99,810</u>
<u>5,197,090</u>	<u>4,426,043</u>	<u>771,047</u>
<u>1,017,221</u>	<u>299,757</u>	<u>717,464</u>
<u>6,214,311</u>	<u>4,725,800</u>	<u>1,488,511</u>
<u>(4,456,601)</u>	<u>(2,810,775)</u>	<u>1,645,826</u>
5,690,760	4,268,070	(1,422,690)
<u>(1,663,241)</u>	<u>(1,518,282)</u>	<u>144,959</u>
<u>4,027,519</u>	<u>2,749,788</u>	<u>(1,277,731)</u>
(429,082)	(60,987)	368,095
<u>429,082</u>	<u>2,214,770</u>	<u>1,785,688</u>
<u>\$ -</u>	<u>\$2,153,783</u>	<u>\$ 2,153,783</u>

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE RECREATION IMPACT FEES - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2004

	Original Adopted <u>Budget</u>	Prior Year <u>Carryforward</u>	Legally Adopted Budget <u>Amendments</u>
Revenues:			
Impact fees	\$ 1,156,680	\$ -	\$ -
Intergovernmental	670,000	-	50,000
Investment income	-	-	-
Miscellaneous	<u>5,000</u>	-	-
Total revenues	1,831,680	-	50,000
Expenditures:			
Capital outlay	<u>3,360,000</u>	<u>6,923,330</u>	<u>62,002</u>
Deficiency of revenues over expenditures	<u>(1,528,320)</u>	<u>(6,923,330)</u>	<u>(12,002)</u>
Other financing sources (uses):			
Bonds issued	2,760,000	-	(2,760,000)
Transfers in	-	-	3,681,000
Transfers out	(1,900,000)	-	-
Sale of capital asset	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>860,000</u>	<u>-</u>	<u>921,000</u>
Net change in fund balance	(668,320)	(6,923,330)	908,998
Fund balance, beginning of year	<u>668,320</u>	<u>6,923,330</u>	<u>(908,998)</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to required supplementary information.

<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
\$ 1,156,680	\$ 2,870,785	\$ 1,714,105
720,000	-	(720,000)
-	2,585	2,585
<u>5,000</u>	<u>7,078</u>	<u>2,078</u>
1,881,680	2,880,448	998,768
<u>10,345,332</u>	<u>5,516,916</u>	<u>4,828,416</u>
<u>(8,463,652)</u>	<u>(2,636,468)</u>	<u>5,827,184</u>
-	-	-
3,681,000	3,681,000	-
(1,900,000)	(1,381,673)	518,327
<u>-</u>	<u>895,709</u>	<u>895,709</u>
<u>1,781,000</u>	<u>3,195,036</u>	<u>1,414,036</u>
(6,682,652)	558,568	7,241,220
<u>6,682,652</u>	<u>5,505,921</u>	<u>(1,176,731)</u>
<u>\$ -</u>	<u>\$ 6,064,489</u>	<u>\$ 6,064,489</u>

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE SURFACE WATER MANAGEMENT - SPECIAL REVENUE FUND YEAR ENDED SEPTEMBER 30, 2004

	Original Adopted <u>Budget</u>	Prior Year <u>Carryforward</u>	Legally Adopted Budget <u>Amendments</u>
Revenues:			
Special assessments	\$ 2,303,032	\$ -	\$ 341,934
Intergovernmental revenue	-	50,000	-
Charges for services	270,300	-	-
Investment income	225,000	-	-
Miscellaneous	-	-	-
Total revenues	<u>2,798,332</u>	<u>50,000</u>	<u>341,934</u>
Expenditures:			
Current:			
General government:			
Contingency	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
Physical environment:			
Surface water management	<u>1,182,491</u>	<u>1,184,221</u>	<u>(1,086,883)</u>
Capital outlay	<u>7,228,750</u>	<u>4,879,763</u>	<u>1,509,583</u>
Total expenditures	<u>8,451,241</u>	<u>6,063,984</u>	<u>382,700</u>
Deficiency of revenues over expenditures	<u>(5,652,909)</u>	<u>(6,013,984)</u>	<u>(40,766)</u>
Other financing sources (uses):			
Bonds issued	6,500,000	-	-
Transfers in	201,939	-	-
Transfers out	<u>(1,007,826)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>5,694,113</u>	<u>-</u>	<u>-</u>
Net change in fund balance	41,204	(6,013,984)	(40,766)
Fund balance, beginning of year	<u>(41,204)</u>	<u>6,013,984</u>	<u>40,766</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
\$ 2,644,966	\$2,824,179	\$ 179,213
50,000	-	(50,000)
270,300	273,905	3,605
225,000	48,029	(176,971)
-	<u>398,244</u>	<u>398,244</u>
<u>3,190,266</u>	<u>3,544,357</u>	<u>354,091</u>
-	-	-
<u>1,279,829</u>	<u>1,051,794</u>	<u>228,035</u>
<u>13,618,096</u>	<u>2,837,185</u>	<u>10,780,911</u>
<u>14,897,925</u>	<u>3,888,979</u>	<u>11,008,946</u>
<u>(11,707,659)</u>	<u>(344,622)</u>	<u>11,363,037</u>
6,500,000	-	(6,500,000)
201,939	151,454	(50,485)
<u>(1,007,826)</u>	<u>(549,553)</u>	<u>458,273</u>
<u>5,694,113</u>	<u>(398,099)</u>	<u>(6,092,212)</u>
(6,013,546)	(742,721)	5,270,825
<u>6,013,546</u>	<u>5,168,896</u>	<u>(844,650)</u>
<u>\$ -</u>	<u>\$4,426,175</u>	<u>\$ 4,426,175</u>

VILLAGE OF WELLINGTON, FLORIDA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2004

Budgetary Accounting

State of Florida Statutes require that all municipal governments establish budgetary systems and approve annual operating budgets. The Council annually adopts an operating budget and appropriates funds for the general, special revenue, and debt service funds. The procedures for establishing the budgetary data are as follows:

- ❖ Prior to September 1, the Village Manager submits a proposed operating budget to the Council for the next fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- ❖ Public hearings are conducted to obtain taxpayer comments.
- ❖ The Village advises the County Property Appraiser of the proposed millage rate, special assessment levies, and the date, time and place of the public hearing for budget acceptance.
- ❖ The budget and related millage rate and special assessment levies are legally enacted by resolution.

Changes or amendments to the total budget of the Village or a department must be approved by the Council. Changes within a department which do not affect total departmental expenditures may be approved at the administrative level. Accordingly, the legal level of control is at the departmental level.

Budgets are adopted on a basis consistent with generally accepted accounting principles. The Village also adopts a nonappropriated operating budget for the enterprise fund substantially on a basis consistent with generally accepted accounting principles. All appropriations lapse at fiscal year end; however, encumbrances and amounts specifically designated to be carried forward to the subsequent year are re-appropriated in the following year.

During the year ended September 30, 2004, several supplementary appropriations were necessary. The supplementary appropriations increased the general fund budget by \$2,074,911 and the major special revenue funds' budgets by \$14,121,382. The supplementary appropriations consisted mainly of amounts re-appropriated from the previous budget year.

As required by GASB Statement No. 34, budgetary comparison schedules are presented for the general fund and major special revenue funds.

VILLAGE OF WELLINGTON, FLORIDA

CONDITION RATING OF STREET SYSTEM

SEPTEMBER 30, 2004

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

Percentage of lane miles in good or better condition

Overall System:

2003	96%
2004	96%

Percentage of lane miles in substandard condition

Overall System:

2003	4%
2004	4%

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION

	<u>Needed</u>	<u>Actual</u>	<u>Difference</u>
Overall System:			
2000	\$ 385,900	\$ 827,603	\$ 441,703
2001	755,100	114,992	(640,108)
2002	566,700	598,074	31,374
2003	646,700	1,052,265	405,565
2004	<u>646,700</u>	<u>465,610</u>	<u>(181,090)</u>
Total	<u>\$2,354,400</u>	<u>\$2,592,934</u>	<u>\$ 238,534</u>

The condition of street pavement is measured using the Asphalt Pavement Rating Form as developed by the Asphalt Institute. The Asphalt Pavement Rating Form is based on a weighted average of thirteen defects found in pavement surfaces. The form uses a measurement scale that is based on a condition index rating from zero for failed pavement to 100 for pavement in perfect condition. The condition index is used to classify roads in seven categories: excellent (100-85), very good (84-70), good (69-55), fair (54-40), poor (39-25), very poor (24-10), failed (9-0). It is the Village's policy to maintain at least 80% of its street system at a good or better condition. Needed maintenance is calculated based upon inspections and the condition assessment index.

In accordance with GASB Statement No. 34, the Village is required to report at least one complete condition assessment at transition using the modified approach. The condition assessment was completed by the Village and documented that the eligible infrastructure assets are being preserved at or above the condition level established by the Village. Future assessments will be completed on a cyclical basis (one-third of all the streets in the network every year for three years).

The Village calculates needed maintenance of its street system annually. However, the scheduling of these road projects often crosses fiscal years. Therefore, actual maintenance may be less than the calculated needed maintenance in one fiscal year and greater than the calculated needed maintenance in the subsequent fiscal year.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

Gas Tax Maintenance Fund – Accounts for gas tax revenues and expenditures related to road maintenance projects.

Gas Tax Capital Fund – Accounts for gas tax revenues and expenditures related to road construction projects.

Road Impact Fees Fund – Accounts for impact fee revenues and expenditures for road construction projects.

DEBT SERVICE FUND

Debt service funds are maintained to account for the payment of interest and principal requirements on long-term debt. The Village maintains one debt service fund for the repayment of public service tax revenue bonds.

VILLAGE OF WELLINGTON, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2004

	Special Revenue Funds		
	Gas Tax Maintenance	Gas Tax Capital	Road Impact Fees
<u>ASSETS</u>			
Cash and cash equivalents	\$ 442,867	\$ 1,023,012	\$ 100,486
Investments	821,063	1,896,633	186,297
Receivables:			
Interest	3,790	7,656	2,407
Due from other governments	103,633	49,035	-
Restricted assets:			
Cash and cash equivalents	-	-	5,443,724
Total assets	\$ 1,371,353	\$ 2,976,336	\$ 5,732,914
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities - accounts payable and accrued liabilities	\$ 20,387	\$ 90,728	\$ -
Fund balances:			
Reserved:			
Reserved for encumbrances	71,873	162,942	126,307
Reserved for capital improvements	-	2,722,666	5,384,235
Reserved for debt service	-	-	-
Unreserved:			
Designated for road improvements	-	-	222,372
Designated for road maintenance	1,086,723	-	-
Designated for subsequent year's expenditures	192,370	-	-
Total fund balances	1,350,966	2,885,608	5,732,914
Total liabilities and fund balances	\$ 1,371,353	\$ 2,976,336	\$ 5,732,914

Debt Service Fund	Total Nonmajor Funds
\$ 16,010	\$ 1,582,375
29,682	2,933,675
-	13,853
-	152,668
-	<u>5,443,724</u>
<u>\$ 45,692</u>	<u>\$ 10,126,295</u>

\$ - \$ 111,115

-	361,122
-	8,106,901
45,692	45,692
	222,372
-	1,086,723
-	<u>192,370</u>
<u>45,692</u>	<u>10,015,180</u>
<u>\$ 45,692</u>	<u>\$ 10,126,295</u>

VILLAGE OF WELLINGTON, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue Funds		
	Gas Tax Maintenance	Gas Tax Capital	Road Impact Fees
Revenues:			
Impact fees	\$ -	\$ -	\$ 760,992
Intergovernmental revenue	1,149,769	962,437	-
Investment income	13,430	29,386	102,443
Miscellaneous	1,750	-	-
Total revenues	1,164,949	991,823	863,435
Expenditures:			
Current:			
Transportation	1,144,642	-	-
Capital outlay	48,576	1,115,421	676,001
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	1,193,218	1,115,421	676,001
Excess (deficiency) of revenues over expenditures	(28,269)	(123,598)	187,434
Other financing sources (uses):			
Transfers in	647,333	-	-
Transfers out	(426,349)	(139,667)	(353,988)
Total other financing sources (uses)	220,984	(139,667)	(353,988)
Net change in fund balances	192,715	(263,265)	(166,554)
Fund balances, beginning of year	1,158,251	3,148,873	5,899,468
Fund balances, end of year	\$ 1,350,966	\$ 2,885,608	\$ 5,732,914

Debt Service <u>Fund</u>	Total Nonmajor <u>Funds</u>
\$ -	\$ 760,992
-	2,112,206
-	145,259
-	<u>1,750</u>
-	<u>3,020,207</u>
	- 1,144,642
	- 1,839,998
985,000	985,000
<u>1,222,401</u>	<u>1,222,401</u>
<u>2,207,401</u>	<u>5,192,041</u>
<u>(2,207,401)</u>	<u>(2,171,834)</u>
2,007,875	2,655,208
-	<u>(920,004)</u>
<u>2,007,875</u>	<u>1,735,204</u>
(199,526)	(436,630)
<u>245,218</u>	<u>10,451,810</u>
<u>\$ 45,692</u>	<u>\$10,015,180</u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GAS TAX MAINTENANCE - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental revenue	\$ 1,037,018	\$ 1,037,018	\$ 1,149,769	\$ 112,751
Investment income	-	-	13,430	13,430
Miscellaneous	-	-	1,750	1,750
Total revenues	<u>1,037,018</u>	<u>1,037,018</u>	<u>1,164,949</u>	<u>127,931</u>
Expenditures:				
Current:				
Transportation	1,312,910	1,409,105	1,144,642	264,463
Capital outlay	<u>91,545</u>	<u>97,881</u>	<u>48,576</u>	<u>49,305</u>
Total expenditures	<u>1,404,455</u>	<u>1,506,986</u>	<u>1,193,218</u>	<u>313,768</u>
Deficiency of revenues over expenditures	<u>(367,437)</u>	<u>(469,968)</u>	<u>(28,269)</u>	<u>441,699</u>
Other financing sources (uses):				
Transfers in	863,111	863,111	647,333	(215,778)
Transfers out	<u>(495,674)</u>	<u>(495,674)</u>	<u>(426,349)</u>	<u>69,325</u>
Total other financing sources	<u>367,437</u>	<u>367,437</u>	<u>220,984</u>	<u>(146,453)</u>
Net change in fund balance	-	(102,531)	192,715	295,246
Fund balance, beginning of year	<u>-</u>	<u>102,531</u>	<u>1,158,251</u>	<u>1,055,720</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,350,966</u>	<u>\$ 1,350,966</u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GAS TAX CAPITAL - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 765,270	\$ 905,989	\$ 962,437	\$ 56,448
Investment income	<u>-</u>	<u>-</u>	<u>29,386</u>	<u>29,386</u>
Total revenues	765,270	905,989	991,823	85,834
Expenditures:				
Capital outlay	<u>605,000</u>	<u>3,132,217</u>	<u>1,115,421</u>	<u>2,016,796</u>
Excess (deficiency) of revenues over expenditures	160,270	(2,226,228)	(123,598)	2,102,630
Other financing uses - transfers out	<u>(140,000)</u>	<u>(140,000)</u>	<u>(139,667)</u>	<u>333</u>
Net change in fund balance	20,270	(2,366,228)	(263,265)	2,102,963
Fund balance, beginning of year	<u>(20,270)</u>	<u>2,366,228</u>	<u>3,148,873</u>	<u>782,645</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,885,608</u>	<u>\$ 2,885,608</u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL ROAD IMPACT FEES - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2004

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Impact fees	\$ 708,665	\$ 708,665	\$ 760,992	\$ 52,327
Investment income	<u>-</u>	<u>-</u>	<u>102,443</u>	<u>102,443</u>
Total revenues	708,665	708,665	863,435	154,770
Expenditures:				
Capital outlay	<u>1,375,000</u>	<u>7,263,986</u>	<u>676,001</u>	<u>6,587,985</u>
Excess (deficiency) of revenues over expenditures	<u>(666,335)</u>	<u>(6,555,321)</u>	<u>187,434</u>	<u>6,742,755</u>
Other financing sources (uses):				
Bonds issued	1,375,000	1,375,000	-	(1,375,000)
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(353,988)</u>	<u>146,012</u>
Total other financing sources (uses)	<u>875,000</u>	<u>875,000</u>	<u>(353,988)</u>	<u>(1,228,988)</u>
Net change in fund balance	208,665	(5,680,321)	(166,554)	5,513,767
Fund balance, beginning of year	<u>(208,665)</u>	<u>5,680,321</u>	<u>5,899,468</u>	<u>219,147</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,732,914</u>	<u>\$ 5,732,914</u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	985,000	985,000	985,000	-
Interest and other fiscal charges	<u>2,090,000</u>	<u>2,090,000</u>	<u>1,222,401</u>	<u>867,599</u>
Total expenditures	<u>3,075,000</u>	<u>3,075,000</u>	<u>2,207,401</u>	<u>867,599</u>
Deficiency of revenues over expenditures	(3,075,000)	(3,075,000)	(2,207,401)	867,599
Other financing sources - transfers in	<u>3,075,000</u>	<u>3,075,000</u>	<u>2,007,875</u>	<u>(1,067,125)</u>
Net change in fund balance	-	-	(199,526)	(199,526)
Fund balance, beginning of year	-	-	<u>245,218</u>	<u>245,218</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,692</u>	<u>\$ 45,692</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Village of Wellington's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

VILLAGE OF WELLINGTON, FLORIDA

NET ASSETS BY COMPONENT

LAST THREE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2002	2003	2004
Governmental activities:			
Invested in capital assets, net of related debt	\$ 78,064,294	\$ 84,456,045	\$ 82,441,223
Restricted	18,622,481	25,190,120	28,588,134
Unrestricted	12,472,618	8,908,406	17,165,777
Total governmental activities net assets	109,159,393	118,554,571	128,195,134
Business-type activities:			
Invested in capital assets, net of related debt	45,917,353	61,103,841	63,977,950
Restricted	3,088,414	22,753,650	35,173,687
Unrestricted	47,811,998	30,396,608	22,308,368
Total business-type activities net assets	96,817,765	114,254,099	121,460,005
Total government:			
Invested in capital assets, net of related debt	123,981,647	145,559,886	146,419,173
Restricted	21,710,895	47,943,770	63,761,821
Unrestricted	60,284,616	39,305,014	39,474,145
Total government net assets	\$205,977,158	\$232,808,670	\$249,655,139

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET ASSETS

LAST THREE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2002	2003	2004
Expenses:			
Governmental activities:			
General government	\$ 5,862,465	\$ 6,783,423	\$ 7,260,676
Public safety	3,530,068	3,820,632	4,634,172
Planning and development	2,936,249	3,082,967	3,396,474
Engineering and public works	3,269,210	3,512,188	3,765,102
Surface water management	1,659,368	1,239,037	1,264,735
Transportation	2,051,330	2,778,554	2,936,346
Culture/recreation	6,014,166	6,053,970	6,553,695
Interest on long-term debt	927,545	1,188,924	1,184,013
Issuance costs	3,999	10,115	11,179
	26,254,400	28,469,810	31,006,392
Indirect expense allocation	(2,184,394)	(1,811,147)	(1,498,361)
Total governmental activities	24,070,006	26,658,663	29,508,031
Business-type activities:			
Utility system	10,721,966	10,278,556	11,465,865
Solid waste	1,405,410	1,573,480	4,006,221
	12,127,376	11,852,036	15,472,086
Indirect expense allocation	2,184,394	1,811,147	1,498,361
Total business-type activities	14,311,770	13,663,183	16,970,447
Total government expenses	\$ 38,381,776	\$ 40,321,846	\$ 46,478,478
Program revenues:			
Governmental activities:			
Charges for services:			
General government	\$ 355,972	\$ 330,233	\$ 238,627
Public safety	262,650	300,308	275,880
Planning and development	4,149,690	5,633,693	5,505,353
Surface water management	262,300	3,105,826	3,098,084
Transportation	402,971	694,122	760,992
Culture/recreation	2,420,423	3,470,319	6,039,520
Operating grants and contributions	2,100,368	2,126,925	1,206,275
Capital grants and contributions	316,000	1,237,268	962,437
Total governmental activities program revenues	10,270,374	16,898,694	18,087,168
Business-type activities:			
Charges for services:			
Utility system	11,692,525	12,636,193	13,348,053
Solid waste	1,742,535	1,969,284	2,196,596
Operating grants and contributions	-	-	1,113,196
Capital grants and contributions	8,747,614	15,299,995	5,973,688
Total business-type activities program revenues	22,182,674	29,905,472	22,631,533
Total program revenues	\$ 32,453,048	\$ 46,804,166	\$ 40,718,701

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET ASSETS continued

LAST THREE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2002	2003	2004
Net (expense) revenue:			
Governmental activities	\$(13,799,632)	\$(9,759,969)	\$(11,420,863)
Business-type activities	<u>7,870,904</u>	<u>16,242,289</u>	<u>5,661,086</u>
Total net expense	<u><u>\$ (5,928,728)</u></u>	<u><u>\$ 6,482,320</u></u>	<u><u>\$ (5,759,777)</u></u>
General revenues:			
Governmental activities:			
Taxes:			
Property taxes	\$ 8,801,700	\$ 7,419,620	\$ 9,276,804
Utility taxes	3,957,238	4,599,232	4,863,526
Sales tax	2,744,678	2,913,541	3,235,206
Franchise taxes	1,806,321	2,074,904	2,379,764
Occupational licenses	139,427	-	-
Grants and contributions not restricted to specific programs	382,103	448,180	504,157
Investment earnings	1,376,992	781,265	562,948
Gain on sale of capital asset	443,806	-	416,983
Miscellaneous	796,655	1,018,405	797,038
Transfers	<u>(253,395)</u>	<u>(100,000)</u>	<u>(975,000)</u>
Total governmental activities	<u>20,195,525</u>	<u>19,155,147</u>	<u>21,061,426</u>
Business-type activities:			
Investment earnings	2,163,389	1,001,488	569,820
Gain on disposal of assets	-	92,557	-
Transfers	<u>253,395</u>	<u>100,000</u>	<u>975,000</u>
Total business-type activities	<u>2,416,784</u>	<u>1,194,045</u>	<u>1,544,820</u>
Total general revenues	<u><u>\$ 22,612,309</u></u>	<u><u>\$20,349,192</u></u>	<u><u>\$ 22,606,246</u></u>
Change in net assets:			
Governmental activities	\$ 6,395,893	\$ 9,395,178	\$ 9,640,563
Business-type activities	<u>10,287,688</u>	<u>17,436,334</u>	<u>7,205,906</u>
Total change in net assets	<u><u>\$ 16,683,581</u></u>	<u><u>\$26,831,512</u></u>	<u><u>\$ 16,846,469</u></u>

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* .

VILLAGE OF WELLINGTON, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST THREE FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
General fund:			
Reserved	\$ 3,945,217	\$ 1,009,210	\$ 5,721,818
Unreserved	<u>10,943,543</u>	<u>17,025,472</u>	<u>12,216,791</u>
Total general fund	<u>14,888,760</u>	<u>18,034,682</u>	<u>17,938,609</u>
All other governmental funds:			
Reserved	13,537,529	24,375,094	23,384,127
Unreserved, reported in:			
Special revenue funds	<u>8,231,429</u>	<u>3,275,014</u>	<u>5,170,854</u>
Total all other governmental funds	<u>21,768,958</u>	<u>27,650,108</u>	<u>28,554,981</u>
Total governmental funds	<u>\$36,657,718</u>	<u>\$45,684,790</u>	<u>\$46,493,590</u>

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST THREE FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2002	2003	2004
Revenues:			
Ad valorem taxes	\$ 5,988,044	\$ 7,419,620	\$ 9,276,804
Franchise fees	1,806,321	2,074,904	2,379,764
Utility taxes	3,957,238	4,599,232	4,863,526
Special assessments	2,813,656	2,827,160	2,824,179
Impact fees	1,243,927	2,439,987	3,631,777
Licenses and permits	4,289,117	5,715,589	5,600,787
Intergovernmental revenue	5,289,288	6,737,315	5,922,997
Charges for services	2,197,739	2,251,457	2,285,833
Fines and forfeitures	262,650	300,308	275,880
Investment income	1,376,992	781,265	562,948
Sale of capital assets	815,216	35,717	-
Miscellaneous	781,877	1,007,004	782,116
Total revenues	30,822,065	36,189,558	38,406,611
Expenditures:			
Current:			
General government	5,324,877	5,995,634	6,765,480
Public safety	3,530,068	3,820,632	4,634,172
Physical environment	6,618,249	6,918,191	7,716,972
Transportation	1,398,041	1,539,299	1,510,342
Culture and recreation	3,952,117	4,098,834	4,426,043
Capital outlay	6,160,868	11,163,250	11,756,471
Debt service:			
Principal retirement	545,000	760,000	985,000
Interest and other fiscal charges	839,106	1,098,371	1,222,401
Total expenditures	28,368,326	35,394,211	39,016,881
Excess (deficiency) of revenues over expenditures	2,453,739	795,347	(610,270)
Other financing sources (uses):			
Bond proceeds	5,788,998	6,520,578	-
Transfers in	19,525,599	12,415,248	22,539,411
Transfers out	(17,594,600)	(10,704,101)	(22,016,050)
Sale of capital asset	-	-	895,709
Total other financing sources (uses)	7,719,997	8,231,725	1,419,070
Net change in fund balances	\$10,173,736	\$ 9,027,072	\$ 808,800
Debt service as a percentage of non-capital expenditures	4.88%	5.25%	5.66%

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* .

VILLAGE OF WELLINGTON, FLORIDA

NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Real Property					Total Net Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other Property	Personal Property		
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1996	-	-	-	-	-	-	-
1997	1,437,476,890	95,468,317	11,678,711	145,999,904	65,033,898	1,755,657,720	\$1.78
1998	1,568,964,860	93,748,584	13,789,692	157,665,548	62,022,500	1,896,191,184	1.94
1999	1,725,023,721	95,295,075	16,962,405	127,548,223	60,031,201	2,024,860,625	2.25
2000	1,899,967,907	132,661,839	20,372,271	119,110,099	72,138,602	2,244,250,718	2.25
2001	2,157,383,554	133,838,500	22,846,403	90,639,952	77,422,123	2,482,130,532	2.50
2002	2,431,976,257	310,455,568	25,327,239	-	79,268,718	2,847,027,782	2.50
2003	2,952,572,108	330,298,258	28,481,331	154,018,481	130,718,703	3,596,088,881	2.50
2004	3,641,006,075	369,858,791	30,515,727	62,231,797	145,278,027	4,248,890,417	2.70

Note: Assessed values are established by the Palm Beach County Property Appraiser's Office as of January 1, each year. Assessments were increased to 100% of market value as of 1980. The Village of Wellington commenced operations on March 28, 1996. Prior to incorporation of the Village, the Property Appraiser's Office did not separately accumulate data on the assessed value of real and personal property for the area within the newly legislated Village boundaries.

Property in the Village is reassessed each year. Property is assessed at actual value, therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Source: Palm Beach County Property Appraiser's Office.

VILLAGE OF WELLINGTON, FLORIDA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Village General Operations (1)	Overlapping Rates (2)							Total Direct and Overlapping Rates
			Palm Beach County School Board	Palm Beach County Beach County	Palm Beach County Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Florida Inland Navigation District	
1995	1994	\$ -	\$ 10.19	\$ 6.82	\$ 1.45	\$ 0.44	\$ 0.50	\$ 0.35	\$ 0.05	\$ 19.80
1996	1995	-	9.80	7.02	1.43	0.48	0.65	0.37	0.04	19.79
1997	1996	1.78	9.79	7.02	1.20	0.50	0.67	0.38	0.04	21.38
1998	1997	1.94	9.55	7.44	1.16	0.50	0.70	0.45	0.05	21.79
1999	1998	2.25	9.68	7.64	1.05	0.52	0.72	0.44	0.05	22.35
2000	1999	2.25	9.04	7.86	0.98	0.52	0.70	0.47	0.04	21.86
2001	2000	2.50	8.92	8.03	1.02	0.54	0.60	0.50	0.04	22.15
2002	2001	2.50	8.95	8.09	1.15	0.54	0.60	0.57	0.04	22.44
2003	2002	2.50	8.43	7.97	1.13	0.54	0.70	0.69	0.04	22.00
2004	2003	2.70	8.43	7.97	1.10	0.54	0.70	0.69	0.04	22.17

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Sources: Village of Wellington Finance Department and Palm Beach County Property Appraiser's Office.

- (1) The Village of Wellington commenced operations on March 28, 1996. Ad valorem taxes were not levied until October 1, 1996.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the Village of Wellington. Not all overlapping rates apply to all Village of Wellington property owners (i.e. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

VILLAGE OF WELLINGTON, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

SEPTEMBER 30, 2004 AND 1997

<u>Taxpayer</u>	2004			1997		
	Net Assessed <u>Value</u>	Rank	Percent of Total Village Net Assessed <u>Value</u>	Net Assessed <u>Value</u>	Rank	Percent of Total Village Net Assessed <u>Value</u>
TJ Palm Beach Assoc Ltd Partnership	\$ 129,001,850	1	3.04%			
Minto Communities, Inc.	93,619,388	2	2.20%			
Kpers Realty Holding #42 Inc.	43,803,457	3	1.03%			
Polo Lakes Apartments LLC	39,489,312	4	0.93%			
Transeastern Versailles LLC	29,734,365	5	0.70%			
Centre at Wellington Green Ltd	23,022,435	6	0.54%			
Wellington Development LC	23,000,000	7	0.54%			
IMT LB South Florida	19,142,307	8	0.45%			
Palm Beach Polo Holdings, Inc.	17,930,370	9	0.42%			
Palm Beach Polo Inc	16,414,712	10	0.39%	\$ 19,052,649	1	1.09%
FWI 16 LLC	<u>15,900,000</u>	11	<u>0.37%</u>	16,165,877	3	0.92%
RRC FL Six, Inc.				16,500,000	2	0.94%
Lennar Homes				14,629,521	4	0.83%
Polo Chase Venture				14,269,500	5	0.81%
Courtyard Shops Associates, Inc.				12,294,038	6	0.70%
Sentinel Real Estate Fund				9,392,417	7	0.53%
Regency Centers, Inc.				7,806,722	8	0.44%
Stadium Jumping, Inc.				6,949,726	9	0.40%
Lennar Eastern Holdings, Inc.				6,412,140	10	0.37%
Wellington Mall LTD				<u>6,022,581</u>	11	<u>0.34%</u>
	<u>\$ 451,058,196</u>		<u>10.62%</u>	<u>\$ 129,495,171</u>		<u>7.38%</u>

Note: Due to the date of incorporation, ad valorem taxes were not levied until October 1, 1996.

Source: Tax roll provided by Palm Beach County Property Appraisers Office.

VILLAGE OF WELLINGTON, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	Total Taxes Levied for Fiscal <u>Year</u>	Collected within the Fiscal Year of the Levy		Collections in Subsequent <u>Years</u>	Total Collections to Date	
		<u>Amount</u>	Percent <u>of Levy</u>		<u>Amount</u>	Percent <u>of Levy</u>
1995	\$ -	\$ -	-	\$ -	\$ -	-
1996	-	-	-	-	-	-
1997	2,694,121	2,679,794	99.47%	-	2,679,794	99.47%
1998	3,126,810	3,104,186	99.28%	2,511	3,106,697	99.36%
1999	3,910,643	3,885,906	99.37%	3,348	3,889,254	99.45%
2000	4,315,360	4,279,418	99.17%	15,034	4,294,452	99.52%
2001	5,319,631	5,302,209	99.67%	4,736	5,306,945	99.76%
2002	5,987,887	5,974,509	99.78%	13,535	5,988,044	100.00%
2003	7,443,394	7,410,842	99.56%	8,778	7,419,620	99.68%
2004	9,332,211	9,272,110	99.36%	-	9,272,110	99.36%

Note: Due to the date of incorporation, ad valorem taxes were not levied until October 1, 1996.

Source: Village of Wellington Finance Department and Palm Beach County Tax Collector's Office.

VILLAGE OF WELLINGTON, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	Percent of	
	<u>Revenue</u> <u>Bonds</u>	<u>Loans</u> <u>Payable</u>	<u>Revenue</u> <u>Bonds</u>		<u>Personal</u> <u>Income (1)</u>	<u>Per</u> <u>Capita (1)</u>
1995	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
1996	-	-	-	-	0.00%	-
1997	-	4,561,482	-	4,561,482	11.44%	169
1998	-	6,338,402	-	6,338,402	14.76%	222
1999	16,976,110	-	-	16,976,110	37.84%	543
2000	15,225,000	-	-	15,225,000	31.95%	491
2001	14,700,000	-	-	14,700,000	28.84%	361
2002	19,760,000	-	23,810,000	43,570,000	83.10%	1,030
2003	25,290,000	-	22,355,000	47,645,000	n/a	1,031
2004	24,305,000	-	22,355,000	46,660,000	n/a	921

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements

(1) See the Schedule of Demographic and Economic Statistics on page 84 for personal income and population data.

n/a Information not available.

VILLAGE OF WELLINGTON, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2004

<u>Government Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the Village of Wellington (1)</u>	<u>Amount Applicable to the Village of Wellington</u>
Debt repaid with property taxes:			
Palm Beach County	\$ 275,905,000	3.496%	\$ 9,645,639
Palm Beach County School Board	154,400,000	3.496%	5,397,824
Other debt:			
Palm Beach County	509,296,000	3.496%	17,804,988
Palm Beach County School Board	1,431,453,000	3.496%	<u>50,043,597</u>
Subtotal, Overlapping Debt			82,892,048
Village of Wellington Direct Debt			<u>24,305,000</u>
Total Direct and Overlapping Debt			<u>\$ 107,197,048</u>

Sources: Data provided by the Palm Beach County Finance Department and the Palm Beach County School Board.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village of Wellington. This process recognizes that, when considering the Village's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Value that is within the Village's boundaries and dividing it by the County's and School Board's total taxable assessed value. This approach was also used for the other debt.

VILLAGE OF WELLINGTON, FLORIDA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service			Public Service Tax	Debt Service		
				Principal	Interest	Coverage		Principal	Interest	Coverage
1995	\$ 7,729,560	\$3,747,916	\$3,981,644	\$ 285,000	\$1,601,025	2.11%	\$ -	\$ -	\$ -	0.00%
1996	8,202,610	4,107,498	4,095,112	1,475,000	1,554,625	1.35%	-	-	-	0.00%
1997	8,792,078	3,585,313	5,206,765	1,520,000	1,527,963	1.71%	-	-	-	0.00%
1998	9,894,689	3,651,966	6,242,723	1,575,000	1,442,300	2.07%	-	-	-	0.00%
1999	10,232,335	3,866,922	6,365,413	1,630,000	1,654,259	1.94%	-	-	-	0.00%
2000	11,037,090	3,890,997	7,146,093	1,695,000	1,343,559	2.35%	4,388,147	445,000	813,416	3.49%
2001	11,478,880	4,459,404	7,019,476	1,765,000	1,270,882	2.31%	4,968,482	525,000	734,826	3.94%
2002	11,842,525	5,831,704	6,010,821	1,840,000	1,193,355	1.98%	5,763,559	545,000	713,826	4.58%
2003	12,636,193	5,399,318	7,236,875	1,920,000	1,069,010	2.42%	6,674,136	570,000	692,026	5.29%
2004	13,411,249	6,755,606	6,655,643	-	696,925	9.55%	7,243,290	590,000	668,656	5.75%

Source: Village of Wellington Finance Department

Note: Data for the years prior to incorporation of the Village, which occurred in Fiscal Year 1996, result solely from the operations of the Acme Improvement District.

VILLAGE OF WELLINGTON, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands) (1)</u>	<u>Per Capital Personal Income (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1995	25,870	\$ 35,172,134	\$ 34,694	7,827	7.2%
1996	26,148	37,819,213	36,360	8,156	7.0%
1997	27,039	39,883,136	37,284	8,222	7.7%
1998	28,585	42,948,119	39,182	7,312	3.2%
1999	29,839	44,868,785	40,172	8,707	2.9%
2000	31,024	47,655,556	41,945	9,638	2.6%
2001	40,749	50,967,733	43,966	9,893	3.0%
2002	42,319	52,428,776	44,120	10,878	3.5%
2003	46,208	n/a	n/a	13,193	3.3%
2004	50,666	n/a	n/a	14,312	3.0%

Sources:

- (1) University of Florida, Bureau of Economic Research
- (2) Palm Beach County School Board Budget Office
- (3) Florida Department of Labor. Rates prior to 1998 are for the entire Palm Beach County.
- n/a Information not available.

Note: Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

VILLAGE OF WELLINGTON, FLORIDA

PRINCIPAL EMPLOYERS - PALM BEACH COUNTY

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2004</u>			<u>1995</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
School Board of Palm Beach County	18,680	1	3.34%	14,000	1	3.31%
Palm Beach County	10,500	2	1.88%	7,000	2	1.66%
Columbia PB Healthcare System, Inc.	4,000	3	0.71%			
Tenet Healthcare Corp.	3,040	4	0.54%			
Florida Power & Light	2,800	5	0.50%	2,000	9	0.47%
Boca Raton Resort & Club	2,380	6	0.43%			
U.S. Sugar Corp.	2,200	7	0.39%			
Florida Crystals	2,000	8	0.36%	2,500	6	0.59%
Bethesda Memorial Hospital	1,800	9	0.32%			
Applied Card Systems	<u>1,800</u>	10	<u>0.32%</u>			
Pratt & Whitney Aircraft				4,900	3	1.16%
Federal Government				4,200	4	0.99%
Motorola Inc.				3,200	5	0.76%
IBM Corporation				2,000	7	0.47%
Siemens Stromberg-Carlson				2,000	8	0.47%
St. Mary's Hospital				<u>2,000</u>	10	<u>0.47%</u>
	<u>49,200</u>		<u>8.79%</u>	<u>43,800</u>		<u>10.36%</u>

Source: Palm Beach County

Note: The Village is not a significant area for employment but rather a residential community. Therefore, Palm Beach County statistics were used.

VILLAGE OF WELLINGTON, FLORIDA

FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Number of Employees:										
General Government	18.0	21.5	29.0	30.0	31.6	32.0	34.4	39.3	38.8	35.3
Culture and Recreation	14.0	15.0	16.0	20.0	37.4	37.7	45.1	45.6	50.3	53.9
Planning and Development	-	2.0	3.5	6.8	28.0	26.0	41.0	41.3	36.0	41.0
Engineering and Public Works	39.0	37.0	43.0	44.0	48.0	51.0	58.0	63.8	68.2	69.2
Utility System	43.0	45.0	47.5	48.5	47.5	42.8	43.0	47.0	49.0	49.0
Solid Waste	-	-	-	-	-	-	1.0	2.0	2.0	2.0
	<u> </u>									
Total Number of Employees	<u>114.0</u>	<u>120.5</u>	<u>139.0</u>	<u>149.3</u>	<u>192.5</u>	<u>189.5</u>	<u>222.5</u>	<u>238.9</u>	<u>244.3</u>	<u>250.4</u>

Source: Village of Wellington Finance Department

VILLAGE OF WELLINGTON, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Public safety:								
Police:								
Police personnel and officers							83	88
Fire:								
Fire personnel							36	36
Planning and development:								
Business permits issued	643	757	3,559	7,594	8,325	9,928	13,956	17,660
Utility system:								
Active accounts - water							17,675	18,343
Active accounts - sewer							15,387	16,154
Average daily water consumption (thousands of gallons)							11	11
Average daily sewage treatment (thousands of gallons)							5	5
Solid waste:								
Residential accounts							18,570	18,570
Commercial accounts							238	238

Sources: Various Village Departments

Note: Indicators are not available prior to fiscal 2003, except for data on business permits which is available from fiscal 19

Note: Indicators are not available for the general government, culture and recreation, engineering and public works, surface water management and the transportation function.

VILLAGE OF WELLINGTON, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>
General government:		
Number of general government buildings	1	1
Public safety:		
Police:		
Police stations	-	-
Fire:		
Fire stations	3	3
Suppression units	6	6
Early response stabilization units	3	3
Transportation:		
Miles of streets	172	184
Number of street lights	1,245	1,245
Miles of bike paths	33	33
Miles of sidewalks	145	145
Culture and recreation:		
Parks acreage	267	267
Community center	1	1
Swimming pools	1	1
Tennis courts	16	16
Baseball/softball fields	18	25
Utility system:		
Miles of mains	434	434
Fire hydrants - Village of Wellington	1,503	1,503
Fire hydrants - Outside Village of Wellington	173	173

Sources: Various Village Departments

Note: Indicators are not available prior to fiscal year 2003.

Note: Indicators are not available for the general government, engineering and public works, surface water management, and the solid waste function.

**Reports of Independent Certified Public Accountants on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and Village Council
Village of Wellington, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate other remaining fund information of the Village of Wellington, Florida (the Village) as of and for the year ended September 30, 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the *Comptroller General of the United States*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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



Honorable Mayor and Village Council
Village of Wellington, Florida
Page 2

This report is intended solely for the information and use of management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

Rachlin Cohen & Holtz, LLP

West Palm Beach, Florida
December 17, 2004

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

Honorable Mayor and Village Council
Village of Wellington, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate other remaining fund information of the Village of Wellington, Florida (the Village) as of and for the year ended September 30, 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550 Rules of the Auditor General.. We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated December 17, 2004, should be considered in conjunction with this management letter.

In connection with our audit of the basic financial statements of the Village for the year ended September 30, 2004, we report the following in accordance with Chapter 10.550, Rules of the Auditor General, *Local Governmental Entity Audits* which requires that this report specifically address, but not be limited to, the matters outlined in Rule 10.554(1)(h):

1. There were no significant findings or recommendations made in the preceding financial audit report.
2. The Village was in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. There are no recommendations to improve the Village's present financial management, accounting procedures, and internal controls.
4. During the course of our audit, other than matters that are clearly inconsequential considering both quantitative and qualitative factors, nothing came to our attention that caused us to believe that the Village:
 - a. Was in violation of any laws, rules or regulations and contractual provisions or abuse that have occurred, or were likely to have occurred, or were discovered within the scope of the audit.



- b. Made any illegal or improper expenditures that were discovered within the scope of the audit that may materially affect the financial statements.
 - c. Had deficiencies in internal control that are reportable conditions, including, but not limited to:
 - (1) Improper or inadequate accounting procedures
 - (2) Failures to properly record financial transactions
 - (3) Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of the auditor.
5. The Village of Wellington, Florida was incorporated by Chapter 165, Florida Statutes.
6. a. The Village, during fiscal year 2004, was not in a state of financial emergency as defined by Florida Statutes 218.503(1).
- b. The annual financial report for the fiscal year ended September 30, 2004 has been filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes and is in agreement with the audited financial statements for the fiscal year ended September 30, 2004.
- c. During the course of our audit, we applied financial condition assessment procedures pursuant to Rule 10.556(8). It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment, which was performed as of the Village's fiscal year end, was based on representations made by management and the review of financial information provided by the Village. There were no findings that identified deteriorating financial conditions.

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



West Palm Beach, Florida
December 17, 2004