

Village of Wellington



Florida

*Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2006
Prepared by the Department of Administrative & Financial Services*

VILLAGE OF WELLINGTON, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Transmittal Letter	i
List of Principal Officials	xii
Organization Chart	xiii
Certificate of Achievement for Excellence in Financial Reporting	xiv
 FINANCIAL SECTION	
Report of Independent Certified Public Accountants	1
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	26
Statement of Fund Net Assets – Proprietary Funds	27
Statement of Revenues, Expenses, and Changes in Net Fund Assets – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29
Notes to Basic Financial Statements	31
 REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	52
Budgetary Comparison Schedule – Planning, Zoning and Building Special Revenue Fund	56
Budgetary Comparison Schedule – Recreation Programs Special Revenue Fund	58
Budgetary Comparison Schedule – Recreation Impact Fees Special Revenue Fund	60
Budgetary Comparison Schedule – Surface Water Management Special Revenue Fund	62
Notes to Required Supplementary Information	64
Condition Rating of Street System	65
 COMBINING NONMAJOR FUND STATEMENTS AND OTHER SUPPLEMENTAL INFORMATION	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	69
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Gas Tax Maintenance Special Revenue Fund	70
Gas Tax Capital Special Revenue Fund	71
Road Impact Fees Special Revenue Fund	72
Debt Service Fund	73

VILLAGE OF WELLINGTON, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS

	<u>PAGE</u>
STATISTICAL SECTION	
Financial Trends:	
Net Assets by Component	76
Changes in Net Assets	77
Fund Balances of Governmental Funds	79
Changes in Fund Balances of Governmental Funds	80
Revenue Capacity:	
Net Assessed Value and Estimated Actual Value of Taxable Property	81
Property Tax Rates – Direct and Overlapping Governments	82
Principal Property Taxpayers	83
Property Tax Levies and Collections	84
Debt Capacity:	
Ratios of Outstanding Debt by Type	85
Direct and Overlapping Governmental Activities Debt	86
Pledged Revenue Coverage	87
Debt Compliance	88
Demographic and Economic Information:	
Demographic and Economic Statistics	89
Principal Employers	90
Operating Information:	
Full-Time Equivalent Village Government Employees by Function	91
Operating Indicators by Function/Program	92
Capital Asset Statistics by Function/Program	93
COMPLIANCE SECTION	
Report 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 <i>Government Auditing Standards</i>	95
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	97
Report of Independent Certified Public Accountants on Compliance with Requirements Applicable for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	99
Schedule of Expenditures of Federal Awards	101
Note to the Schedule of Expenditures of Federal Awards	102
Summary Schedule of Prior Audit Findings	103
Schedule of Findings and Questioned Costs	104

INTRODUCTORY SECTION



VILLAGE OF WELLINGTON

January 19, 2007

***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, 2006. 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, 2006. 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 2006 Comprehensive Annual Financial Report is the eleventh 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.

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 45 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 55,564 people residing in over 19,800 dwellings with an average housing value of \$406,000. Projections indicate that this population will exceed 65,000 residents by the year 2015.

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

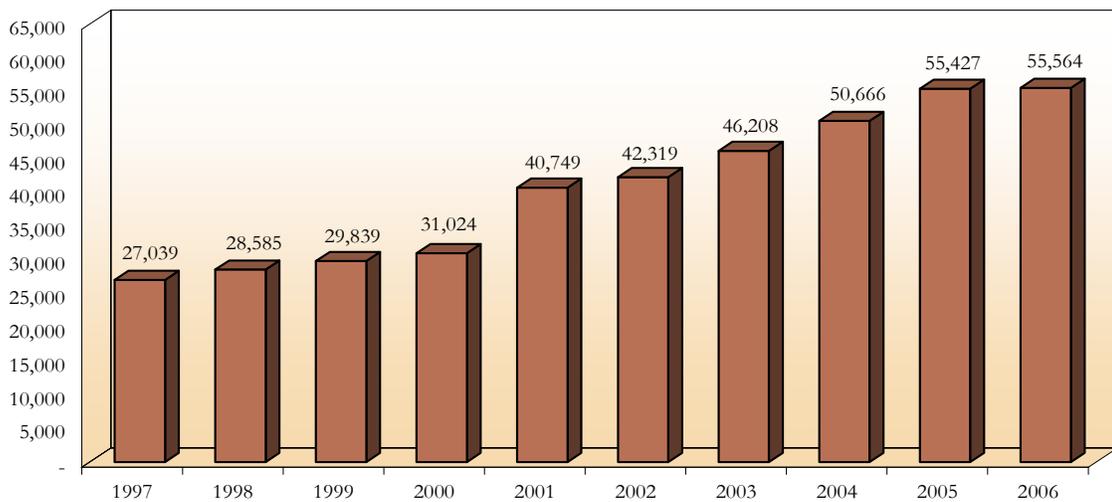
The growth and development of the Village is dependent upon the economic environment of South Florida and particularly that of Palm Beach County. Consideration of the impact of these economic indicators is

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 1997 and 2006, 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 1997 and 2006, the population of the area within the Village increased by 105% or at an annual rate of 11%. The Village's estimated 2006 permanent population of 55,564 (excluding seasonal residents) makes it the 5th largest municipality in Palm Beach County.

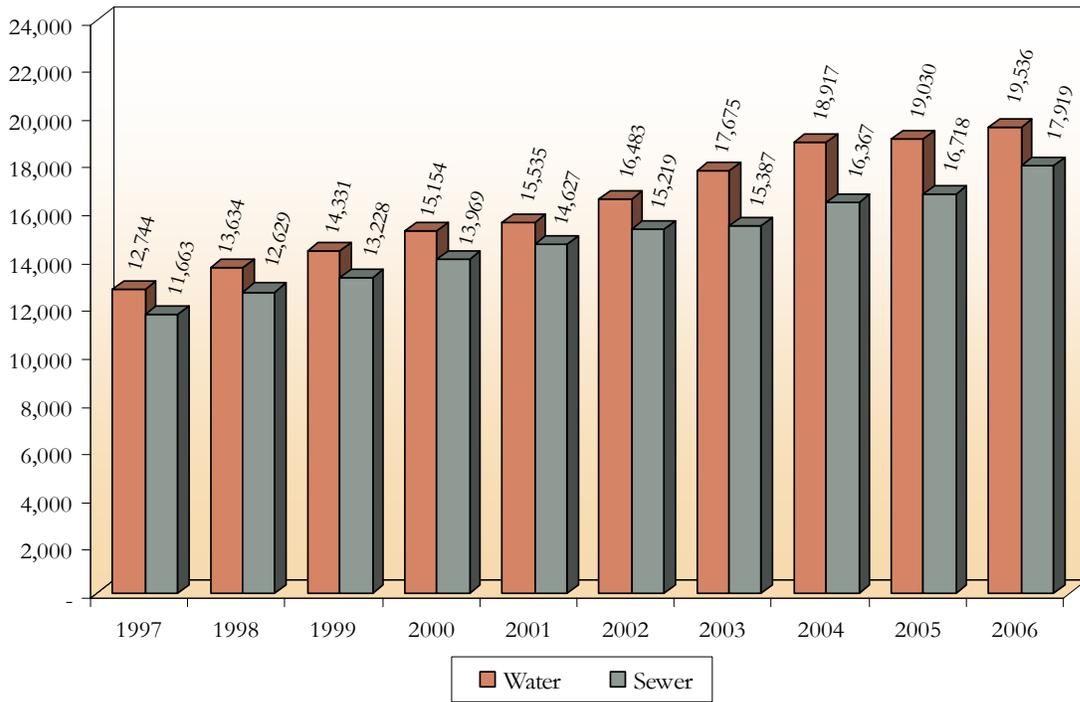
1997-2006 HISTORICAL POPULATION



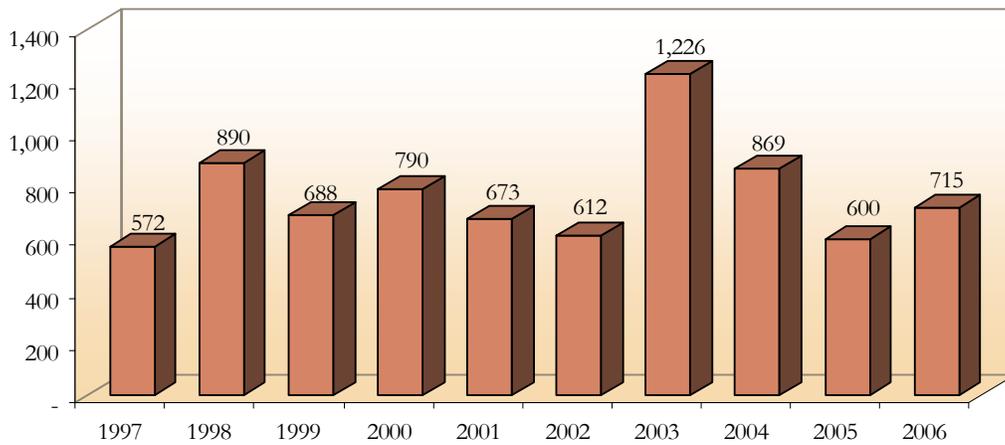
The strength of the local economy can also be seen in the growth of the Village's water production and number of active accounts. Between 1997 and 2006, the Village's water production increased 44%, or at an average annual rate of 4.4%, while the number of active accounts grew at approximately 52% over the same period. At present, the Village has 19,536 water service customers and 17,919 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 1996, new construction activity (as measured by the number of new water meter installations) declined from a high of 982 units to a low of 340 units. However, the trend has reversed itself in the second half of the decade and has continued over the recent years with a high of 1,226 units in 2003. The local housing market saw a tremendous boom beginning in 2002, with major new developments coming on line. This boom has leveled off and is expected to decline in the coming years. 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, 2006 were 715. Conservative estimates anticipate future growth of the water and wastewater customers at approximately 700 new units in the coming year.

1997-2006 HISTORICAL ACTIVE WATER AND SEWER ACCOUNTS



1997-2006 HISTORICAL NEW METER INSTALLATIONS



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 2005/2006.

- ❖ 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, 2004 through September 30, 2005. This award has been received for ten consecutive years.
- ❖ GFOA Award for Distinguished Budget Presentation was received for the Village's Annual Budget for the Fiscal Year October 1, 2005 through September 30, 2006. This award has been received for eleven consecutive years.
- ❖ Named one of five finalists and received the Florida League of Cities, Florida City of Excellence Award
- ❖ Showcased in the 2006 City Innovations Showcase magazine as a City "Leading the Way" in implementing innovative programs
- ❖ Presented the Student Art Program exhibiting the works of art of community elementary, middle, and high school students
- ❖ Completed the following projects
 - Basin B Water Control Structures
 - Utility Customer Service Building
 - Pump Stations #4 & #8
 - Water Treatment Plant Injection Well
 - Pierson Road Extension (Fairlane Farms Road to State Road 7)
 - Water Transmission Main Extension Phase I
- ❖ Researched and obtained grant funding to correct Lake Wellington erosion and restore banks

Water Quality Issues / Surface Water Action Team (SWAT)

Surface Water Issues/Basin B drainage issues continue 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. Measures to clean up phosphorus levels within Basin B include drafting of the *Phase II* Best Management Practices (BMP) Ordinance along with identification and evaluation of methods to fix "hot spots" within Basin B. BMP's are practices that minimize environmental impacts, maintain economic viability and allow users to get the principal methods for treating storm water to achieve water quality standards while holding down costs to taxpayers. The *Phase I* BMP Ordinance (2000-18) has been in effect for approximately 4 years.

Progress to date includes:

- ❖ Canals continue to have sediment removed, aquatic weeds harvested and sumps maintained
- ❖ Assembly of the Surface Water Action Team (SWAT) consisting of a well organized group of experts.
- ❖ Establishment of a BMP Compliance Officer position for enforcement
- ❖ Installed auto-samplers and telemetry systems which identified three primary phosphorus "hot-spots" and developed plans for phosphorus reductions

- ❖ Developed state-of-the-art pilot programs, explored green technologies such as PSTA (Periphyton Assisted Stormwater Treatment Areas), worms, soil additives, filters and mushrooms to reduce phosphorus runoff.
- ❖ Entered into an agreement with the South Florida Water Management District
- ❖ Complete redesign of the Wellington drainage system to divert unclean water from direct discharge to the Loxahatchee Wildlife Preserve

Future direction of the water quality initiatives includes the following:

- ❖ Continue working with SFWMD and ACOE in refining the cooperation agreement to ensure that structured parts of the project are built on time and within budget
- ❖ Draft Phase II BMP Ordinance
- ❖ Continue to educate the public on sound BMP practices
- ❖ Continue lobbying presence at Federal level

Basically, the Village of Wellington has done more than any municipal government to reduce the phosphorus content in its storm water runoff to the level mandated by the Everglades Forever Act. Through innovative practices and unparalleled cooperation with SFWMD, US Corps of Engineers, and other local and state agencies, the Village is making great strides toward reducing phosphorus levels to 10 ppb before December 31, 2006. By continuously investigating technological advances, studying environmental indicators, educating the public and working as a team with all concerned agencies, the Village is doing its share for tomorrow's Everglades.

Annexations/Growth

Since Wellington incorporated in 1996, nine separate neighborhoods have chosen to join our community. Every annexation into the Village has been voluntary. Owners approach Wellington for a variety of reasons. Some seek the higher property values Wellington residents enjoy; others desire higher levels of service and lower density levels that cannot be matched by the County. Including these annexations, the Village now encompasses 45 square miles. Additionally, there is known interest by a number of properties exploring annexation opportunities with the Village. We anticipate additional activity in this area.

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 (\$10.1 million), planning, zoning and building (\$616,000) and recreation programs (\$1.8 million). The Village has decided to use some of its reserves to fund capital projects on a pay-as-you-go basis. The reserves are also being used to fund a millage rate stabilization account to offset the need for future millage rate increases as well as to establish a health insurance reserve to defray those rising costs. Also, reserves are being used to supply funds for renewal and replacement of capital projects and equipment. These undesignated reserves are equal to roughly 27% of the Village's 2006/2007 adopted general fund budget.

The Council has set a target for reserves 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:

- ◆ A time lag in the first fiscal quarter in the collection of property taxes (including assessments) in each year
- ◆ Unforeseen activities and regulatory mandates during the course of the year
- ◆ Natural disasters, such as hurricanes; these can not only affect spending, but tend to impact the local and even national economy, thereby affecting revenues
- ◆ Elastic revenues: roughly 50% of the Village's revenues are elastic, that is, based on economic factors and growth estimates that can easily deviate from projections
- ◆ Increases in expenditures: there exists a potential for increases to anticipated expenditures based on bid results, litigation, contract renewals, additional services, etc
- ◆ Gap in the timing of the receipts of borrowed funds, intergovernmental revenues, and other sources of funds

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 2007 through 2011 calls for expenditures approximating \$90 million in the governmental funds and approximately \$55 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 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 4%, resulting in total investment income of \$5.1 million in 2006.

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, 2005. 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 ten consecutive years (1996-2005). 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, 2005. The Village has received this award for the last eleven 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 2007 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 Mireya McIlveen, Deputy Director of Administrative and Financial Services. The following Finance staff also contributed to this report; Denise Hendel, Accounting Supervisor; Mindy Boersma, Accounting Supervisor; Carol Stone, Staff Accountant; Chris Johnson, Staff Accountant; 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

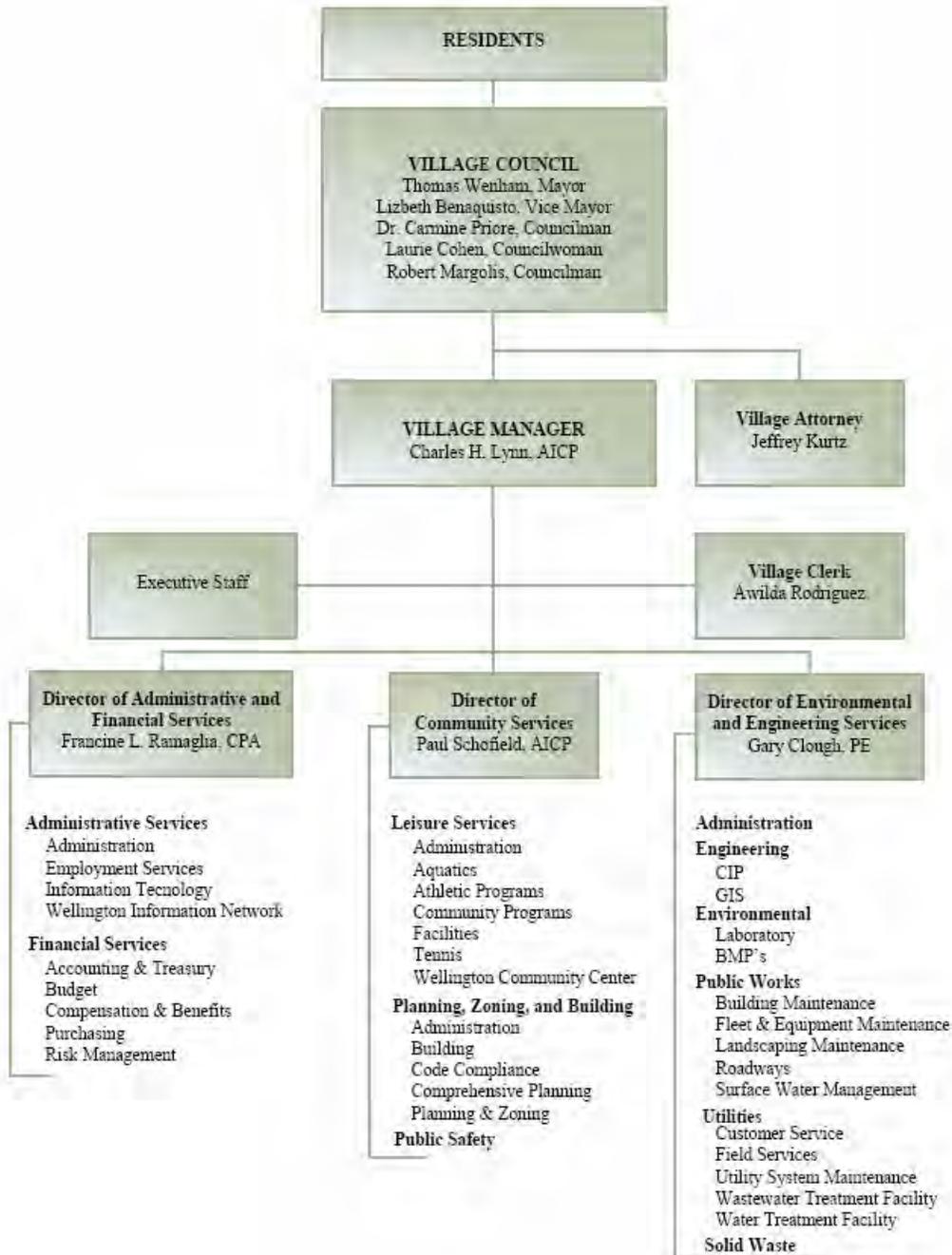


Charles H. Lynn, AICP
Village Manager

VILLAGE OF WELLINGTON, FLORIDA
FOR THE YEAR ENDED SEPTEMBER 30, 2006
LIST OF PRINCIPAL OFFICIALS

TITLE	NAME
Mayor	Thomas M. Wenham
Vice Mayor	Robert S. Margolis
Council Member	Lizbeth Benacquisto
Council Member	Laurie S. Cohen
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, PE
Director of Community Services	Paul Schofield, AICP
Village Clerk	Awilda Rodriguez, CMC
Village Attorney	Jeffrey Kurtz, ESQ

VILLAGE OF WELLINGTON ORGANIZATION



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, 2005

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.



President

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, 2006, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2006, 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 January 19, 2007, 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 considered in assessing 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 12), budgetary comparison schedules (pages 51 through 64), and condition rating of the street system (page 65) 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 that collectively comprise the Village's basic financial statements. The introductory section, combining and individual fund financial statements and other supplemental information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village. Similarly, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements of the Village. The combining and individual fund financial statements, the schedule of expenditures of federal awards 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Rachlin Cohen & Holtz LLP

West Palm Beach, Florida
January 19, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)



VILLAGE OF WELLINGTON, FLORIDA

Management's Discussion and Analysis

September 30, 2006

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 \$286.9 million, which is an increase of 8.7% or \$22.9 million over 2005. Of this amount, \$54.5 million is in unrestricted net assets, which is available to meet the Village's ongoing commitments to citizens and creditors.
- ❖ Net assets of our business-type activities increased 9.5% or \$12 million, with \$4 million coming from capital contributions.
- ❖ The Village's government-wide total revenues were \$84.3 million, while government-wide total expenses were \$60.6 million. The total revenues increased 24.5% or \$16.6 million while the total expenses increased 13.9% or \$7.2 million.
- ❖ Governmental Activities generated \$50.6 million in revenue with \$38.9 million in expenses.
- ❖ Business-type Activities generated \$33.7 million in revenue with \$21.7 million in expenses.
- ❖ The Village's total investment in capital assets, net of related debt, account for \$166 million of the Village's total net assets of \$286.9 million.
- ❖ The Village's governmental funds ended the year with a combined fund balance of \$56.4 million, which is an increase of 8.2% or \$4.2 million over 2005. Of that amount, the unreserved, undesignated portion is \$12.5 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.

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, increases 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 13-15 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, 2006 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 16-26 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, 2006 were the Utility System Enterprise Fund and the Solid Waste Fund. The basic proprietary fund financial statements can be found on pages 27-30 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 31 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 51-66 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 67-74 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 \$286.9 million at the close of the most recent year. The largest portion of the Village's net assets (58%) 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 (\$66.4 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 60,957,765	\$ 56,513,088	\$ 68,315,556	\$ 60,859,144	\$ 129,273,321	\$ 117,372,232
Capital Assets	115,718,307	110,673,042	89,627,256	86,723,842	205,345,563	197,396,884
Total Assets	\$ 176,676,072	\$ 167,186,130	\$ 157,942,812	\$ 147,582,986	\$ 334,618,884	\$ 314,769,116
Long term debt outstanding	\$ 23,491,444	\$ 24,341,787	\$ 17,320,681	\$ 19,302,094	\$ 40,812,125	\$ 43,643,881
Other liabilities	4,615,453	4,408,686	2,308,701	2,714,389	6,924,154	7,123,075
Total Liabilities	\$ 28,106,897	\$ 28,750,473	\$ 19,629,382	\$ 22,016,483	\$ 47,736,279	\$ 50,766,956
Net Assets:						
Invested in capital assets	\$ 93,261,010	\$ 87,127,009	\$ 72,761,237	\$ 67,896,249	\$ 166,022,247	\$ 155,023,258
Restricted	35,387,426	31,215,236	30,963,300	48,595,838	66,350,726	79,811,074
Unrestricted	19,920,739	20,093,412	34,588,893	9,074,416	54,509,632	29,167,828
Total Net Assets	\$ 148,569,175	\$ 138,435,657	\$ 138,313,430	\$ 125,566,503	\$ 286,882,605	\$ 264,002,160

	Village of Wellington's		Change In Net Assets			
	Governmental		Business-Type		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for services	\$ 12,893,132	\$ 17,280,703	\$ 18,633,298	\$ 16,123,497	\$ 31,526,430	\$ 33,404,200
Operating grants and contributions	3,102,633	1,943,719	8,037,716	1,305,602	11,140,349	3,249,321
Capital grants and contributions	45,447	10,639	3,990,421	2,836,718	4,035,868	2,847,357
General revenues:						
Taxes	28,029,212	23,235,084	-	-	28,029,212	23,235,084
Grants and contributions not restricted to specific programs	1,206,534	1,124,386	-	-	1,206,534	1,124,386
Investment earnings	2,494,561	1,054,412	2,637,429	1,131,842	5,131,990	2,186,254
Other	2,828,287	1,748,331	445,816	(52,605)	3,274,103	1,695,726
Total Revenues	50,599,806	46,397,274	33,744,680	21,345,054	84,344,486	67,742,328
Program expenses including indirect expenses:						
General government	4,763,238	3,824,561	-	-	4,763,238	3,824,561
Public safety	5,697,111	5,166,414	-	-	5,697,111	5,166,414
Planning and development	5,307,813	5,410,087	-	-	5,307,813	5,410,087
Engineering and public works	4,198,676	3,593,416	-	-	4,198,676	3,593,416
Surface water management	2,342,361	2,166,186	-	-	2,342,361	2,166,186
Transportation	4,037,966	2,904,978	-	-	4,037,966	2,904,978
Culture/recreation	11,471,611	9,869,218	-	-	11,471,611	9,869,218
Interest and debt	1,048,372	1,027,675	-	-	1,048,372	1,027,675
Issuance costs	15,656	12,671	-	-	15,656	12,671
Water and wastewater	-	-	13,137,245	12,996,893	13,137,245	12,996,893
Solid waste	-	-	8,602,711	6,423,208	8,602,711	6,423,208
Total expenses	38,882,804	33,975,206	21,739,956	19,420,101	60,622,760	53,395,307
Excess before transfers	11,717,002	12,422,068	12,004,724	1,924,953	23,721,726	14,347,021
Transfers	-	(2,181,545)	-	2,181,545	-	-
Increase in net assets	11,717,002	10,240,523	12,004,724	4,106,498	23,721,726	14,347,021
Beginning net assets, as reported	138,435,657	128,195,134	125,566,503	121,460,005	264,002,160	249,655,139
Restatement	(1,583,484)	-	742,203	-	(841,281)	-
Beginning net assets, as restated	136,852,173	128,195,134	126,308,706	121,460,005	263,160,879	249,655,139
Total net assets	\$ 148,569,175	\$ 138,435,657	\$ 138,313,430	\$ 125,566,503	\$ 286,882,605	\$ 264,002,160

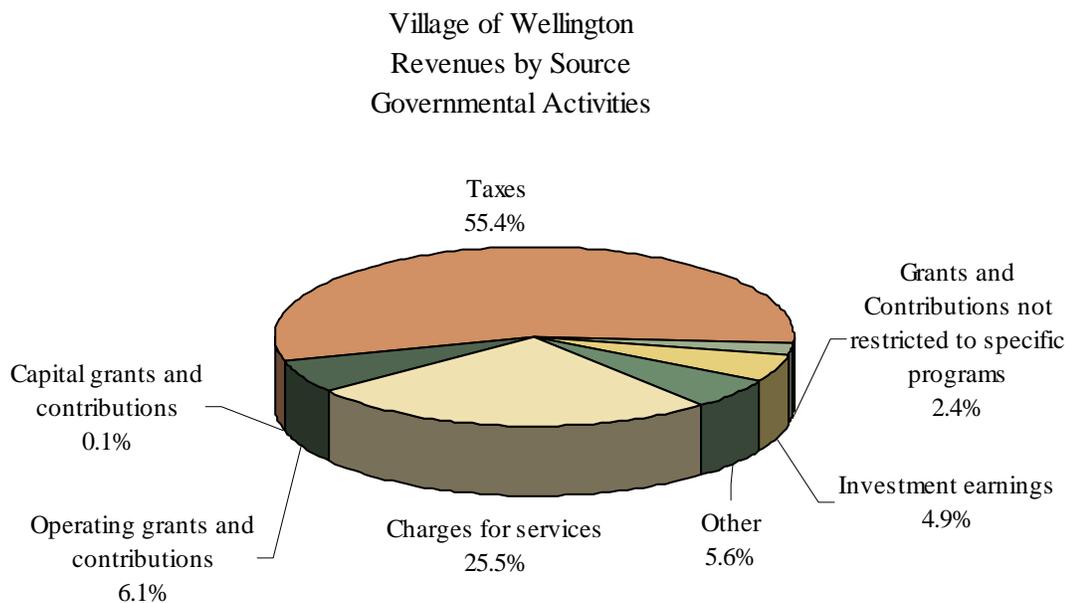
Governmental Activities

Governmental activities increased the Village of Wellington's net assets by \$11,717,002, accounting for 49.4% of the total growth in the net assets of the Village of Wellington.

Revenues increased by \$4,202,532 or 9.1%. Key elements of this increase are as follows:

- ❖ Charges for services decreased by \$4,387,571 or 25.4% compared to the prior year mostly due to a decrease of \$1,741,544 in planning and development because of a slow down in new construction in 2006 and a decrease of \$2,488,155 in culture and recreation because of a decrease in participation in culture and recreation programs.
- ❖ Operating grants increased by \$1,158,914, or 59.6%, over prior year mostly due to grants awarded for canal work under a Natural Resource Conservation Grant Watershed Protection Program and for tree replanting due to hurricane damage under an Urban & Community Reforestry grant.
- ❖ Taxes increased by \$4,794,128 or 20.6% during the year mostly due to an increase in property taxes caused by the increase in the number and values of property that are being assessed.
- ❖ Investment earnings increased by \$1,440,149 or 136.6% compared to the prior year mostly due to higher interest rates as provided by financial institutions.

Expenditures increased by \$4,907,598. The increase is attributable to increases in labor and outside service expenditure increases in general government, public safety, engineering and public works, transportation, and culture/recreation.



Business-type Activities

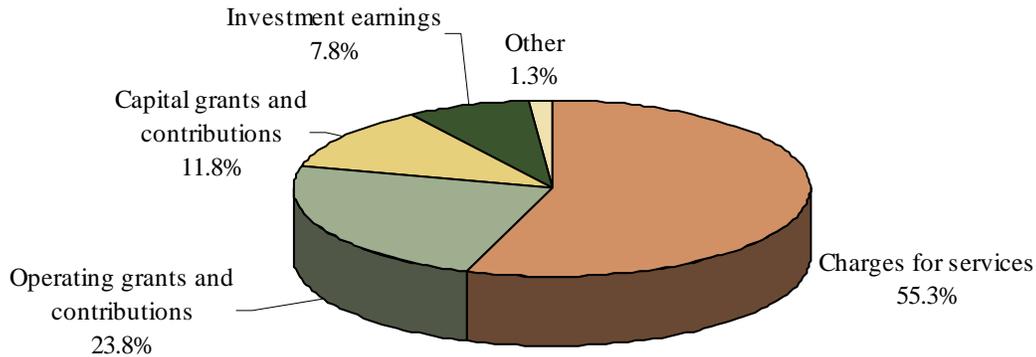
Business-type activities increased the Village of Wellington's net assets by \$12,004,724, accounting for 50.6% of the total growth in the net assets of the Village of Wellington.

Revenues increased by \$12,399,626 or 58.1%. Key elements of this increase are as follows:

- ❖ Charges for services increased \$2,509,801 or 15.6% compared to the prior year due to a one-time disaster recovery fee charged to residents to aid in recovering some of the hurricane clean-up costs associated with a hurricane event that took place during October 2005 in the solid waste fund.
- ❖ Operating grants and contributions increased \$6,732,114 or 515.6% compared to the prior year due to reimbursements from federal and local agencies related to disaster recovery expenditures incurred for hurricane events that took place during 2004 and 2005.
- ❖ Investment earnings increased \$1,505,587 or 133% compared to the prior year mostly due to higher interest rates as provided by financial institutions.

Expenditures increased by \$2,319,855 and are attributable to an increase in solid waste expenditures due to clean up of debris after Hurricane Wilma in October 2005.

Village of Wellington
Revenues by Source
Business-type Activities



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 \$56,369,175, an increase of \$4,249,353 over the prior year. The majority of the increase is attributable to delays in capital project construction. The Village had \$7.2 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 (\$12,542,062) 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 (\$43,827,113) 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 (\$4,651,890), to pay debt service (\$75,045), for future rate stabilization (\$2,906,078) and for capital improvements or other specified purposes (\$36,194,100).

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 \$10,104,352, while the total fund balance was \$17,432,479. 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 27% of total 2006/2007 general fund budgeted expenditures. Total revenues in the general fund were \$32,146,539 which represent an increase of approximately \$6.25 million from the prior year. This is mostly due to the increase in ad valorem taxes of \$3,312,689 from the increase in assessed property taxes, \$661,412 from increased investment earnings, and \$1,237,334 from increases to franchise and utility taxes due to economic factors.

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, \$7,507,672 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 \$4,696,721 and \$6,510,027 for fiscal years 2006 and 2005, respectively. This represents a decrease of 27.9% (\$1,813,306) from 2005. During the year, building permit activity decreased by \$1,611,307 due to decreased activity in the housing market due to increasing property values that were experienced throughout Palm Beach County, Florida, and most of the country. The Village anticipates steady building permit revenue over the next year with a significant decrease in new development after 2007.

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 \$1,820,620, while the total fund balance was \$3,260,721. Unreserved and undesignated fund balance represents approximately 25% of total 2006/2007 recreation program fund budgeted expenditures. Revenues were \$2,171,547 and \$1,949,662 for fiscal years 2006 and 2005, respectively. This represents an increase of 11.4% (\$221,885) over 2005 in part due to increased participation in certain programs and activities.

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, \$12,404,399 of the total \$12,997,678 in fund balance was reserved for future recreation construction projects. During the current year, fund balance increased \$4,570,798 or 54.2% over 2005. This was due to capital outlay projects being delayed until future years.

The surface water management fund is used to account for operations related to water management facilities including lakes and canals. Funding is provided through a non-ad valorem assessment within the Acme Improvement District (a dependent district). At the end of the current fiscal, \$3,179,400 was reserved for future expenses relating to water management and improvements. This total fund balance decreased by \$1,377,857 from the prior year due to the use of prior year reserved fund balance. Additionally, revenues were \$4,532,943 and \$4,335,079 for fiscal years 2006 and 2005, 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 \$34,588,893; \$30,285,828 for the Utility System and \$4,303,605 for Solid Waste. Total growth in net assets for these funds was \$12,004,724. The increase in the Utility System fund was due in part to capital contributions of \$3,990,421 for the increase in capacity of the Utility System. In the Solid Waste fund, the increase was mainly due to the reimbursement of costs associated with 2005 hurricanes: \$2.45 million in special assessments levied in 2006 and \$2.31 million from the U.S. Department of Homeland Security (FEMA) which was not accrued in the prior year due to the uncertainty of collection.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget totaled \$2,026,209 without transfers and are primarily comprised of purchase order and capital projects carried forward. These can be briefly summarized as follows:

- \$207,579 increase allocated to general government
- \$33,000 increase allocated to public safety
- \$442,971 increase allocated to physical environment
- \$1,342,659 increase allocated to capital outlay

Actual results were greater than the final amended budget by \$1,526,986 and can be attributed to additional hurricane outlay expenditures needed that were not budgeted for in the General Fund.

The budget amendments were funded in part with \$1,185,909 of prior year carry forwards. Additional information on the Village's budgetary comparisons can be found on pages 51-64 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 \$40,812,125. \$22,691,050 is for revenue bonds and loans issued to finance capital improvements for roadways, parks and recreation, public building and infrastructure. \$17,171,338 is for Utility System revenue bonds which financed projects to increase the capacity of the Utility System. An additional \$949,737 for compensated absences is also outstanding. Additional information on the Village's long-term debt can be found in Note 6 of this report.

Village of Wellington's Outstanding Debt						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Revenue bonds	\$22,691,050	\$23,795,443	\$17,171,338	\$19,176,529	\$39,862,388	\$42,971,972
Compensated absences	800,394	546,344	149,343	125,565	949,737	671,909
Total	\$23,491,444	\$24,341,787	\$17,320,681	\$19,302,094	\$40,812,125	\$43,643,881

Capital Assets Activity

The Village of Wellington's investment in capital assets for its governmental and business-type activities as of September 30, 2006, amounts to \$205,345,563 (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 2006 was not material. Additional information on the condition level of the street system can be found on page 65 of this report.

Village of Wellington's Capital Assets (net of depreciation)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2005 *	2006	2005 *	2006	2005
Land	\$ 19,063,169	\$ 19,063,169	\$ 8,996,705	\$ 8,996,705	\$ 28,059,874	\$ 28,059,874
Buildings	10,784,766	10,844,230	2,170,078	2,257,943	12,954,844	13,102,173
Improvements	16,810,365	17,977,580	1,045,813	1,181,260	17,856,178	19,158,840
Machinery and equipment	7,456,585	4,550,595	2,088,183	2,509,000	9,544,768	7,059,595
Water and wastewater plant	-	-	12,044,372	12,762,796	12,044,372	12,762,796
Meters	-	-	3,272,306	2,879,879	3,272,306	2,879,879
Wells	-	-	1,596,594	1,852,097	1,596,594	1,852,097
Distribution lines	-	-	47,234,284	45,248,608	47,234,284	45,248,608
Infrastructure	51,256,079	51,256,079	-	-	51,256,079	51,256,079
Construction in progress	10,347,343	5,397,905	11,178,921	9,777,757	21,526,264	15,175,662
Total	\$ 115,718,307	\$ 109,089,558	\$ 89,627,256	\$ 87,466,045	\$ 205,345,563	\$ 196,555,603

* As restated. See footnote 14 for additional information.

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

- ❖ Basin B Water Control Structures
- ❖ Pump Stations #4 & #8
- ❖ Utility Customer Service Building
- ❖ Water Treatment Injection Well
- ❖ Pierson Road Extension
- ❖ Water Transmission Main Extension
Phase I

Additional information on the Village's capital assets can be found in Note 5 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 29% of total governmental revenue. 38% comes from program revenues such as licenses, permits, and other charges for services, while approximately 16% is related to intergovernmental revenue. Additionally, special assessments levied total approximately 6%. 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 2006/2007 remained constant over the current fiscal year. The Surface Water Management Assessment rate (\$120 per unit) for fiscal year 2006/2007 also remained the same as the current fiscal year. The Solid Waste Assessment was increased for fiscal year 2006/2007 to \$125 per curbside unit (\$120 per unit in fiscal year 2005/2006) and \$91 per containerized unit (\$86.40 per unit in fiscal year 2005/2006). The increase was necessary to recover the cost for solid waste collection. Additional information regarding the adoption of the annual budget can be found on page 68 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, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 23,890,315	\$ 22,853,260	\$ 46,743,575
Investments	33,550,450	40,835,088	74,385,538
Receivables (net)	1,147,801	1,465,834	2,613,635
Internal balances	795,804	(795,804)	-
Due from other governments	1,123,055	410,222	1,533,277
Inventories	8,078	735,996	744,074
Prepaid expenses	151,279	14,529	165,808
Deposits	57,230	-	57,230
Restricted assets:			
Cash and cash equivalents	-	2,491,112	2,491,112
Deferred charges	233,753	305,319	539,072
Capital assets:			
Capital assets not being depreciated	80,666,591	20,175,626	100,842,217
Capital assets being depreciated, net	35,051,716	69,451,630	104,503,346
Total assets	\$ 176,676,072	\$ 157,942,812	\$ 334,618,884
LIABILITIES			
Accounts payable and other current liabilities	\$ 2,367,923	\$ 729,392	\$ 3,097,315
Contracts and retainage payable	417,332	69,996	487,328
Due to other governments	75,369	95,354	170,723
Deposits	-	1,107,847	1,107,847
Unearned revenue	1,494,213	-	1,494,213
Accrued interest	260,616	306,112	566,728
Noncurrent liabilities:			
Due within one year	1,530,177	2,252,204	3,782,381
Due in more than one year	21,961,267	15,068,477	37,029,744
Total liabilities	28,106,897	19,629,382	47,736,279
NET ASSETS			
Invested in capital assets, net of related debt	93,261,010	72,761,237	166,022,247
Restricted for:			
Debt service	75,045	-	75,045
Building department expenditures	7,507,672	-	7,507,672
Road maintenance	424,445	-	424,445
Capital projects	27,380,264	30,963,300	58,343,564
Unrestricted	19,920,739	34,588,893	54,509,632
Total net assets	\$ 148,569,175	\$ 138,313,430	\$ 286,882,605

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2006

Function/Program Activities	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:					
General government	\$ 9,293,043	\$ (4,529,805)	\$ -	\$ -	\$ 45,447
Public safety	5,099,928	597,183	263,345	8,190	-
Planning and development	4,216,156	1,091,657	4,632,493	-	-
Engineering and public works	6,143,913	(1,945,237)	612,905	-	-
Surface water management	1,693,334	649,027	3,144,338	1,010,538	-
Transportation	3,756,901	281,065	1,044,306	1,587,973	-
Culture and recreation	9,865,501	1,606,110	3,195,745	495,932	-
Interest on long-term debt	1,048,372	-	-	-	-
Issuance costs	15,656	-	-	-	-
Total governmental activities	41,132,804	(2,250,000)	12,893,132	3,102,633	45,447
Business-type activities:					
Utility system	11,082,245	2,055,000	13,799,601	-	3,990,421
Solid waste	8,407,711	195,000	4,833,697	8,037,716	-
Total business-type activities	19,489,956	2,250,000	18,633,298	8,037,716	3,990,421
Total government	\$ 60,622,760	\$ -	\$ 31,526,430	\$ 11,140,349	\$ 4,035,868

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 assets

Other

Total general revenues

Change in net assets

Net assets, beginning of year, as restated

Net assets, end of year

See notes to basic financial statements

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (4,717,791)	\$ -	\$ (4,717,791)
(5,425,576)	-	(5,425,576)
(675,320)	-	(675,320)
(3,585,771)	-	(3,585,771)
1,812,515	-	1,812,515
(1,405,687)	-	(1,405,687)
(7,779,934)	-	(7,779,934)
(1,048,372)	-	(1,048,372)
(15,656)	-	(15,656)
<u>(22,841,592)</u>	<u>-</u>	<u>(22,841,592)</u>
-	4,652,777	4,652,777
-	4,268,702	4,268,702
-	8,921,479	8,921,479
<u>(22,841,592)</u>	<u>8,921,479</u>	<u>(13,920,113)</u>
14,618,529	-	14,618,529
6,044,216	-	6,044,216
3,935,555	-	3,935,555
3,430,912	-	3,430,912
1,206,534	-	1,206,534
2,494,561	2,637,429	5,131,990
-	445,816	445,816
2,828,287	-	2,828,287
<u>34,558,594</u>	<u>3,083,245</u>	<u>37,641,839</u>
11,717,002	12,004,724	23,721,726
<u>136,852,173</u>	<u>126,308,706</u>	<u>263,160,879</u>
<u>\$ 148,569,175</u>	<u>\$ 138,313,430</u>	<u>\$ 286,882,605</u>

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2006

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Recreation Programs</u>	<u>Recreation Impact Fees</u>
ASSETS				
Cash and cash equivalents	\$ 5,019,381	\$ 3,286,179	\$ 1,345,468	\$ 4,660,242
Investments	8,967,410	5,870,686	2,402,938	8,327,447
Receivables:				
Utility taxes	317,292	-	-	-
Franchise fees	343,509	-	-	-
Accounts	162,075	33,251	-	-
Interest	135,341	-	14,203	57,394
Due from other funds	625,567	-	-	-
Advances to other funds	2,470,237	-	-	-
Due from other governments	874,072	-	-	-
Inventories	8,078	-	-	-
Prepaid expenditures	114,844	36,435	-	-
Deposits	57,230	-	-	-
Total assets	<u>\$ 19,095,036</u>	<u>\$ 9,226,551</u>	<u>\$ 3,762,609</u>	<u>\$ 13,045,083</u>

See notes to basic financial statements

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,519,896	\$ 7,059,149	\$ 23,890,315
4,502,834	3,479,135	33,550,450
-	-	317,292
-	-	343,509
-	5,411	200,737
46,849	32,476	286,263
-	-	625,567
-	-	2,470,237
102,051	146,932	1,123,055
-	-	8,078
-	-	151,279
-	-	57,230
<u>\$ 7,171,630</u>	<u>\$ 10,723,103</u>	<u>\$ 63,024,012</u>

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2006

	General	Planning, Zoning and Building	Recreation Programs	Recreation Impact Fees
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 867,710	\$ 262,289	\$ 329,558	\$ 21,317
Contracts and retainage payable	5,192	-	41,055	26,088
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Due to other governments	-	72,391	2,978	-
Unearned revenue	789,655	576,261	128,297	-
Total liabilities	1,662,557	910,941	501,888	47,405
Fund balances:				
Reserved for:				
Encumbrances	1,308,990	154,924	657,401	593,279
Advances	2,470,237	-	-	-
Capital improvements	519,900	-	782,700	12,404,399
Prepaid expenditures	114,844	36,435	-	-
Inventory	8,078	-	-	-
Building department expenditures	-	7,507,672	-	-
Debt service	-	-	-	-
Unreserved, designated for, reported in:				
General fund:				
Subsequent year's expenditures	2,366,078	-	-	-
Insurance	540,000	-	-	-
Special revenue funds:				
Road maintenance	-	-	-	-
Unreserved, undesignated, reported in:				
General fund	10,104,352	-	-	-
Special revenue funds	-	616,579	1,820,620	-
Total fund balances	17,432,479	8,315,610	3,260,721	12,997,678
Total liabilities and fund balances	\$ 19,095,036	\$ 9,226,551	\$ 3,762,609	\$ 13,045,083

See notes to basic financial statements

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 851,981	\$ 35,068	\$ 2,367,923
122,080	222,917	417,332
500,000	-	500,000
1,800,000	-	1,800,000
-	-	75,369
-	-	1,494,213
<u>3,274,061</u>	<u>257,985</u>	<u>6,654,837</u>
717,658	1,219,638	4,651,890
-	-	2,470,237
3,179,400	8,746,100	25,632,499
-	-	151,279
-	-	8,078
-	-	7,507,672
-	75,045	75,045
-	-	2,366,078
-	-	540,000
-	424,335	424,335
-	-	10,104,352
511	-	2,437,710
<u>3,897,569</u>	<u>10,465,118</u>	<u>56,369,175</u>
<u>\$ 7,171,630</u>	<u>\$ 10,723,103</u>	<u>\$ 63,024,012</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, 2006

Total governmental fund balances \$ 56,369,175

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. 115,718,307

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 233,753

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable (22,691,050)
Accrued interest (260,616)
Compensated absences (800,394)

Net assets of governmental activities \$ 148,569,175

VILLAGE OF WELLINGTON, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2006

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Recreation Programs</u>	<u>Recreation Impact Fees</u>
Revenues:				
Ad valorem taxes	\$ 14,618,529	\$ -	\$ -	\$ -
Franchise taxes	3,430,912	-	-	-
Utility taxes	6,044,216	-	-	-
Special assessments	-	-	-	-
Impact fees	-	-	-	1,303,101
Licenses and permits	723,349	4,539,637	-	-
Intergovernmental revenue	4,907,143	-	289,968	205,964
Charges for services	-	-	1,771,959	-
Fines and forfeitures	173,895	84,406	-	-
Investment income	1,096,176	-	109,620	442,982
Miscellaneous	1,152,319	72,678	-	1,717,188
Total revenues	<u>32,146,539</u>	<u>4,696,721</u>	<u>2,171,547</u>	<u>3,669,235</u>

See notes to basic financial statements

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 14,618,529
-	-	3,430,912
-	-	6,044,216
2,847,120	-	2,847,120
-	1,031,763	2,334,864
-	-	5,262,986
1,010,538	1,876,557	8,290,170
297,217	-	2,069,176
-	-	258,301
373,541	472,242	2,494,561
4,527	2,260	2,948,972
<u>4,532,943</u>	<u>3,382,822</u>	<u>50,599,807</u>

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS (Continued)

YEAR ENDED SEPTEMBER 30, 2006

	General	Planning, Zoning and Building	Recreation Programs	Recreation Impact Fees
Expenditures:				
Current:				
General government	\$ 8,588,524	\$ -	\$ -	\$ -
Public safety	5,099,928	-	-	-
Physical environment	5,132,722	4,068,977	-	-
Transportation	303,000	-	-	-
Culture and recreation	-	-	7,012,595	-
Capital outlay	4,888,608	35,971	1,009,559	835,591
Debt service:				
Principal	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	24,012,782	4,104,948	8,022,154	835,591
Excess (deficiency) of revenues over (under) expenditures	8,133,757	591,773	(5,850,607)	2,833,644
Other financing sources (uses):				
Transfers in	5,877,859	1,400,000	8,124,731	3,200,000
Transfer out	(14,171,642)	(1,091,657)	(1,641,381)	(1,462,846)
Sale of capital asset	59,184	-	-	-
Total other financing sources (uses)	(8,234,599)	308,343	6,483,350	1,737,154
Net change in fund balances	(100,842)	900,116	632,743	4,570,798
Fund balances, beginning of year	17,533,321	7,415,494	2,627,978	8,426,880
Fund balances, end of year	\$ 17,432,479	\$ 8,315,610	\$ 3,260,721	\$ 12,997,678

See notes to basic financial statements

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 8,588,524
-	-	5,099,928
1,291,798	-	10,493,497
-	1,375,057	1,678,057
-	-	7,012,595
3,969,975	2,890,354	13,630,058
-	1,115,000	1,115,000
-	1,041,979	1,041,979
<u>5,261,773</u>	<u>6,422,390</u>	<u>48,659,638</u>
<u>(728,830)</u>	<u>(3,039,568)</u>	<u>1,940,169</u>
-	4,949,863	23,552,453
(649,027)	(2,285,900)	(21,302,453)
-	-	59,184
<u>(649,027)</u>	<u>2,663,963</u>	<u>2,309,184</u>
(1,377,857)	(375,605)	4,249,353
<u>5,275,426</u>	<u>10,840,723</u>	<u>52,119,822</u>
<u>\$ 3,897,569</u>	<u>\$ 10,465,118</u>	<u>\$ 56,369,175</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, 2006

Net change in fund balances - total governmental funds \$ 4,249,353

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	\$ 12,034,551	
Less current year depreciation	<u>(5,265,516)</u>	6,769,035

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	\$ (59,184)	
Loss on sale of capital assets	<u>(81,103)</u>	(140,287)

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		1,115,000
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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	\$ (57,494)	
Amortization of premium	<u>31,231</u>	(26,263)

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		4,214
Change in compensated absences		<u>(254,050)</u>

Change in net assets of governmental activities		<u>\$ 11,717,002</u>
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See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF FUND NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2006

	Utility System	Solid Waste	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 21,101,305	\$ 1,751,955	\$ 22,853,260
Restricted cash and cash equivalents	2,491,112	-	2,491,112
Investments	37,704,496	3,130,592	40,835,088
Receivables:			
Accounts, net of allowance for uncollectible amounts	1,084,471	41,519	1,125,990
Interest	316,592	23,252	339,844
Due from other governments	-	410,222	410,222
Inventories	735,996	-	735,996
Prepaid expenses	14,529	-	14,529
Total current assets	63,448,501	5,357,540	68,806,041
Noncurrent assets:			
Deferred charges	305,319	-	305,319
Property, plant and equipment (net of allowance for depreciation)	89,316,339	310,917	89,627,256
Total noncurrent assets	89,621,658	310,917	89,932,575
Total assets	\$ 153,070,159	\$ 5,668,457	\$ 158,738,616
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 569,681	\$ 159,711	\$ 729,392
Contracts and retainage payable	69,996	-	69,996
Due to other funds	-	125,567	125,567
Due to other governments	-	95,354	95,354
Deposits	1,107,847	-	1,107,847
Accrued interest	306,112	-	306,112
Compensated absences payable - current portion	65,581	1,623	67,204
Revenue refunding bonds payable - current portion	2,185,000	-	2,185,000
Total current liabilities	4,304,217	382,255	4,686,472
Noncurrent liabilities:			
Advances from other funds	-	670,237	670,237
Compensated absences payable	80,156	1,983	82,139
Revenue refunding bonds payable	14,986,338	-	14,986,338
Total noncurrent liabilities	15,066,494	672,220	15,738,714
Total liabilities	19,370,711	1,054,475	20,425,186
NET ASSETS			
Invested in capital assets, net of related debt	72,450,320	310,917	72,761,237
Restricted for capital improvements	30,963,300	-	30,963,300
Unrestricted	30,285,828	4,303,065	34,588,893
Total net assets	\$ 133,699,448	\$ 4,613,982	\$ 138,313,430

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, 2006

	<u>Utility System</u>	<u>Solid Waste</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 13,303,082	\$ -	\$ 13,303,082
Special assessments	-	4,480,265	4,480,265
Franchise fees	-	160,822	160,822
Intergovernmental revenue	-	8,037,716	8,037,716
Other	496,519	192,610	689,129
Total operating revenues	<u>13,799,601</u>	<u>12,871,413</u>	<u>26,671,014</u>
Operating expenses:			
Water services	3,140,199	-	3,140,199
Wastewater services	1,944,359	-	1,944,359
Laboratory	85,462	-	85,462
Water distribution	483,068	-	483,068
Customer service	613,149	-	613,149
General and administrative	11,334	-	11,334
Solid waste	-	8,269,501	8,269,501
Depreciation	4,014,024	138,210	4,152,234
Total operating expenses	<u>10,291,595</u>	<u>8,407,711</u>	<u>18,699,306</u>
Income from operations	<u>3,508,006</u>	<u>4,463,702</u>	<u>7,971,708</u>
Nonoperating revenues (expenses):			
Investment income	2,443,528	193,901	2,637,429
Gain/(loss) on sale of assets	448,173	(2,357)	445,816
Interest expense	(612,224)	-	(612,224)
Amortization of bond issuance costs	(178,426)	-	(178,426)
Total nonoperating revenues (expenses)	<u>2,101,051</u>	<u>191,544</u>	<u>2,292,595</u>
Income before contributions and transfers	<u>5,609,057</u>	<u>4,655,246</u>	<u>10,264,303</u>
Capital contributions:			
Capacity charges	1,603,256	-	1,603,256
Distribution lines	2,242,622	-	2,242,622
Meters	144,543	-	144,543
Transfers out	<u>(2,055,000)</u>	<u>(195,000)</u>	<u>(2,250,000)</u>
Change in net assets	7,544,478	4,460,246	12,004,724
Net assets, beginning of year, as restated	<u>126,154,970</u>	<u>153,736</u>	<u>126,308,706</u>
Net assets, end of year	<u>\$ 133,699,448</u>	<u>\$ 4,613,982</u>	<u>\$ 138,313,430</u>

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2006

	Utility System	Solid Waste	Total
Cash flows from operating activities:			
Receipts from customers	\$ 13,376,474	\$ 4,297,078	\$ 17,673,552
Payments to suppliers for goods and services	(3,909,996)	(8,113,893)	(12,023,889)
Payments to employees for services	(2,696,917)	(146,553)	(2,843,470)
Other operating revenues	496,519	8,230,326	8,726,845
Net cash provided by operating activities	7,266,080	4,266,958	11,533,038
Cash flows from noncapital financing activities:			
Transfer to other funds	(2,055,000)	(195,000)	(2,250,000)
Net cash used in noncapital financing activities	(2,055,000)	(195,000)	(2,250,000)
Cash flows from capital and related financing activities:			
Collection of capacity and meter charges from customers	1,747,799	-	1,747,799
Acquisition of property, plant and equipment	(3,619,431)	(24,991)	(3,644,422)
Sale of property, plant and equipment	19,415	-	19,415
Repayment of advances from other funds	-	(251,135)	(251,135)
Principal paid on indebtedness	(2,140,000)	-	(2,140,000)
Interest paid on indebtedness	(633,624)	-	(633,624)
Net cash used in capital and related financing activities	(4,625,841)	(276,126)	(4,901,967)
Cash flows from investing activities:			
Interest received	2,450,432	172,760	2,623,192
Sale of investments	45,360,276	64,479	45,424,755
Purchase of investments	(44,456,879)	(2,564,820)	(47,021,699)
Net cash provided by (used in) investing activities	3,353,829	(2,327,581)	1,026,248
Net increase in cash and cash equivalents	3,939,068	1,468,251	5,407,319
Cash and cash equivalents, beginning of year	19,653,349	283,704	19,937,053
Cash and cash equivalents, end of year	\$ 23,592,417	\$ 1,751,955	\$ 25,344,372

(Continued)

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued) YEAR ENDED SEPTEMBER 30, 2006

	<u>Utility System</u>	<u>Solid Waste</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 3,508,006	\$ 4,463,702	\$ 7,971,708
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	4,014,024	138,210	4,152,234
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	158,942	(780)	158,162
Due from other governments	-	(396,722)	(396,722)
Inventories	5,718	-	5,718
Prepaid expenses	2,448	-	2,448
Increase (decrease) in:			
Accounts payable and accrued liabilities	29,264	8,300	37,564
Contracts and retainage payable	(389,796)	-	(389,796)
Due to other governments	-	53,494	53,494
Deposits	(85,550)	-	(85,550)
Compensated absences payable	23,024	754	23,778
Total adjustments	<u>3,758,074</u>	<u>(196,744)</u>	<u>3,561,330</u>
Net cash provided by operating activities	<u>\$ 7,266,080</u>	<u>\$ 4,266,958</u>	<u>\$ 11,533,038</u>
Noncash investing, capital, and financing activities:			
Developer contributed distribution lines and meters	2,387,165	-	2,387,165
Increase in fair value of investments	277,856	20,407	298,263

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 – Surface Water Management Fund.

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 activities of the Village and its component unit. 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.

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. All remaining nonmajor governmental funds are aggregated and reported as nonmajor funds.

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.

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 as well as the solid waste 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. Investments are stated at fair value.

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.

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.

Receivables

Receivables include amounts due from other governments and others for services provided by the Village. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred. Allowances for uncollectible receivables are based on historical trends and the periodic aging of receivables.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$1,000 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.

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 to 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Benefits for employees 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.

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 enabling 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. The government-wide statement of net assets reports \$65,926,281 of restricted net assets, of which \$22,963,306 is restricted by enabling legislation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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”.

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

Designated for insurance – represents funds set aside to offset future years’ insurance premium increases.

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

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 resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The millage rate assessed by the Village for the 2005/2006 year was 2.7 (\$2.70 for each \$1,000 of assessed valuation). This levy was based upon an assessed valuation as of January 1, 2006, of approximately \$7.2 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, 2006, 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from estimates.

NOTE 2. DEPOSITS AND INVESTMENTS

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.

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

The Village’s cash and cash equivalents include cash on hand, time and demand deposits. The Village maintains a cash and investment pool that is available for use by all funds. Interest earned on pooled cash and investments is allocated to each of the funds based on the fund’s average equity balance.

The State Board of Administration is part of the Local Government Surplus Funds Trust Fund and is governed by Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the State of Florida Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The fair value of the position in the external investment pool is the same as the value of the pool shares. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission; however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund. These investments are valued using the pooled share price.

The Florida Municipal Investment Trust 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.

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 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.

The Village’s cash and investments are subject to several types of risk, which are examined in more detail below:

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. 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. As of September 30, 2006, the Village had the following investments in its internal investment pool

Investment Type	Fair Value	Investment Maturities In Years	
		Less Than 1	1-5
Corporate Notes	\$ 3,687,212	\$ -	\$ 3,687,212
U.S. Treasuries and U.S. Agencies securities	52,791,744	10,641,679	42,150,065
Florida Municipal Investment Trust	<u>17,906,582</u>	-	<u>17,906,582</u>
Total	<u>\$ 74,385,538</u>	<u>\$ 10,641,679</u>	<u>\$ 63,743,859</u>

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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. As of the year end, the credit quality ratings of debt securities (other than U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
State Board of Administration	\$ 4,245,534	Not rated	N/A
Corporate Note	2,669,936	AAA	S&P
Corporate Note	1,017,276	AA-	S&P
U.S. government agencies and securities:			
Federal National Mortgage Association	11,090,147	AAA	S&P
Federal Home Loan Mortgage Association	7,693,027	AAA	S&P
Federal Home Loan Bank	7,385,733	AAA	S&P
Federal Farm Credit Bank	6,922,705	AAA	S&P
Florida Municipal Investment Trust	17,906,582	AAA	Fitch

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Village limits the amount that can be invested in any one issuer of Federal Instrumentalities to 40% of the portfolio. The Village was within compliance with this policy at year-end. At September 30, 2006, the Village had more than 5% of its investments in the following:

Issuer	Fair Value	Percentage
Federal National Mortgage Association	\$ 11,090,147	14.91%
Federal Home Loan Mortgage Corporation	7,693,027	10.34%
Federal Home Loan Bank	7,385,733	9.93%
Federal Farm Credit Bank	6,922,705	9.31%

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable as of September 30, 2006, 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	\$ 317,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,292
Franchise taxes	343,509	-	-	-	-	-	-	-	343,509
Accounts	162,075	33,251	-	-	-	5,411	1,129,239	41,519	1,371,495
Interest	135,341	-	14,203	57,394	46,849	32,476	316,592	23,252	626,107
Gross receivables	958,217	33,251	14,203	57,394	46,849	37,887	1,445,831	64,771	2,658,403
Less allowance for uncollectible accounts	-	-	-	-	-	-	(44,768)	-	(44,768)
	\$ 958,217	\$ 33,251	\$ 14,203	\$ 57,394	\$ 46,849	\$ 37,887	\$ 1,401,063	\$ 64,771	\$ 2,613,635

NOTE 4. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments as of September 30, 2006, 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	\$ -	\$ -	\$ 25,573	\$ 410,222	\$ 435,795
State of Florida:					
State Shared Revenues	624,108	-	-	-	624,108
Communication Services Tax	187,775	-	-	-	187,775
Local Option Gas Tax	-	-	121,359	-	121,359
Department of Agriculture and Consumer Services	44,482	-	-	-	44,482
Palm Beach County:					
County Shared Revenues	13,707	-	-	-	13,707
Pine Tree Water Control District	4,000	102,051	-	-	106,051
	<u>\$ 874,072</u>	<u>\$ 102,051</u>	<u>\$ 146,932</u>	<u>\$ 410,222</u>	<u>\$ 1,533,277</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2006, was as follows:

	<u>Beginning Balance as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassification</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 19,063,169	\$ -	\$ -	\$ -	\$ 19,063,169
Construction in progress	5,397,905	7,052,837	(170,719)	(1,932,680)	10,347,343
Infrastructure	51,256,079	-	-	-	51,256,079
Total capital assets, not being depreciated	<u>75,717,153</u>	<u>7,052,837</u>	<u>(170,719)</u>	<u>(1,932,680)</u>	<u>80,666,591</u>
Capital assets, being depreciated:					
Buildings	12,014,495	347,321	(978)	-	12,360,838
Improvements	38,183,668	-	-	1,932,680	40,116,348
Machinery and equipment	11,194,854	4,805,112	(688,332)	-	15,311,634
Total capital assets, being depreciated	<u>61,393,017</u>	<u>5,152,433</u>	<u>(689,310)</u>	<u>1,932,680</u>	<u>67,788,820</u>
Less accumulated depreciation for:					
Buildings	(1,170,265)	(406,220)	413	-	(1,576,072)
Improvements	(20,206,088)	(3,099,895)	-	-	(23,305,983)
Machinery and equipment	(6,644,259)	(1,759,401)	548,611	-	(7,855,049)
Total accumulated depreciation	<u>(28,020,612)</u>	<u>(5,265,516)</u>	<u>549,024</u>	<u>-</u>	<u>(32,737,104)</u>
Total capital assets, being depreciated, net	<u>33,372,405</u>	<u>(113,083)</u>	<u>(140,286)</u>	<u>1,932,680</u>	<u>35,051,716</u>
Governmental activities capital assets, net	<u>\$ 109,089,558</u>	<u>\$ 6,939,754</u>	<u>\$ (311,005)</u>	<u>\$ -</u>	<u>\$ 115,718,307</u>

The Village has restated the governmental activities capital assets in the amount of \$1,583,484 for construction in progress additions in prior years that should have been expensed. See Note 14.

NOTE 5. CAPITAL ASSETS (Continued)

	Beginning Balance as restated	Increases	Decreases	Reclassification	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 8,996,705	\$ -	\$ -	\$ -	\$ 8,996,705
Construction in progress	9,777,757	2,847,437	-	(1,446,273)	11,178,921
Total capital assets, not being depreciated	<u>18,774,462</u>	<u>2,847,437</u>	<u>-</u>	<u>(1,446,273)</u>	<u>20,175,626</u>
Capital assets, being depreciated:					
Buildings	2,612,817	-	(1,395)	-	2,611,422
Land improvements	1,502,034	-	-	-	1,502,034
Furniture, fixtures, equipment and vehicles	3,423,789	49,402	(214,190)	-	3,259,001
Meters	5,158,329	823,723	(383,554)	-	5,598,498
Major equipment	9,205,275	199,549	(95,555)	-	9,309,269
Water and wastewater plant	23,602,002	103,910	(3,172)	-	23,702,740
Wells	7,166,725	22,401	-	-	7,189,126
Telemetry	479,756	-	(736)	-	479,020
Distribution lines	66,693,086	2,242,622	-	1,446,273	70,381,981
Total capital assets, being depreciated	<u>119,843,813</u>	<u>3,441,607</u>	<u>(698,602)</u>	<u>1,446,273</u>	<u>124,033,091</u>
Less accumulated depreciation for:					
Buildings	(354,874)	(87,047)	577	-	(441,344)
Land improvements	(320,774)	(135,447)	-	-	(456,221)
Furniture, fixtures, equipment and vehicles	(2,127,562)	(427,832)	151,705	-	(2,403,689)
Meters	(2,278,450)	(513,588)	465,846	-	(2,326,192)
Major equipment	(8,069,725)	(171,595)	103,769	-	(8,137,551)
Water and wastewater plant	(10,839,206)	(819,749)	587	-	(11,658,368)
Wells	(5,314,628)	(277,904)	-	-	(5,592,532)
Telemetry	(402,533)	(15,853)	519	-	(417,867)
Distribution lines	(21,444,478)	(1,703,219)	-	-	(23,147,697)
Total accumulated depreciation	<u>(51,152,230)</u>	<u>(4,152,234)</u>	<u>723,003</u>	<u>-</u>	<u>(54,581,461)</u>
Total capital assets, being depreciated, net	<u>68,691,583</u>	<u>(710,627)</u>	<u>24,401</u>	<u>1,446,273</u>	<u>69,451,630</u>
Business-type activities capital assets, net	<u>\$ 87,466,045</u>	<u>\$ 2,136,810</u>	<u>\$ 24,401</u>	<u>\$ -</u>	<u>\$ 89,627,256</u>

The Village has restated the business-type activities capital assets by \$742,203 to reflect capital assets that should have been capitalized and revenues that should have been recorded in prior years. See Note 14.

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 537,227
Planning and development	96,504
Engineering and public works	960,631
Surface water management	187,760
Transportation	776,192
Culture and recreation	2,707,202
Total depreciation expense - governmental activities	<u>\$ 5,265,516</u>
Business-type activities:	
Water utility	\$ 4,014,024
Solid waste	138,210
Total depreciation expense - business-type activities	<u>\$ 4,152,234</u>

NOTE 6. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2006, was as follows:

Governmental Activities

	Balance September 30, 2005	Additions	Reductions	Balance September 30, 2006	Due Within One Year
Public Service Tax Revenue Bonds, Series 1999	\$ 3,045,000	\$ -	\$ (640,000)	\$ 2,405,000	\$ 670,000
Public Service Tax Revenue Refunding Bonds, Series 2005	9,905,000	-	(60,000)	9,845,000	65,000
Florida Municipal Loan Council:					
Series 2001A	5,040,000	-	(195,000)	4,845,000	205,000
Series 2002C	5,865,000	-	(220,000)	5,645,000	230,000
Plus deferred amount on refunding	(582,251)	-	41,838	(540,413)	-
Plus unamortized bond premium	522,694	-	(31,231)	491,463	-
Total Bonds Payable	23,795,443	-	(1,104,393)	22,691,050	1,170,000
Compensated absences payable	546,344	843,584	(589,534)	800,394	360,177
Total	<u>\$ 24,341,787</u>	<u>\$ 843,584</u>	<u>\$ (1,693,927)</u>	<u>\$ 23,491,444</u>	<u>\$ 1,530,177</u>

\$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. In May 2005, \$9,335,000 of the outstanding bonds was refunded as part of the \$9,995,000 Public Service Tax Revenue Refunding Bonds, Series 2005. Interest, at rates ranging from 3.60% to 5.25%, is payable semi-annually on March 1 and September 1. The remaining principal is payable in annual installments of \$305,000 to \$730,000, with the final payment due September 1, 2010. 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, 2006, the outstanding balance was \$2,405,000.

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, 2006, 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:			
2007	\$ 670,000	\$ 110,448	\$ 780,448
2008	700,000	80,297	780,297
2009	730,000	48,797	778,797
2010	<u>305,000</u>	<u>14,487</u>	<u>319,487</u>
Total Public Service Tax Revenue Bonds, Series 1999	<u>\$ 2,405,000</u>	<u>\$ 254,029</u>	<u>\$ 2,659,029</u>

NOTE 6. LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities (Continued)

Governmental Activities (Continued)

\$9,995,000 Public Service Tax

In May 2005, the Village issued \$9,995,000 of Public Service Tax Revenue Refunding Bonds, Series 2005 to refund a portion of the Public Service Tax Revenue Bonds, Series 1999. Interest at a rate of 3.73% is payable semi-annually on March 1 and September 1. The remaining principal is payable in annual installments of \$65,000 to \$1,165,000 with the final payment due September 1, 2019. At September 30, 2006, the outstanding balance was \$9,845,000.

Future debt service requirements to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2007	\$ 65,000	\$ 367,219	\$ 432,219
2008	65,000	364,794	429,794
2009	70,000	362,370	432,370
2010	530,000	359,759	889,759
2011	870,000	339,990	1,209,990
2012-2016	4,865,000	1,187,632	6,052,632
2017-2019	<u>3,380,000</u>	<u>255,132</u>	<u>3,635,132</u>
Total Public Service Tax Revenue Refunding Bonds, Series 2005	<u>\$ 9,845,000</u>	<u>\$ 3,236,896</u>	<u>\$ 13,081,896</u>

Defeased Debt

As a result of the refunding, the refunded portion of the Public Service Tax Revenue Bonds, Series 1999 is considered to be defeased and the liability has been removed from the financial statements. At September 30, 2006, the amount of defeased debt outstanding, but removed from the financial statements was \$8,695,000.

Debt Compliance

Various bond indentures contain covenants which specify certain limitations and restrictions for Palm Beach County regarding annual debt service requirements and minimum revenue bond coverage. Management believes that the Village has complied with all covenants. Additional information can be found in the statistical section of this report.

\$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. At September 30, 2006, the outstanding balance was \$4,845,000.

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:			
2007	\$ 205,000	\$ 237,363	\$ 442,363
2008	215,000	227,912	442,912
2009	225,000	217,450	442,450
2010	235,000	205,950	440,950
2011	250,000	193,825	443,825
2012-2016	1,435,000	761,950	2,196,950
2017-2021	1,855,000	338,331	2,193,331
2022	425,000	10,094	435,094
Total Loan Payable	<u>\$ 4,845,000</u>	<u>\$ 2,192,875</u>	<u>\$ 7,037,875</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. At September 30, 2006, the outstanding balance was \$5,645,000.

Future debt service requirements to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2007	\$ 230,000	\$ 272,375	\$ 502,375
2008	235,000	263,937	498,937
2009	245,000	254,950	499,950
2010	255,000	244,288	499,288
2011	265,000	231,287	496,287
2012-2016	1,525,000	958,944	2,483,944
2017-2021	1,955,000	513,056	2,468,056
2022-2023	935,000	49,744	984,744
Total Loan Payable	<u>\$ 5,645,000</u>	<u>\$ 2,788,581</u>	<u>\$ 8,433,581</u>

NOTE 6. LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities (Continued)
Governmental Activities (Continued)

Business-type Activities

	Balance September 30, <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2006</u>	Due Within <u>One Year</u>
Utility System Revenue Refunding Bonds	\$ 20,255,000		\$ (2,140,000)	\$ 18,115,000	\$ 2,185,000
Plus unamortized bond premium	222,338		(27,792)	194,546	-
Less unamortized bond discount	<u>(1,300,809)</u>	-	<u>162,601</u>	<u>(1,138,208)</u>	-
Total Bonds Payable	19,176,529	-	(2,005,191)	17,171,338	2,185,000
Compensated absences payable	<u>125,565</u>	<u>129,650</u>	<u>(105,872)</u>	<u>149,343</u>	<u>67,204</u>
Total	<u>\$ 19,302,094</u>	<u>\$ 129,650</u>	<u>\$ (2,111,063)</u>	<u>\$ 17,320,681</u>	<u>\$ 2,252,204</u>

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. 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, 2006, the outstanding balance was \$18,115,000.

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:			
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	2,335,000	417,474	2,752,474
2011	2,420,000	319,549	2,739,549
2012-2014	<u>6,670,000</u>	<u>350,954</u>	<u>7,020,954</u>
Total Debt Service Requirements	<u>\$ 18,115,000</u>	<u>\$ 2,708,711</u>	<u>\$ 20,823,711</u>

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, 2006 is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Solid waste	\$ 125,567
	Surface water management	500,000
		<u>\$ 625,567</u>

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	Solid waste	\$ 670,237
	Surface water management	1,800,000
		<u>\$ 2,470,237</u>

These amounts payable to the General Fund relate 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.

Transfers for the year ended September 30, 2006, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 11,102,007	\$ 19,395,790
Planning, zoning and building fund	1,400,000	1,091,657
Recreation programs fund	8,124,731	1,641,381
Recreation impact fees fund	3,200,000	1,462,846
Surface water management fund	-	649,027
Nonmajor governmental funds	4,949,863	2,285,900
Utility system fund	-	2,055,000
Solid waste fund	-	195,000
Total	<u>\$ 28,776,601</u>	<u>\$ 28,776,601</u>

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, 2006, the Village's required annual contribution is 9.85% of the covered salary for regular members. The Village's contributions to FRS for the years ending September 30, 2006, 2005, and 2004 were \$46,140, \$45,654, and \$50,008 respectively, equal to the required contributions for each year.

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 MetLife, 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 new plan in January 2003.

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, 2006, was \$12,404,959. The Village's contribution was calculated using the base salary amount of \$10,644,845. The Village made one hundred percent of its required contributions of \$849,355, \$736,639, and \$665,442, for fiscal years 2006, 2005, and 2004, 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.

NOTE 12. COMMITMENTS

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, 2006, 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 \$4,961,440 for the year ended September 30, 2006.

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 \$1,731,932 for the year ended September 30, 2006 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.

NOTE 13. HURRICANE COSTS

The Village was impacted by Hurricane Wilma in October 2005. The Village was responsible for post-hurricane clean-up which included debris (trees and landscaping), and repairs of power lines and traffic lights. The total amount expended in debris removal and other clean-up exceed \$10.4 million. Although these expenditures were partially refunded by FEMA, the Department of Transportation and insurance for approximately \$6.7 million with an unknown amount in additional reimbursements to be received from FEMA, the balance of \$2.3 million was funded by Village debris management reserves.

For the year ended September 30, 2006, due to hurricane expenditures, General Fund expenditures exceeded appropriations as follows:

General government – other	\$ 15,490
Physical environment – engineering	457,868
Capital outlay	2,403,299

NOTE 14. PRIOR PERIOD ADJUSTMENTS

During the 2005-2006 fiscal year, the Utility System Proprietary Fund adjusted its opening net assets by \$742,203 for certain revenues and certain capital assets that should have been recorded during the 2003-2004 fiscal year. As a result, the net assets as of October 1, 2005 were restated as follows:

Net assets - beginning of year as previously reported	\$ 125,412,767
Prior period adjustment	<u>742,203</u>
Net assets - beginning of year as restated	<u>\$ 126,154,970</u>

During the 2005-2006 fiscal year, the Village determined that \$1,583,484 of governmental activities construction in progress recorded in prior years should not have been capitalized. As a result, government-wide net assets were restated as of October 1, 2005 as follows:

Net assets - beginning of year as previously reported	\$ 138,435,657
Prior period adjustment	<u>(1,583,484)</u>
Net assets - beginning of year as restated	<u>\$ 136,852,173</u>

NOTE 15. OTHER POST EMPLOYMENT BENEFITS

Based on GASB approval of Statements 43 and 45 which set forth the guidelines and a future implementation timetable for treatment of Other Post Employment Benefits (OPEB), the Village had an actuary calculate future funding requirements during fiscal year 2006. The purpose was to enhance the Village's understanding of the OPEB obligation and to revisit potential policy implications associated therewith. The actuary's estimate, using the entry age normal method, included normal pension-related actuarial assumptions. The calculation produced an obligation of \$2,231,482, the present value of which is \$878,951. The Village elected to fund the entire obligation during the 2006/2007 fiscal year leaving no unfunded obligation and an incremental annual cost of \$173,982 annually.

REQUIRED SUPPLEMENTARY 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, 2006

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments
Revenues:			
Ad valorem taxes	\$ 14,431,000	\$ -	\$ -
Franchise fees	2,475,000	-	-
Utility taxes	2,939,500	-	-
Public services tax	2,230,000	-	-
Licenses and permits	257,000	-	-
Intergovernmental	4,528,225	123,000	-
Fines and forfeitures	200,000	-	-
Investment income	500,000	-	-
Miscellaneous	160,000	-	-
Total revenues	<u>27,720,725</u>	<u>123,000</u>	<u>-</u>

See note to required supplementary information

Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
\$ 14,431,000	\$ 14,618,529	187,529
2,475,000	3,430,912	955,912
2,939,500	3,433,244	493,744
2,230,000	2,610,972	380,972
257,000	723,349	466,349
4,651,225	4,907,143	255,918
200,000	173,895	(26,105)
500,000	1,096,176	596,176
160,000	1,152,319	992,319
<u>27,843,725</u>	<u>32,146,539</u>	<u>4,302,814</u>

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND (Continued)

YEAR ENDED SEPTEMBER 30, 2006

	<u>Original Adopted Budget</u>	<u>Prior Year Carryforward</u>	<u>Legally Adopted Budget Amendments</u>
Expenditures:			
Current:			
General government:			
Village Council	\$ 710,688	\$ 28,090	\$ -
Village Clerk	1,285,226	5,788	41,900
Information Center	534,503	-	2,500
Village Manager	905,586	25,292	-
Finance	2,519,351	14,101	(52,500)
Human resources	426,500	8,870	37,000
Risk management	886,800	-	14,000
Legal	800,000		15,000
MIS	1,375,600	9,938	57,600
Other	<u>128,320</u>	<u>-</u>	<u>-</u>
Total general government	<u>9,572,574</u>	<u>92,079</u>	<u>115,500</u>
Public safety:			
Law enforcement	<u>5,067,705</u>	<u>-</u>	<u>33,000</u>
Physical environment:			
Public works	2,313,405	15,676	372,600
Engineering	<u>2,048,253</u>	<u>44,795</u>	<u>9,900</u>
Total physical environment	<u>4,361,658</u>	<u>60,471</u>	<u>382,500</u>
Transportation - roadways	<u>315,000</u>	<u>-</u>	<u>-</u>
Capital outlay	<u>1,142,650</u>	<u>1,033,359</u>	<u>309,300</u>
Total expenditures	<u>20,459,587</u>	<u>1,185,909</u>	<u>840,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,261,138</u>	<u>(1,062,909)</u>	<u>(840,300)</u>
Other financing sources (uses):			
Transfers in	7,482,567	-	155,500
Transfers out	(14,972,339)	-	(55,500)
Sale of capital asset	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,489,772)</u>	<u>-</u>	<u>100,000</u>
Net change in fund balance	(228,634)	(1,062,909)	(1,058,300)
Fund balance, beginning of year	<u>228,634</u>	<u>1,062,909</u>	<u>1,058,300</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to required supplementary information

Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ 738,778	\$ 641,581	\$ 97,197
1,332,914	1,077,111	255,803
537,003	389,572	147,431
930,878	872,058	58,820
2,480,952	2,084,902	396,050
472,370	434,253	38,117
900,800	859,355	41,445
815,000	814,470	530
1,443,138	1,271,412	171,726
<u>128,320</u>	<u>143,810</u>	<u>(15,490)</u>
<u>9,780,153</u>	<u>8,588,524</u>	<u>1,191,629</u>
<u>5,100,705</u>	<u>5,099,928</u>	<u>777</u>
2,701,681	2,571,906	129,775
<u>2,102,948</u>	<u>2,560,816</u>	<u>(457,868)</u>
<u>4,804,629</u>	<u>5,132,722</u>	<u>(328,093)</u>
<u>315,000</u>	<u>303,000</u>	<u>12,000</u>
<u>2,485,309</u>	<u>4,888,608</u>	<u>(2,403,299)</u>
<u>22,485,796</u>	<u>24,012,782</u>	<u>(1,526,986)</u>
<u>5,357,929</u>	<u>8,133,757</u>	<u>2,775,828</u>
7,638,067	5,877,859	(1,760,208)
(15,027,839)	(14,171,642)	856,197
<u>-</u>	<u>59,184</u>	<u>59,184</u>
<u>(7,389,772)</u>	<u>(8,234,599)</u>	<u>(844,827)</u>
(2,031,843)	(100,842)	1,931,001
<u>2,031,843</u>	<u>17,533,321</u>	<u>15,501,478</u>
<u>\$ -</u>	<u>\$ 17,432,479</u>	<u>\$ 17,432,479</u>

See note to required supplementary information

VILLAGE OF WELLINGTON, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 PLANNING, ZONING AND BUILDING - SPECIAL REVENUE FUND
 YEAR ENDED SEPTEMBER 30, 2006

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments
Revenues:			
Licenses and permits	\$ 4,978,780	\$ -	\$ -
Fines and forfeitures	75,000	-	-
Miscellaneous	<u>100,000</u>	<u>-</u>	<u>-</u>
Total revenues	<u>5,153,780</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Physical environment:			
Planning, zoning and building administration	911,513	14,490	30,600
Planning and zoning	713,093	41,518	(10,600)
Code compliance	747,574	-	4,000
Building	<u>2,093,947</u>	<u>5,157</u>	<u>32,500</u>
Total physical environment	4,466,127	61,165	56,500
Capital outlay	<u>193,770</u>	<u>21,280</u>	<u>(56,500)</u>
Total expenditures	<u>4,659,897</u>	<u>82,445</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>493,883</u>	<u>(82,445)</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	1,400,000	-	-
Transfers out	<u>(1,340,000)</u>	<u>-</u>	<u>(125,000)</u>
Total other financing sources (uses)	<u>60,000</u>	<u>-</u>	<u>(125,000)</u>
Net change in fund balance	553,883	(82,445)	(125,000)
Fund balance, beginning of year	<u>(553,883)</u>	<u>82,445</u>	<u>125,000</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to required supplementary information

<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
\$ 4,978,780	\$ 4,539,637	\$ (439,143)
75,000	84,406	9,406
<u>100,000</u>	<u>72,678</u>	<u>(27,322)</u>
<u>5,153,780</u>	<u>4,696,721</u>	<u>(457,059)</u>
956,603	863,910	92,693
744,011	515,289	228,722
751,574	592,127	159,447
<u>2,131,604</u>	<u>2,097,651</u>	<u>33,953</u>
4,583,792	4,068,977	514,815
<u>158,550</u>	<u>35,971</u>	<u>122,579</u>
<u>4,742,342</u>	<u>4,104,948</u>	<u>637,394</u>
<u>411,438</u>	<u>591,773</u>	<u>180,335</u>
1,400,000	1,400,000	-
<u>(1,465,000)</u>	<u>(1,091,657)</u>	<u>373,343</u>
<u>(65,000)</u>	<u>308,343</u>	<u>373,343</u>
346,438	900,116	553,678
<u>(346,438)</u>	<u>7,415,494</u>	<u>7,761,932</u>
<u>\$ -</u>	<u>\$ 8,315,610</u>	<u>\$ 8,315,610</u>

See note to required supplementary information

VILLAGE OF WELLINGTON, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 RECREATION PROGRAMS - SPECIAL REVENUE FUND
 YEAR ENDED SEPTEMBER 30, 2006

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	1,834,671	-	-
Investment income	40,000	-	-
Total revenues	<u>1,874,671</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Culture and recreation:			
Recreational facilities - pool	732,427	27,100	66,860
Recreational facilities - tennis	241,544	-	(13,400)
Recreational facilities - Community Center	267,829	3,361	(55,250)
Parks and recreational facilities	3,650,880	23,583	(166,810)
Parks and recreational administration	462,036	14,516	88,000
Community programs	594,309	-	35,600
Athletics programs	1,597,557	12,329	(155,100)
Total culture and recreation	<u>7,546,582</u>	<u>80,889</u>	<u>(200,100)</u>
Capital outlay	<u>1,312,020</u>	<u>523,725</u>	<u>605,211</u>
Total expenditures	<u>8,858,602</u>	<u>604,614</u>	<u>405,111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,983,931)</u>	<u>(604,614)</u>	<u>(405,111)</u>
Other financing sources (uses):			
Transfers in	8,924,731	-	-
Transfers out	<u>(1,940,800)</u>	<u>-</u>	<u>(293,000)</u>
Total other financing sources (uses)	<u>6,983,931</u>	<u>-</u>	<u>(293,000)</u>
Net change in fund balance	-	(604,614)	(698,111)
Fund balance, beginning of year	<u>-</u>	<u>604,614</u>	<u>698,111</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to required supplementary information

<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
\$ -	\$ 289,968	\$ 289,968
1,834,671	1,771,959	(62,712)
40,000	109,620	69,620
<u>1,874,671</u>	<u>2,171,547</u>	<u>296,876</u>
826,387	777,082	49,305
228,144	152,849	75,295
215,940	191,335	24,605
3,507,653	3,278,650	229,003
564,552	562,265	2,287
629,909	618,535	11,374
<u>1,454,786</u>	<u>1,431,879</u>	<u>22,907</u>
7,427,371	7,012,595	414,776
<u>2,440,956</u>	<u>1,009,559</u>	<u>1,431,397</u>
<u>9,868,327</u>	<u>8,022,154</u>	<u>1,846,173</u>
<u>(7,993,656)</u>	<u>(5,850,607)</u>	<u>2,143,049</u>
8,924,731	8,124,731	(800,000)
<u>(2,233,800)</u>	<u>(1,641,381)</u>	<u>592,419</u>
<u>6,690,931</u>	<u>6,483,350</u>	<u>(207,581)</u>
(1,302,725)	632,743	1,935,468
<u>1,302,725</u>	<u>2,627,978</u>	<u>1,325,253</u>
<u>\$ -</u>	<u>\$ 3,260,721</u>	<u>\$ 3,260,721</u>

See note to required supplementary information

VILLAGE OF WELLINGTON, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 RECREATION IMPACT FEES - SPECIAL REVENUE FUND
 YEAR ENDED SEPTEMBER 30, 2006

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Impact fees	\$ 3,395,125	\$ -	\$ -
Intergovernmental	110,000	170,000	129,000
Investment income	10,000	-	-
Miscellaneous	<u>5,000</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3,520,125</u>	<u>170,000</u>	<u>129,000</u>
 Expenditures:			
Capital outlay	<u>8,021,000</u>	<u>3,867,415</u>	<u>129,000</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>(4,500,875)</u>	<u>(3,697,415)</u>	<u>-</u>
 Other financing sources (uses):			
Transfers in	3,200,000	-	-
Transfers out	(1,505,200)	-	(401,750)
Sale of capital asset	<u>1,100,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,794,800</u>	<u>-</u>	<u>(401,750)</u>
 Net change in fund balance	(1,706,075)	(3,697,415)	(401,750)
 Fund balance, beginning of year	<u>1,706,075</u>	<u>3,697,415</u>	<u>401,750</u>
 Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to required supplementary information

<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
\$ 3,395,125	\$ 1,303,101	\$ (2,092,024)
409,000	205,964	(203,036)
10,000	442,982	432,982
<u>5,000</u>	<u>1,717,188</u>	<u>1,712,188</u>
<u>3,819,125</u>	<u>3,669,235</u>	<u>(149,890)</u>
<u>12,017,415</u>	<u>835,591</u>	<u>11,181,824</u>
<u>(8,198,290)</u>	<u>2,833,644</u>	<u>11,031,934</u>
3,200,000	3,200,000	-
(1,906,950)	(1,462,846)	444,104
<u>1,100,000</u>	<u>-</u>	<u>(1,100,000)</u>
<u>2,393,050</u>	<u>1,737,154</u>	<u>(655,896)</u>
(5,805,240)	4,570,798	10,376,038
<u>5,805,240</u>	<u>8,426,880</u>	<u>2,621,640</u>
<u>\$ -</u>	<u>\$ 12,997,678</u>	<u>\$ 12,997,678</u>

See note to required supplementary information

VILLAGE OF WELLINGTON, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 SURFACE WATER MANAGEMENT - SPECIAL REVENUE FUND
 YEAR ENDED SEPTEMBER 30, 2006

	<u>Original Adopted Budget</u>	<u>Prior Year Carryforward</u>	<u>Legally Adopted Budget Amendments</u>
Revenues:			
Special assessments	\$ 2,807,100	\$ -	\$ -
Intergovernmental	-	900,000	303,600
Charges for services	263,220	-	-
Investment income	100,000	-	-
Miscellaneous	-	-	-
Total revenues	<u>3,170,320</u>	<u>900,000</u>	<u>303,600</u>
Expenditures:			
Current:			
Physical environment:			
Surface water management	1,148,713	21,863	129,100
Capital outlay	<u>379,020</u>	<u>10,165,122</u>	<u>355,500</u>
Total expenditures	<u>1,527,733</u>	<u>10,186,985</u>	<u>484,600</u>
Excess (deficiency) of revenues over (under) expenditures	1,642,587	(9,286,985)	(181,000)
Other financing uses:			
Transfers out	<u>(1,533,000)</u>	-	<u>81,000</u>
Net change in fund balance	109,587	(9,286,985)	(100,000)
Fund balance, beginning of year	<u>(109,587)</u>	<u>9,286,985</u>	<u>100,000</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to required supplementary information

Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ 2,807,100	\$ 2,847,120	\$ 40,020
1,203,600	1,010,538	(193,062)
263,220	297,217	33,997
100,000	373,541	273,541
-	4,527	4,527
4,373,920	4,532,943	159,023
1,299,676	1,291,798	7,878
10,899,642	3,969,975	6,929,667
12,199,318	5,261,773	6,937,545
(7,825,398)	(728,830)	7,096,568
(1,452,000)	(649,027)	802,973
(9,277,398)	(1,377,857)	7,899,541
9,277,398	5,275,426	(4,001,972)
\$ -	\$ 3,897,569	\$ 3,897,569

See note to required supplementary information

VILLAGE OF WELLINGTON, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2006

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, 2006, several supplementary appropriations were necessary. The supplementary appropriations increased the general fund budget by \$2,081,709 and the major special revenue funds' budgets by \$16,498,920. 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, 2006

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

Percentage of lane miles in good or better condition

Overall System:

2004	96%
2005	98%
2006	98%

Percentage of lane miles in substandard condition

Overall System:

2004	4%
2005	2%
2006	2%

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION

	<u>Needed</u>	<u>Actual</u>	<u>Difference</u>
Overall System:			
2002	\$ 566,700	\$ 598,074	\$ 31,374
2003	646,700	1,052,265	405,565
2004	470,110	465,610	(4,500)
2005	535,835	146,758	(389,077)
2006	<u>783,000</u>	<u>898,307</u>	<u>115,307</u>
Total	<u>\$3,002,345</u>	<u>\$3,161,014</u>	<u>\$ 158,669</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.



OTHER SUPPLEMENTAL INFORMATION

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 revenue bonds.

VILLAGE OF WELLINGTON, FLORIDA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2006

	Special Revenue Funds			Debt	Total
	Gas Tax Maintenance	Gas Tax Capital	Road Impact Fees	Service Fund	Nonmajor Funds
ASSETS					
Cash and cash equivalents	\$ 117,767	\$ 1,614,395	\$ 5,300,059	\$ 26,928	\$ 7,059,149
Investments	210,440	2,884,781	335,797	48,117	3,479,135
Receivables:					
Accounts	-	5,411	-	-	5,411
Interest	6,209	18,748	7,519	-	32,476
Due from other governments	108,180	38,752	-	-	146,932
Total assets	\$ 442,596	\$ 4,562,087	\$ 5,643,375	\$ 75,045	\$ 10,723,103
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 18,151	\$ 16,225	\$ 692	\$ -	\$ 35,068
Contracts and retainage payable	-	11,957	210,960	-	222,917
Total liabilities	18,151	28,182	211,652	-	257,985
Fund balances:					
Reserved:					
Reserved for encumbrances	110	420,613	798,915	-	1,219,638
Reserved for capital improvements	-	4,113,292	4,632,808	-	8,746,100
Reserved for debt service	-	-	-	75,045	75,045
Unreserved:					
Designated for road maintenance	424,335	-	-	-	424,335
Total fund balances	424,445	4,533,905	5,431,723	75,045	10,465,118
Total liabilities and fund balances	\$ 442,596	\$ 4,562,087	\$ 5,643,375	\$ 75,045	\$ 10,723,103

VILLAGE OF WELLINGTON, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2006

	Special Revenue Funds			Debt	Total
	Gas Tax Maintenance	Gas Tax Capital	Road Impact Fees	Service Fund	Nonmajor Funds
Revenues:					
Impact fees	\$ -	\$ -	\$ 1,031,763	\$ -	\$ 1,031,763
Intergovernmental revenue	1,064,749	811,808	-	-	1,876,557
Investment income	47,920	144,701	279,621	-	472,242
Miscellaneous	2,260	-	-	-	2,260
Total revenues	1,114,929	956,509	1,311,384	-	3,382,822
Expenditures:					
Current:					
Transportation	1,375,057	-	-	-	1,375,057
Capital outlay	38,815	1,306,211	1,545,328	-	2,890,354
Debt service:					
Principal	-	-	-	1,115,000	1,115,000
Interest and other fiscal charges	-	-	-	1,041,979	1,041,979
Total expenditures	1,413,872	1,306,211	1,545,328	2,156,979	6,422,390
Deficiency of revenues under expenditures	(298,943)	(349,702)	(233,944)	(2,156,979)	(3,039,568)
Other financing sources (uses):					
Transfers in	1,400,908	1,400,000	-	2,148,955	4,949,863
Transfers out	(1,681,065)	(115,044)	(489,791)	-	(2,285,900)
Total other financing sources (uses)	(280,157)	1,284,956	(489,791)	2,148,955	2,663,963
Net change in fund balances	(579,100)	935,254	(723,735)	(8,024)	(375,605)
Fund balances, beginning of year	1,003,545	3,598,651	6,155,458	83,069	10,840,723
Fund balances, end of year	\$ 424,445	\$ 4,533,905	\$ 5,431,723	\$ 75,045	\$ 10,465,118

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental revenue	\$ 1,039,000	\$ 1,039,000	\$ 1,064,749	\$ 25,749
Investment income	15,000	15,000	47,920	32,920
Miscellaneous	<u>-</u>	<u>-</u>	<u>2,260</u>	<u>2,260</u>
Total revenues	<u>1,054,000</u>	<u>1,054,000</u>	<u>1,114,929</u>	<u>60,929</u>
Expenditures:				
Current:				
Transportation	1,489,908	1,505,326	1,375,057	130,269
Capital outlay	<u>35,000</u>	<u>39,000</u>	<u>38,815</u>	<u>185</u>
Total expenditures	<u>1,524,908</u>	<u>1,544,326</u>	<u>1,413,872</u>	<u>130,454</u>
Deficiency of revenues under expenditures	<u>(470,908)</u>	<u>(490,326)</u>	<u>(298,943)</u>	<u>191,383</u>
Other financing sources (uses):				
Transfers in	1,400,908	1,400,908	1,400,908	-
Transfers out	<u>(1,730,000)</u>	<u>(1,730,000)</u>	<u>(1,681,065)</u>	<u>48,935</u>
Total other financing uses	<u>(329,092)</u>	<u>(329,092)</u>	<u>(280,157)</u>	<u>48,935</u>
Net change in fund balance	(800,000)	(819,418)	(579,100)	240,318
Fund balance, beginning of year	<u>800,000</u>	<u>819,418</u>	<u>1,003,545</u>	<u>184,127</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,445</u>	<u>\$ 424,445</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental revenue	\$ 894,600	\$ 957,100	\$ 811,808	\$ (145,292)
Investment income	<u>20,000</u>	<u>20,000</u>	<u>144,701</u>	<u>124,701</u>
Total revenues	<u>914,600</u>	<u>977,100</u>	<u>956,509</u>	<u>(20,591)</u>
Expenditures:				
Capital outlay	<u>2,529,000</u>	<u>1,725,639</u>	<u>1,306,211</u>	<u>419,428</u>
Deficiency of revenues under expenditures	<u>(1,614,400)</u>	<u>(748,539)</u>	<u>(349,702)</u>	<u>398,837</u>
Other financing sources (uses):				
Transfers in	1,400,000	1,400,000	1,400,000	-
Transfers out	<u>(117,500)</u>	<u>(214,400)</u>	<u>(115,044)</u>	<u>99,356</u>
Total other financing sources	<u>1,282,500</u>	<u>1,185,600</u>	<u>1,284,956</u>	<u>99,356</u>
Net change in fund balance	(331,900)	437,061	935,254	498,193
Fund balance, beginning of year	<u>331,900</u>	<u>(437,061)</u>	<u>3,598,651</u>	<u>4,035,712</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,533,905</u>	<u>\$ 4,533,905</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Impact fees	\$ 828,855	\$ 828,855	\$ 1,031,763	\$ 202,908
Investment income	<u>5,000</u>	<u>5,000</u>	<u>279,621</u>	<u>274,621</u>
Total revenues	<u>833,855</u>	<u>833,855</u>	<u>1,311,384</u>	<u>477,529</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>2,209,290</u>	<u>1,545,328</u>	<u>663,962</u>
Excess (deficiency) of revenues over (under) expenditures	833,855	(1,375,435)	(233,944)	1,141,491
Other financing uses:				
Transfers out	<u>(493,400)</u>	<u>(833,855)</u>	<u>(489,791)</u>	<u>344,064</u>
Net change in fund balance	340,455	(2,209,290)	(723,735)	1,485,555
Fund balance, beginning of year	<u>(340,455)</u>	<u>2,209,290</u>	<u>6,155,458</u>	<u>3,946,168</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,431,723</u>	<u>\$ 5,431,723</u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND YEAR ENDED SEPTEMBER 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	1,055,000	1,115,000	1,115,000	-
Interest and other fiscal charges	<u>1,144,600</u>	<u>1,084,600</u>	<u>1,041,979</u>	<u>42,621</u>
Total expenditures	<u>2,199,600</u>	<u>2,199,600</u>	<u>2,156,979</u>	<u>42,621</u>
Deficiency of revenues under expenditures	(2,199,600)	(2,199,600)	(2,156,979)	42,621
Other financing sources - transfers in	<u>2,199,600</u>	<u>2,199,600</u>	<u>2,148,955</u>	<u>(50,645)</u>
Net change in fund balance	-	-	(8,024)	(8,024)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>83,069</u>	<u>83,069</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,045</u>	<u>\$ 75,045</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.

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. These schedules include:</i>	
Net Assets by Component	76
Changes in Net Assets	77
Fund Balances of Governmental Funds	79
Changes in Fund Balances of Governmental Funds	80
Revenue Capacity	
<i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	
Net Assessed Value and Estimated Actual Value of Taxable Property	81
Property Tax Rates - Direct and Overlapping Governments	82
Principal Property Taxpayers	83
Property Tax Levies and Collections	84
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.</i>	
Ratios of Outstanding Debt by Type	85
Direct and Overlapping Governmental Activities Debt	86
Pledged Revenue Coverage	87
Debt Compliance	88
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.</i>	
Demographic and Economic Statistics	89
Principal Employers	90
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.</i>	
Full-Time Equivalent Village Government Employees by Function	91
Operating Indicators by Function/Program	92
Capital Asset Statistics by Function/Program	93

Source: 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 FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities:					
Invested in capital assets, net of related debt	\$ 78,064,294	\$ 84,456,045	\$ 82,441,223	\$ 87,127,009	\$ 93,261,010
Restricted	18,622,481	25,190,120	28,588,134	31,215,236	35,387,426
Unrestricted	<u>12,472,618</u>	<u>8,908,406</u>	<u>17,165,777</u>	<u>20,093,412</u>	<u>19,920,739</u>
Total governmental activities net assets	<u>109,159,393</u>	<u>118,554,571</u>	<u>128,195,134</u>	<u>138,435,657</u>	<u>148,569,175</u>
Business-type activities:					
Invested in capital assets, net of related debt	45,917,353	61,103,841	63,977,950	67,896,249	72,761,237
Restricted	3,088,414	22,753,650	35,173,687	48,595,838	30,963,300
Unrestricted	<u>47,811,998</u>	<u>30,396,608</u>	<u>22,308,368</u>	<u>9,074,416</u>	<u>34,588,893</u>
Total business-type activities net assets	<u>96,817,765</u>	<u>114,254,099</u>	<u>121,460,005</u>	<u>125,566,503</u>	<u>138,313,430</u>
Total government:					
Invested in capital assets, net of related debt	123,981,647	145,559,886	146,419,173	155,023,258	166,022,247
Restricted	21,710,895	47,943,770	63,761,821	79,811,074	66,350,726
Unrestricted	<u>60,284,616</u>	<u>39,305,014</u>	<u>39,474,145</u>	<u>29,167,828</u>	<u>54,509,632</u>
Total government net assets	<u>\$ 205,977,158</u>	<u>\$ 232,808,670</u>	<u>\$ 249,655,139</u>	<u>\$ 264,002,160</u>	<u>\$ 286,882,605</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 NET ASSETS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses:					
Governmental activities:					
General government	\$ 5,862,465	\$ 6,783,423	\$ 7,260,676	\$ 8,214,967	\$ 9,293,043
Public safety	3,530,068	3,820,632	4,634,172	5,031,954	5,099,928
Planning and development	2,936,249	3,082,967	3,396,474	4,091,661	4,216,156
Engineering and public works	3,269,210	3,512,188	3,765,102	5,102,076	6,143,913
Surface water management	1,659,368	1,239,037	1,264,735	1,582,326	1,693,334
Transportation	2,051,330	2,778,554	2,936,346	2,658,572	3,756,901
Culture/recreation	6,014,166	6,053,970	6,553,695	8,489,261	9,865,501
Interest on long-term debt	927,545	1,188,924	1,184,013	1,027,675	1,048,372
Issuance costs	3,999	10,115	11,179	12,671	15,656
	<u>26,254,400</u>	<u>28,469,810</u>	<u>31,006,392</u>	<u>36,211,163</u>	<u>41,132,804</u>
Indirect expense allocation	<u>(2,184,394)</u>	<u>(1,811,147)</u>	<u>(1,498,361)</u>	<u>(2,235,957)</u>	<u>(2,250,000)</u>
Total governmental activities	<u>24,070,006</u>	<u>26,658,663</u>	<u>29,508,031</u>	<u>33,975,206</u>	<u>38,882,804</u>
Business-type activities:					
Utility system	10,721,966	10,278,556	11,465,865	10,945,930	11,082,245
Solid waste	1,405,410	1,573,480	4,006,221	6,238,214	8,407,711
	<u>12,127,376</u>	<u>11,852,036</u>	<u>15,472,086</u>	<u>17,184,144</u>	<u>19,489,956</u>
Indirect expense allocation	<u>2,184,394</u>	<u>1,811,147</u>	<u>1,498,361</u>	<u>2,235,957</u>	<u>2,250,000</u>
Total business-type activities	<u>14,311,770</u>	<u>13,663,183</u>	<u>16,970,447</u>	<u>19,420,101</u>	<u>21,739,956</u>
Total government expenses	<u>\$ 38,381,776</u>	<u>\$ 40,321,846</u>	<u>\$ 46,478,478</u>	<u>\$ 53,395,307</u>	<u>\$ 60,622,760</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 355,972	\$ 330,233	\$ 238,627	\$ -	\$ -
Public safety	262,650	300,308	275,880	285,956	263,345
Planning and development	4,149,690	5,633,693	5,505,353	6,374,037	4,632,493
Engineering and public works	-	-	-	344,956	612,905
Surface water management	262,300	3,105,826	3,098,084	3,126,587	3,144,338
Transportation	402,971	694,122	760,992	1,465,267	1,044,306
Culture/recreation	2,420,423	3,470,319	6,039,520	5,683,900	3,195,745
Operating grants and contributions	2,100,368	2,126,925	1,206,275	1,943,719	3,102,633
Capital grants and contributions	316,000	1,237,268	962,437	10,639	45,447
Total governmental activities program revenues	<u>10,270,374</u>	<u>16,898,694</u>	<u>18,087,168</u>	<u>19,235,061</u>	<u>16,041,212</u>
Business-type activities:					
Charges for services:					
Utility system	11,692,525	12,636,193	13,348,053	13,642,693	13,799,601
Solid waste	1,742,535	1,969,284	2,196,596	2,480,804	4,833,697
Operating grants and contributions	-	-	1,113,196	1,305,602	8,037,716
Capital grants and contributions	8,747,614	15,299,995	5,973,688	2,836,718	3,990,421
Total business-type activities program revenues	<u>22,182,674</u>	<u>29,905,472</u>	<u>22,631,533</u>	<u>20,265,817</u>	<u>30,661,435</u>
Total program revenues	<u>\$ 32,453,048</u>	<u>\$ 46,804,166</u>	<u>\$ 40,718,701</u>	<u>\$ 39,500,878</u>	<u>\$ 46,702,647</u>

(Continued)

VILLAGE OF WELLINGTON, FLORIDA
CHANGES IN NET ASSETS (Continued)
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2002	2003	2004	2005	2006
Net (expense) revenue:					
Governmental activities	\$ (13,799,632)	\$ (9,759,969)	\$ (11,420,863)	\$ (14,740,145)	(22,841,592)
Business-type activities	7,870,904	16,242,289	5,661,086	845,716	8,921,479
Total net (expense) revenue	<u>\$ (5,928,728)</u>	<u>\$ 6,482,320</u>	<u>\$ (5,759,777)</u>	<u>\$ (13,894,429)</u>	<u>\$ (13,920,113)</u>
General revenues:					
Governmental activities:					
Taxes:					
Property taxes	\$ 8,801,700	\$ 7,419,620	\$ 9,276,804	\$ 11,305,840	\$ 14,618,529
Utility taxes	3,957,238	4,599,232	4,863,526	5,493,444	6,044,216
Sales tax	2,744,678	2,913,541	3,235,206	3,691,449	3,935,555
Franchise taxes	1,806,321	2,074,904	2,379,764	2,744,351	3,430,912
Occupational licenses	139,427	-	-	-	-
Grants and contributions not restricted to specific programs	382,103	448,180	504,157	1,124,386	1,206,534
Investment earnings	1,376,992	781,265	562,948	1,054,412	2,494,561
Gain on sale of capital asset	443,806	-	416,983	119,566	-
Miscellaneous	796,655	1,018,405	797,038	1,628,765	2,828,287
Transfers	(253,395)	(100,000)	(975,000)	(2,181,545)	-
Total governmental activities	<u>20,195,525</u>	<u>19,155,147</u>	<u>21,061,426</u>	<u>24,980,668</u>	<u>34,558,594</u>
Business-type activities:					
Investment earnings	2,163,389	1,001,488	569,820	1,131,842	2,637,429
Gain on disposal of assets	-	92,557	-	(52,605)	445,816
Transfers	253,395	100,000	975,000	2,181,545	-
Total business-type activities	<u>2,416,784</u>	<u>1,194,045</u>	<u>1,544,820</u>	<u>3,260,782</u>	<u>3,083,245</u>
Total general revenues and transfers	<u>\$ 22,612,309</u>	<u>\$ 20,349,192</u>	<u>\$ 22,606,246</u>	<u>\$ 28,241,450</u>	<u>\$ 37,641,839</u>
Change in net assets:					
Governmental activities	\$ 6,395,893	\$ 9,395,178	\$ 9,640,563	\$ 10,240,523	\$ 11,717,002
Business-type activities	10,287,688	17,436,334	7,205,906	4,106,498	12,004,724
Total change in net assets	<u>\$ 16,683,581</u>	<u>\$ 26,831,512</u>	<u>\$ 16,846,469</u>	<u>\$ 14,347,021</u>	<u>\$ 23,721,726</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 FIVE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2002	2003	2004	2005	2006
General fund:					
Reserved	\$ 3,945,217	\$ 1,009,210	\$ 5,721,818	\$ 4,701,922	\$ 4,422,049
Unreserved	<u>10,943,543</u>	<u>17,025,472</u>	<u>12,216,791</u>	<u>12,831,399</u>	<u>13,010,430</u>
Total general fund	<u>14,888,760</u>	<u>18,034,682</u>	<u>17,938,609</u>	<u>17,533,321</u>	<u>17,432,479</u>
All other governmental funds:					
Reserved	13,537,529	24,375,094	23,384,127	26,593,673	36,074,651
Unreserved, reported in:					
Special revenue funds	<u>8,231,429</u>	<u>3,275,014</u>	<u>5,170,854</u>	<u>7,992,828</u>	<u>2,862,045</u>
Total all other governmental funds	<u>21,768,958</u>	<u>27,650,108</u>	<u>28,554,981</u>	<u>34,586,501</u>	<u>38,936,696</u>
Total governmental funds	<u>\$ 36,657,718</u>	<u>\$ 45,684,790</u>	<u>\$ 46,493,590</u>	<u>\$ 52,119,822</u>	<u>\$ 56,369,175</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 FIVE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues:					
Ad valorem taxes	\$ 5,988,044	\$ 7,419,620	\$ 9,276,804	\$ 11,305,840	\$ 14,618,529
Franchise fees	1,806,321	2,074,904	2,379,764	2,744,351	3,430,912
Utility taxes	3,957,238	4,599,232	4,863,526	5,493,443	6,044,216
Special assessments	2,813,656	2,827,160	2,824,179	2,827,653	2,847,120
Impact fees	1,243,927	2,439,987	3,631,777	5,190,651	2,334,864
Licenses and permits	4,289,117	5,715,589	5,600,787	6,608,264	5,262,986
Intergovernmental revenue	5,289,288	6,737,315	5,922,997	6,770,194	8,290,170
Charges for services	2,197,739	2,251,457	2,285,833	2,199,144	2,069,176
Fines and forfeitures	262,650	300,308	275,880	403,526	258,301
Investment income	1,376,992	781,265	562,948	1,054,410	2,494,561
Miscellaneous	781,877	1,007,004	782,116	1,680,232	2,948,972
Total revenues	<u>30,006,849</u>	<u>36,153,841</u>	<u>38,406,611</u>	<u>46,277,708</u>	<u>50,599,807</u>
Expenditures:					
Current:					
General government	5,324,877	5,995,634	6,765,480	7,733,680	8,588,524
Public safety	3,530,068	3,820,632	4,634,172	5,031,954	5,099,928
Physical environment	6,618,249	6,918,191	7,716,972	9,076,637	10,493,497
Transportation	1,398,041	1,539,299	1,510,342	1,614,248	1,678,057
Culture and recreation	3,952,117	4,098,834	4,426,043	6,044,649	7,012,595
Capital outlay	6,160,868	11,163,250	11,756,471	9,337,123	13,630,058
Debt service:					
Principal retirement	545,000	760,000	985,000	1,110,000	1,115,000
Interest and other fiscal charges	839,106	1,098,371	1,222,401	1,125,985	1,041,979
Total expenditures	<u>28,368,326</u>	<u>35,394,211</u>	<u>39,016,881</u>	<u>41,074,276</u>	<u>48,659,638</u>
Excess (deficiency) of revenues over expenditures	<u>1,638,523</u>	<u>759,630</u>	<u>(610,270)</u>	<u>5,203,432</u>	<u>1,940,169</u>
Other financing sources (uses):					
Transfers in	19,525,599	12,415,248	22,539,411	26,800,713	23,552,453
Transfers out	(17,594,600)	(10,704,101)	(22,016,050)	(26,746,301)	(21,302,453)
Refunding bonds issued	5,788,998	6,520,578	-	9,995,000	-
Payment to refunded bond escrow agent	-	-	-	(9,931,197)	-
Sale of capital asset	815,216	35,717	895,709	304,585	59,184
Total other financing sources (uses)	<u>8,535,213</u>	<u>8,267,442</u>	<u>1,419,070</u>	<u>422,800</u>	<u>2,309,184</u>
Net change in fund balances	<u>\$ 10,173,736</u>	<u>\$ 9,027,072</u>	<u>\$ 808,800</u>	<u>\$ 5,626,232</u>	<u>\$ 4,249,353</u>
Debt service as a percentage of non-capital expenditures	6.23%	7.67%	8.10%	7.05%	6.16%

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34,
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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					Personal Property	Total Net Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other Property				
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	185,930,781	145,278,027	4,372,589,401	2.70	
2005	4,721,147,658	456,186,395	44,331,861	189,112,024	215,086,668	5,625,864,606	2.70	
2006	6,092,713,171	563,811,312	54,872,431	287,372,676	225,618,567	7,224,388,157	2.70	

Source: Palm Beach County Property Appraiser's Office

Note 1: 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.

Note 2: 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.

VILLAGE OF WELLINGTON, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Village General Operations	Overlapping Rates (1)								Total Direct and Overlapping Rates
			Palm Beach County School Board	Palm 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		
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	
2005	2004	2.70	8.10	7.82	1.08	0.63	0.70	0.69	0.04	21.76	
2006	2005	2.70	8.11	7.82	1.08	0.63	0.70	0.69	0.04	21.77	

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

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

(1) 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
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2006			1997		
	Net Assessed Value	Rank	Percent of Total Village Net Assessed Value	Net Assessed Value	Rank	Percent of Total Village Net Assessed Value
TJ Palm Beach Assoc Ltd Partnership	\$ 135,001,850	1	1.87%			
Minto Communities, Inc.	80,472,317	2	1.11%			
Kpers Realty Holding #42 Inc.	49,188,920	3	0.68%			
Polo Lakes Apartments LLC	41,876,322	4	0.58%			
Wellington Preserve Corporation	40,326,912	5	0.56%			
Centre at Wellington Green Ltd	26,501,855	6	0.37%			
Wellington Development LC	22,135,000	7	0.31%			
Palm Beach Polo Holdings, Inc.	21,896,005	8	0.30%			
IMT LB South Florida	20,016,515	9	0.28%			
Palm Beach Polo Inc	18,227,512	11	0.25%	\$ 19,052,649	1	1.09%
TCRDAD Wellington Ltd Partnership	18,887,457	10	0.26%			
FWI 16, LLC				16,500,000	2	0.92%
RRC FL Six, Inc.				16,165,877	3	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				6,022,581	11	0.34%
	<u>\$ 474,530,665</u>		<u>6.57%</u>	<u>\$ 129,495,171</u>		<u>7.37%</u>

Source: Tax roll provided by Palm Beach County Property Appraiser's Office

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

VILLAGE OF WELLINGTON, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1997	\$ 2,694,121	\$ 2,679,794	99.28%	\$ -	\$ 2,679,794	99.36%
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%	15,077	4,294,495	99.52%
2001	5,319,631	5,302,209	99.67%	5,656	5,307,865	99.76%
2002	5,987,887	5,974,509	99.78%	13,378	5,987,887	100.00%
2003	7,443,394	7,410,842	99.56%	9,632	7,420,474	99.68%
2004	9,332,211	9,272,110	99.36%	6,606	9,278,716	99.43%
2005	11,805,991	11,305,840	95.76%	10,668	11,316,508	95.85%
2006	15,178,523	14,618,529	96.31%	-	14,618,529	96.31%

Sources: 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 September 30,	Governmental Activities		Business-Type Activities	Total	Percent of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Loans Payable	Revenue Bonds			
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
2005	23,855,000	-	20,255,000	44,110,000	n/a	796
2006	22,740,000	-	18,115,000	40,855,000	n/a	735

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 for personal income and population data

n/a Information not available

VILLAGE OF WELLINGTON, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2006

Government Unit	Net Debt Outstanding	Percentage Applicable to the Village of Wellington (1)	Amount Applicable to the Village of Wellington
Debt repaid with property taxes:			
Palm Beach County	\$ 336,020,000	4.488%	\$ 15,080,578
Palm Beach County School Board	96,655,000	4.477%	4,327,244
Other debt:			
Palm Beach County	690,193,893	4.488%	<u>30,975,902</u>
Subtotal, Overlapping Debt			50,383,724
Village of Wellington Direct Debt			<u>22,740,000</u>
Total Direct and Overlapping Debt			<u>\$ 73,123,724</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
PLEGDED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Public Service Tax	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
1997	\$ 8,792,078	\$ 3,585,313	\$ 5,206,765	\$ 1,520,000	\$ 1,527,963	1.71	\$ -	\$ -	\$ -	-
1998	9,894,689	3,651,966	6,242,723	1,575,000	1,442,300	2.07	-	-	-	-
1999	10,232,335	3,866,922	6,365,413	1,630,000	1,654,259	1.94	-	-	-	-
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
2005	13,900,489	5,961,444	7,939,045	2,100,000	655,024	2.88	8,237,794	705,000	518,144	6.73
2006	13,799,601	6,277,571	7,522,030	2,140,000	612,224	2.73	9,475,128	700,000	507,905	7.84

Source: Village of Wellington Finance Department

VILLAGE OF WELLINGTON, FLORIDA
DEBT COMPLIANCE
SEPTEMBER 30, 2006

	<u>Policy Limit</u>	<u>Actual</u>
General government debt service as a percentage of non-ad valorem general fund expenditures:		
Debt Limit	20.00%	14.71%
Contribution to CIP from general governmental capital and debt service:	\$ 4,187,348	\$ 4,822,755
Weighted average maturity of all debt programs:		
Governmental	15 years	9 years
Enterprise	20 years	5 years
General government debt per capita:	\$ 850	\$ 430
Overlapping governmental debt per capita:	\$ 1,000	\$ 1,699
Net direct tax supported debt as a percentage of property values:	3.00%	n/a
Overlapping governmental debt as a percentage of property values:	5.00%	0.26%
General fund reserve as a percentage of operating budget:	22-30%	41.75%
Revenue bond coverage		
As a percentage of maximum annual debt service	110.00%	286.05%
As a percentage of average annual debt service	125.00%	302.79%

Source: Village of Wellington Finance Department

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 Capita Personal Income (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
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%
2005	55,427	n/a	n/a	13,459	3.0%
2006	55,564	n/a	n/a	13,315	2.4%

Source: University of Florida, Bureau of Economic Research; Palm Beach County School Board Budget Office; and the U.S. Department of Labor, Bureau of Labor Statistics.

Note 1: 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

Note 2: Rates prior to 1998 are for the entire Palm Beach County.

n/a Information not available

VILLAGE OF WELLINGTON, FLORIDA
PRINCIPAL EMPLOYERS - PALM BEACH COUNTY
CURRENT YEAR AND NINE YEARS AGO

Employer	2006			1997		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School Board of Palm Beach County	21,616	1	3.48%	16,500	1	3.27%
Palm Beach County	6,594	2	1.06%	8,600	3	1.70%
Columbia PB Healthcare System, Inc.	5,200	3	0.84%	4,000	6	0.79%
Tenet Healthcare Corp.	4,794	4	0.77%			
Florida Power & Light	2,850	5	0.46%	2,300	9	0.46%
Florida Atlantic University	2,825	6	0.45%			
Boca Raton Resort & Club	2,200	7	0.35%			
U.S. Sugar Corp.	2,100	8	0.34%			
Florida Crystals	2,000	9	0.32%			
City of Boca Raton	1,880	10	0.30%			
State Government				8,700	2	1.72%
Federal Government				5,700	4	1.13%
Pratt & Whitney Aircraft				5,100	5	1.01%
Motorola Inc.				3,200	7	0.63%
Intracoastal Health Systems, Inc.				3,200	8	0.63%
Flo Sun, Inc.				2,300	10	0.46%
	<u>52,059</u>		<u>8.37%</u>	<u>59,600</u>		<u>11.80%</u>

Source: Business Development Board of 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>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Number of Employees:										
General Government	29.0	30.0	31.6	32.0	34.4	39.3	38.8	35.3	45.3	48.3
Culture and Recreation	16.0	20.0	37.4	37.7	45.1	45.6	50.3	53.9	60.4	60.4
Planning and Development	3.5	6.8	28.0	26.0	41.0	41.3	36.0	41.0	48.8	48.8
Engineering and Public Works	43.0	44.0	48.0	51.0	58.0	63.8	68.2	69.2	75.5	77.5
Utility System	47.5	48.5	47.5	42.8	43.0	47.0	49.0	49.0	44.0	44.0
Solid Waste	-	-	-	-	1.0	2.0	2.0	2.0	3.0	3.0
Total Number of Employees	<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>	<u>277.0</u>	<u>282.0</u>

Source: Village of Wellington Finance Department

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

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public safety:										
Police personnel and officers	-	-	-	-	-	-	83	88	88	102
Fire personnel	-	-	-	-	-	-	36	36	36	68
Calls for service	-	-	-	-	-	-	-	40,458	40,228	32,458
Planning and development:										
Building inspections	-	-	-	-	-	-	60,982	65,187	67,054	49,359
Single family building permits issued	415	507	529	536	566	950	1,297	1,240	1,200	948
Engineering and public works:										
Engineering inspections performed	-	-	-	-	-	-	-	7,024	6,814	3,592
Culture and recreation:										
Participants registered:										
Athletics	-	-	-	-	-	-	7,755	7,749	15,839	32,732
Special events	-	-	-	-	-	-	32,806	10,688	22,957	48,154
Community programs	-	-	-	-	-	-	6,850	6,241	4,495	9,768
Open gym	-	-	-	-	-	-	6,865	5,855	8,590	4,737
Skate park	-	-	-	-	-	-	842	677	593	1,476
Seniors club	-	-	-	-	-	-	6,994	7,398	8,095	8,147
Tennis	-	-	-	-	-	-	38,264	34,148	39,079	34,192
Pool	-	-	-	-	-	-	6,589	1,847	2,544	1,935
Utility system:										
Active accounts - water	12,744	13,634	14,331	15,154	15,535	16,483	17,675	18,917	19,030	19,536
Active accounts - sewer	11,663	12,629	13,228	13,969	14,627	15,219	15,387	16,367	16,718	17,919
Water production (thousands of gallons)	1,488	1,625	1,708	1,821	1,733	1,872	1,990	2,096	2,117	2,138
Solid waste:										
Residential accounts	N/A	13,759	14,448	15,197	16,172	17,029	18,613	19,055	19,030	20,886

Source: Various Village Departments

Note 1: Indicators are not available prior to fiscal 2003, except for data on business permits, utility system and solid waste.

Note 2: Indicators are not available for the general government, surface water management and the transportation function.

Note 3: Beginning in 2006 the Palm Beach Sheriff's Office no longer reports "self generated" calls for resident and business checks.

VILLAGE OF WELLINGTON, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST FOUR FISCAL YEARS

Function/Program	2003	2004	2005	2006
General government:				
Number of general government buildings	1	1	1	1
Public safety:				
Police:				
Police stations	-	-	-	-
Fire:				
Fire stations	3	3	3	4
Suppression units	6	6	6	6
Early response stabilization units	3	3	3	3
Transportation:				
Miles of streets	172	184	179	178
Number of street lights	1,245	1,245	1,245	2,190
Miles of bike paths	33	33	33	32
Miles of sidewalks	145	145	143	143
Culture and recreation:				
Parks acreage	267	267	274	274
Community center	1	1	1	1
Swimming pools	1	1	1	1
Tennis courts	16	16	16	16
Baseball/softball fields	18	18	19	19
Utility system:				
Miles of mains	434	434	434	526
Fire hydrants - Village of Wellington	1,503	1,503	1,503	1,746
Fire hydrants - Outside Village of Wellington	173	173	173	195

Source: Various Village Departments

Note 1: Indicators are not available prior to fiscal year 2003

Note 2: Indicators are not available for the engineering and public works, surface water management, and the solid waste function





Compliance Section

**Report 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 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, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated January 19, 2007. 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

We noted certain other matters that we reported to the management of the Village in the accompanying schedule of findings and questioned costs.

This report is intended solely for the information and use of management, the Village Council and federal awarding agencies and pass-through entities 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
January 19, 2007

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

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, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated January 19, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States, and *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters and our Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Award Program and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated January 19, 2007, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(h)1.) require that we address in the management letter, if not already addressed in the auditor's report on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial report have been followed. No recommendations were made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.), the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, recommendations accompany this report in the schedule of findings and questioned costs.

The Rules of the Auditor General (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs and are not clearly inconsequential: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit found no matters that were required to be disclosed.

The Rules of the Auditor General (Section 10.554(1)(h)5.) also require that the name or official title and legal authority for the Village be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Village has made these disclosures in the notes to the financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a.), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the Village, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.b.), we determined that the annual financial report for the Village for the fiscal year ended September 30, 2006, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report audited financial statements for the fiscal year ended September 30, 2006.

As required by the Rules of the Auditor General (Sections 10.554(h)6.c. and 10.556(7)), we applied financial assessment procedures. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by Village management and the review of financial information provided by same. The assessment was done as of the fiscal year end. 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.

Rachlin Cohen & Holtz LLP

West Palm Beach, Florida
January 19, 2007

**Report of Independent Certified Public Accountants on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

Honorable Mayor and Village Council
Village of Wellington, Florida

Compliance

We have audited the compliance of the Village of Wellington, Florida (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to each of its major federal awards programs for the fiscal year ended September 30, 2006. The Village's major federal awards program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended September 30, 2006.

Internal Control over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in

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

order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Village Council and federal awarding agencies and pass-through entities 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
January 19, 2007

VILLAGE OF WELLINGTON, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED SEPTEMBER 30, 2006

<u>Federal Grantor / State Agency Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Homeland Security</i>			
Pass-Through Program from:			
State of Florida Department of Community Affairs			
Disaster Relief Funding - FEMA-DR-1545-FL	97.036	05-PA-G%-10-60-20-953	\$ 828,975 *
Disaster Relief Funding - FEMA-DR-1609-FL	97.036	06-WL-&5-10-60-02-583	<u>9,619,534</u>
<i>Total U.S. Department of Homeland Security</i>			<u>10,448,509</u>
<i>U.S. Department of Transportation</i>			
Pass-Through Program from:			
Florida Department of Transportation			
Highway Planning & Construction (FWHA)	20.205	420529-3	<u>435,796</u>
<i>Total U.S. Department of Transportation</i>			<u>435,796</u>
<i>U.S. Department of Agriculture</i>			
Pass-Through Program from:			
State of Florida Department of Environmental Protection			
Natural Resources Conservation Service Watershed Protection Program	10.906	69-429-5-17NCRS	1,010,538
State of Florida Department of Agriculture & Consumer Affairs			
Urban & Community Reforestry	10.664	UC&F 05H178	53,547
Urban & Community Reforestry	10.664	UC&F 05H179	<u>44,481</u>
<i>Total U.S. Department of Agriculture</i>			<u>1,108,566</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 11,992,871</u>

*Represents expenditures from fiscal year 2005 which were originally intended to be reimbursed by insurance proceeds. The insurance coverage has since deemed the costs not covered by the policy. During the Fall of 2006, FEMA was contacted and asked to reopen this disaster to consider these expenditures for grant reimbursement.

VILLAGE OF WELLINGTON, FLORIDA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule includes the federal grant activity of the Village of Wellington and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

VILLAGE OF WELLINGTON, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

PRIOR YEAR COMMENTS AND STATUS

In the prior year, the Village was subject to the Single Audit Act; there were no federal award findings reported in the September 30, 2005 schedule of findings and questioned costs.

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: *Unqualified Opinion*
Internal control over financial reporting:
Material weakness(es) identified? Yes No
Reportable condition(s) identified not considered to be
material weakness? Yes None reported
Noncompliance material to financial statements noted? Yes No

Federal Awards Program

Internal control over major federal awards program:
Material weakness(es) identified? Yes No
Reportable condition(s) identified not considered to be
material weakness? Yes None reported
Type of auditor’s report issued on compliance for its major federal
awards program: *Unqualified Opinion*
Any audit findings disclosed that are required to be reported
in accordance with Circular A-133, Section .510(a)? Yes No

Identification of major federal awards programs:

Federal Programs

	<u>Federal CFDA No.</u>
U.S, Department of Homeland Security: Federal Emergency Management Agency (FEMA)	97.036
U.S. Department of Transportation: Highway Planning & Construction (FWHA)	20.205
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

Other Matters

06-01 Construction in Progress

Criteria

The establishment and maintenance of accurate accounting records for capital assets are necessary to ensure proper financial statement reporting. As a general rule, governments should report only those capital assets that they own, including those they are in the process of constructing. Governments are required to disclose the beginning and ending book value of capital assets and the changes during the year.

Condition

The Village's construction in progress includes certain costs that ultimately may not be capitalized at the completion of the project. During fiscal year 2006, many large projects were completed and evaluated resulting in a prior period adjustment of \$1.6 million. The majority of this adjustment was due to the fact that the Village capitalized remediation costs on land that was not Village owned.

Questioned Costs

None

Effect

Overstatement of capital assets, specifically construction in progress, in the financial statements.

Cause

The Village is improperly capitalizing costs that do not result in a Village owned asset.

Recommendation

We recommend that the Village does not capitalize project costs that will not ultimately be a component of a capital asset. If it is determined at the projects completion that additional amounts should have been capitalized, the appropriate prior period adjustments can be made at that time.

Views of Responsible Officials and Planned Corrective Actions

The Village wholeheartedly agrees that accurate accounting for capital assets is essential to proper reporting. However, the Village does not concur with this finding. To clarify the auditors' comments, we should first explain the Village's capital project process. Each project that is capital in nature is assigned a project code at inception and all costs related for that project be they planning, engineering, legal, land acquisition, or constructions costs are captured and tracked in the individual project account as the project

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

progresses. These accounts are collectively considered projects in process until the project is closed. As expenditures occur, they are recorded as capital outlay per governmental accounting standards. At completion of each project, or when a project does not appear that it will proceed past its initial stages or become a component of capital, it is evaluated and removed from projects in process if necessary. If the project does appear to be a component of capital, it is recorded as the appropriate capital category (i.e. Improvements, Infrastructure) at completion. Thus, the determination of whether to capitalize a project can only be done when the project is substantially completed or if it is clearly evident that it should not be capitalized. Hence, the Village believes this is an appropriate method of tracking potential capital costs. There is no concern with depreciation as it is not categorized as a depreciable asset.

The \$1.6 million in capital assets that are referred to in this finding were for prior expenditures that at the time were considered to become a part of a capital project. Upon completion, these projects were evaluated and it was determined that they will not become a component of capital. For purposes of the Village government-wide statements, this resulted in a prior-period entry, not an adjustment to the accounting records or to the fund financial statements.

The Village of Wellington implemented GASB 34 in 2002. This has been the Village's process since then and until this year, has never been raised as an audit issue. Similar transactions for previous years were significant (for 2003, 2004 & 2005 these entries totaled \$782,000, \$386,000, and \$1,329,000, respectively). Different auditors and reviewers have maintained different positions on this issue. The Village will record the entries in the manner in which its current auditor recommends. However, the Village will continue its current practice in the way it accounts for and tracks such expenditures.

06-02 Cash Management

Criteria

Fiscal responsibility is essential in cash management for a governmental entity.

Condition

The Village did not request reimbursement for approved expenditures from the Florida Municipal Loan Council (FMLC) from the 2001 and 2002 loans on a timely basis. The amount of the funds not yet reimbursed as of September 30, 2006 totaled \$4.270 million plus interest earnings of \$840,000. Reimbursement could have been requested as follows: FY2003 \$70,000; FY2004 \$1,903,000; FY2005 \$752,000 and November 2005 (completion of work to meet loan requirements) \$1,545,000.

Questioned Costs

None.

Effect

The Village used its own funds to pay for these project costs which were intended to be funded by loans from the FMLC. Although the monies held by the FMLC earned interest, the Village lost use of Village funds by supplanting the monies.

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Cause

Oversight of Village Management to ensure that reimbursements were requested on a timely basis.

Recommendation

We recommend that the Village implement procedures to ensure reimbursements are requested when conditions are met. These procedures would also apply to expenditure reimbursement grants, such as FEMA.

Views of Responsible Officials and Planned Corrective Actions

The Village agrees with the statement that fiscal responsibility is essential in cash management – for any entity. However, the Village does not concur with this finding. This issue has nothing to do with oversight of Village management. The Village of Wellington had originally planned to expend borrowed funds for various construction projects, some of which were scheduled to be constructed in 2006. In the interim, the borrowed funds were in an interest-bearing account from the League of Cities in the Village's name. However, unforeseen issues delayed these projects and they were not able to be completed in time.

According to Florida League of Cities borrowings guidelines, project costs can be reallocated between one project and another at any time as long as they fall within the stated purpose of the initial borrowings. For the 2006 fiscal year, the funding was reallocated to different projects in order to spend all borrowed funds within the specified timeline. Some of the revised projects had expenditures in previous years; unfortunately, the Village was not able to request this funding until 2006. The Village would not have wanted to draw down the funds in these previous years as the funding was slotted for 2006 expenditures. Further, the Village could not have anticipated in years 2003, 2004 or 2005 the amount that was going to be reallocated.

The funds earned interest while these projects were on hold and the Village has since requested draw down on the remaining funds. There was no loss of earnings by the Village during this time. All funds have been spent to date and there is no corrective action to take.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.