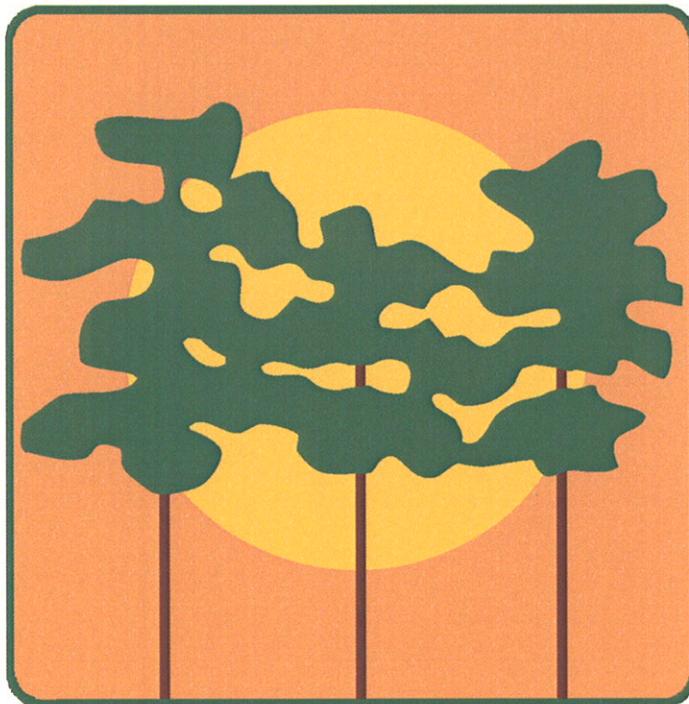


# *Village of Wellington*



*Florida*

*Comprehensive Annual Financial Report  
For the Year Ended September 30, 2007*

## Our Tab Illustrations

From the time of incorporation, the Village has continuously worked to uphold the intent of the original Charter "to preserve and protect the distinctive characteristics of the individual communities within the boundaries of the Village". The Village Value is Community Appearance, and working toward that end, the Village offers an annual Beautiful Wellington Grant program to communities wishing to improve the aesthetics of their entrance ways. *The section tabs for the Comprehensive Annual Budget show a sampling of entryways constructed in part with this grant funding.* These improved entrance ways symbolize the commitment of the Village to its residents and beautiful neighborhoods.

**VILLAGE OF WELLINGTON, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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## **INTRODUCTORY SECTION**

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# ***VILLAGE OF WELLINGTON***

January 25, 2008

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

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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, 2007. This report was prepared by the Administrative and Financial Services 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 reporting the Village's financial position and results of activities be published within one year of fiscal year end. This report is to be presented in conformance with U.S. generally accepted accounting principles (GAAP) as applicable to governmental entities and audited by an independent firm of certified public accountants in accordance with U.S. generally accepted auditing standards.

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 Village on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

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.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The 2007 Comprehensive Annual Financial Report is the twelfth 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 3<sup>rd</sup> 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 58,179 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***

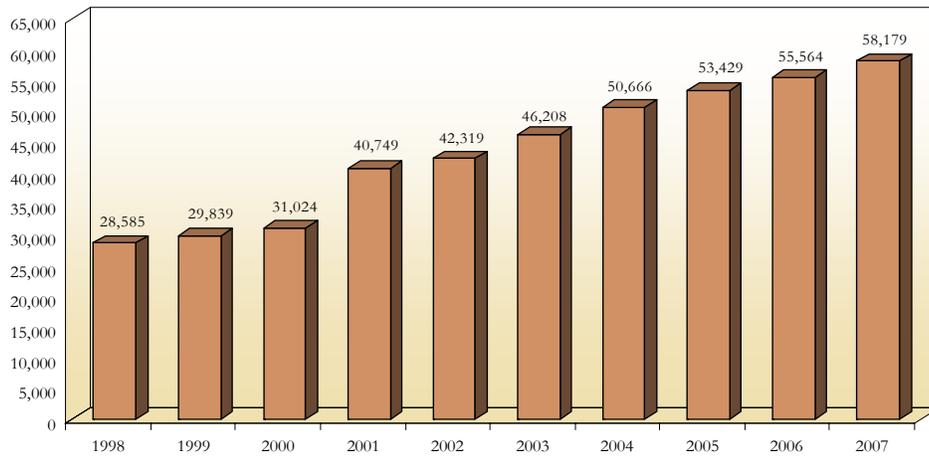
The growth and development of the Village is dependent upon the economic environment of South Florida and particularly that of Palm Beach County. The major economic influences in this area are predominantly the cost of housing (including affordable housing, insurance, taxes and interest rates), the regional job market, new construction, weather events and uncertainty of tax reform. 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.

During 2007 the Florida Legislature passed property tax reform legislation limiting the property tax levies of local government in the State of Florida. For the fiscal year ending September 30, 2008, the maximum tax levy allowed by a majority vote of the governing body is based on a percentage reduction applied to the prior year (2006/2007) property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied for fiscal years ended September 30, 2002 through 2007. For the fiscal year ending September 30, 2008 the Village Council adopted the statutory rate, which was 2.34. This millage rate results in a total tax levy of \$17.357 million, representing a reduction of \$1.228 million, or 6.7% from the property tax levy for 2007. Beginning in 2009, future property tax growth is limited to the annual growth rate of per capita personal income, which is currently 4% to 5%, plus the value of new construction.

Between 1998 and 2007, total employment in Palm Beach County was relatively stable while population increased at an average annual rate of approximately 3%. Population growth for 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.

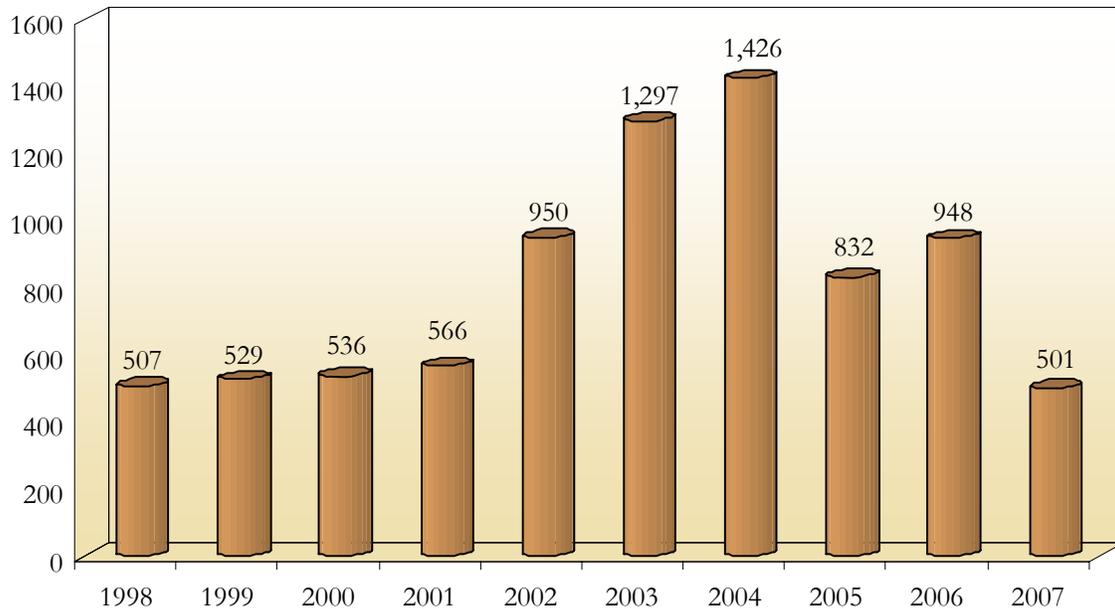
The population growth of the area within the Village has consistently exceeded that of the County. Between 1997 and 2006, the population of the area within the Village increased by 103% or at an annual rate in excess of 10%. Specifically, in the years 2003 to 2007, Palm Beach County estimates a total population growth of 9.5%, where the Village of Wellington's residents grew by an estimated 26%. The Village's estimated 2007 permanent population of 58,179 (excluding seasonal residents) makes it the 5th largest municipality in Palm Beach County.

### 1998-2007 HISTORICAL POPULATION



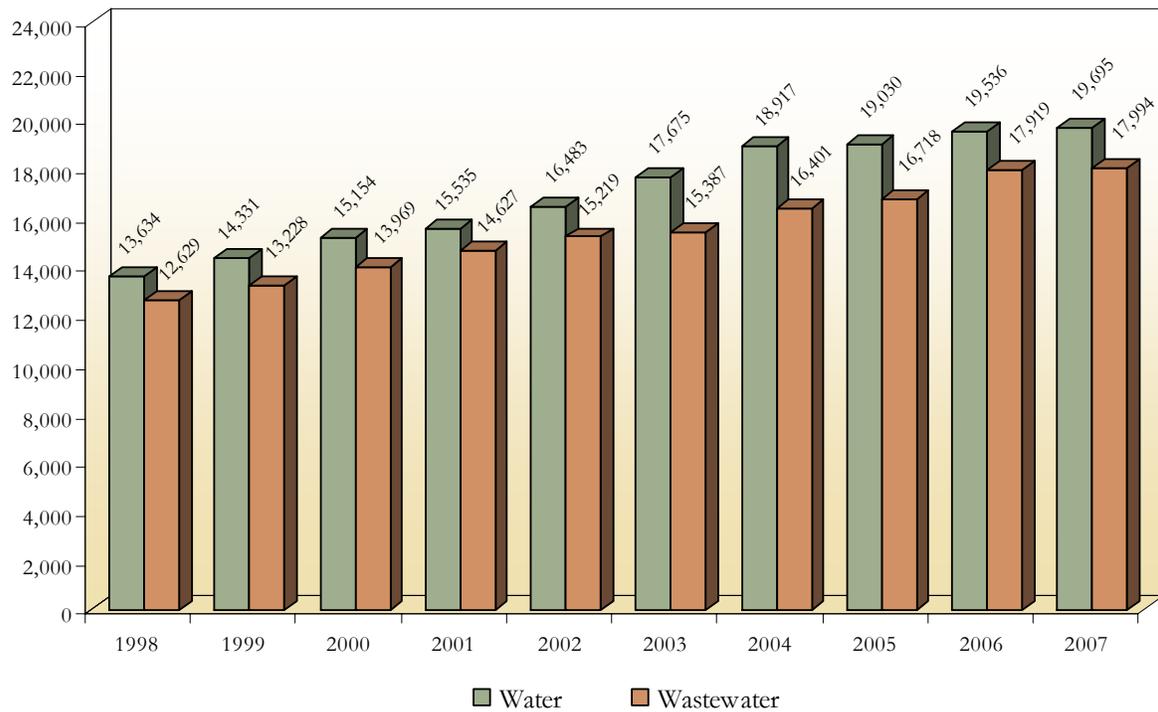
The strength of the local economy can also be seen in the number of single family building permits issued as well as in the growth of the Village’s number of active accounts. The local housing market saw a tremendous boom beginning in 2002, with major new developments coming on line. This boom was evidenced in the increase in water accounts and in single family building permits. This fast-paced increase leveled off in 2005 and has started to decline. A reduction in new construction is evidenced by the Village’s single family building permits issued in recent years as shown below, signifying the end of the expansive growth period.

### 1998-2007 SINGLE FAMILY BUILDING PERMITS



Between 1998 and 2007, the Village’s number of utility active accounts increased 44%, or at an average annual rate of 4.4%. At present, the Village has 19,695 water service customers and 17,994 wastewater 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.

## 1998-2007 HISTORICAL ACTIVE WATER AND WASTEWATER ACCOUNTS



### *MAJOR INITIATIVES*

#### **Strategic Planning Model**

The Village Comprehensive Plan was adopted in January 1999, in compliance with Florida Statutes Chapter 163, Florida Department of Community Affairs. The Plan provides the Vision for the community and assures that the intent of the Village Charter becomes a reality. The Comprehensive Plan was developed with community participants setting forth hundreds of potential community goals for the Village.

Over the past 18 months Village leaders have revisited the original vision and strategic plan to reaffirm its principles and values, and to identify the challenges and needs of the current and future community. Additionally, the goals had to be realigned to respond to tax reform. The result is a comprehensive strategic plan incorporating the Vision, Mission, plan, execution and core beliefs for the next 15 years of Village governance.

## STRATEGIC PLANNING MODEL

Value-based principles that describe the preferred future in 10 years	VISION	Destination "You Have Arrived"
Strategic goals that focus outcome-based objectives and potential actions for 5 years	PLAN	Map "The Right Route"
Focus for one year – a work program: policy agenda for Mayor and Council, Management for staff; major projects	EXECUTION	Itinerary "The Right Direction"
Principles that define the responsibility of city government and frame the primary services – core service businesses	MISSION	Vehicle "The Right Bus"
Personal values that define performance standards and expectations for employees	CORE BELIEFS	Fuel "The Right People"

Through the Strategic Planning Model, Village Council revised the Wellington Vision to include nine principles as follows:

Wellington 2022 is a village for Family Living with a reputation as a World Class Equestrian Community and a Regional Business and Job Center. Wellington 2022 has Beautiful Neighborhoods with High Quality Homes, and has Preserved the Natural Florida Environment. In 2022, Wellington residents enjoy Personal Safety and Security, Excellent Education for a Lifetime, Leisure Amenities and Opportunities for an Active Lifestyle. We take Pride in Wellington and contribute to a great future.

These principles were aligned with five broad goals reflecting the original Core Values and Vision. Each goal is supported by specific objectives achievable in the short term. The Village strategic plan provides definition and value to the objectives by setting forth the meaning to citizens and describing the long- and short-term challenges and opportunities presented by the current social and economic environment.

The revised broad goals are as follows:

1. Sustainable Village Government - Financially Sound Services
2. Convenient Daily Living for Residents - High Quality, Functional Infrastructure
3. Premier Place to Live in Palm Beach County - Ideal Choice for Families
4. Distinctive Livable Neighborhoods - Place You Make Home
5. Services and Jobs for Residents Within Wellington - Business and Employment Opportunities

Discussions during the 2007 session focused on redevelopment and neighborhood preservation issues, new land development, senior housing and other senior issues, tax reform and the economic climate. Policy

actions and management actions required for the future were defined and set the direction for departmental goals and objectives.

## Accomplishments and Future Projects

The following were among many additional diverse activities and accomplishments to which the elected officials and staff devoted their energies in Fiscal Year 2006/2007.

- ❖ 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, 2005 through September 30, 2006. This award has been received for eleven consecutive years.
- ❖ GFOA Award for Distinguished Budget Presentation was received for the Village's Annual Budget for the Fiscal Year October 1, 2006 through September 30, 2007. This award has been received for twelve consecutive years.
- ❖ Revised, coordinated and implemented capital planning and reporting process.
- ❖ Updated and implemented budgeting process aligned with strategic plan.
- ❖ Received Agency Excellence Award by the Florida Recreation and Parks Association (FRPA) for 2007.
- ❖ Updated Hurricane Preparedness Plan to continue to achieve compliance according to the National Incident Management System (NIMS) issued by the Department of Homeland Security.
- ❖ Awarded Palm Beach County Kids Crowns Silver (Little Blue Skate Park) and Bronze (Wellington Community Center).
- ❖ Bid and renegotiated Health and Property & Casualty insurance policies for significant savings.
- ❖ Performed various interdepartmental studies and assessments including Leisure Services and Utilities.
- ❖ Updated various policies including Debt, Safety, Vehicle, and Emergency Pay.
- ❖ Presented the Student Art Program exhibiting the works of art of community elementary, middle, and high school students.
- ❖ Continued the *Resident's Academy* program providing residents with the information, resources and tools to become knowledgeable community members and effective neighborhood leaders.
- ❖ Continued funding per the "Wellington Education Initiative", developed by the Village Council and the Village's Education Committee, to Wellington schools through challenge grants and funding for materials.
- ❖ Completed the following projects:
  - Shellrocking of 1.5 miles of roads
  - Completed rocking, paving, curbing Greenbriar Dog Park
  - Pump Stations #3 and #8
  - Neighborhood Parks: Field of Dreams, Primrose Park, Sumerwood Circle, Block Island
  - Completed renovations/extension Village Park Phase IV
  - Completed pipeline to C-8 canal
- ❖ Continued grant programs to correct Lake Wellington erosion and restore banks.

The Village of Wellington plans on the following projects in the next fiscal year:

- ❖ 5.4 Million Gallons per Day (MGD) Reverse Osmosis Plant – This is the second phase of an expansion to the current water treatment plant to include a lime softening plant.
- ❖ Wastewater Treatment Plant Expansion – The expansion of the wastewater treatment plant will increase the current MGD to 6.5 to improve the capacity, flow, sludge handling and reuse capabilities to meet the population demands.

- ❖ Water Reuse Program - The Village has recognized the need and importance of reusing treated wastewater from the Wastewater Treatment Plant by implementing a system of collecting water that would otherwise have been injected into the ground and redirecting it to our park irrigation system. The reclaimed water originates from the Wastewater Treatment Plant and is processed using FDEP requirements and used for irrigation systems.
- ❖ Traffic Signal Replacements – Replacement of span wire light systems with mast arm traffic signals at major intersection will be completed in next year. Mast arm signals improve intersection appearance and provide more durability and reliability in major storm events.
- ❖ South Shore Phases I & II – The reconstruction of the existing roadway to a two-lane medianed roadway must be completed in order to meet current traffic demands and level of service standards.
- ❖ Rotary Peace Park – Dedicated on the 2006 United Nations International Day of Peace, when completed this park will comprise 14 acres of wetlands with an open air gazebo and platform sidewalks over the wetlands. Annual ceremonies will link Wellington with communities all over the world promoting world peace consciousness and multicultural understanding .
- ❖ Beautification Grant Programs – In a continuing effort to enhance the aesthetics of the community and to assist neighborhood funding of beautification projects, the Village will offer a three tier matching grant programs available to Wellington residents and entities domiciled within the Village of Wellington for the purpose of neighborhood enhancement projects.
- ❖ Senior Programs – Through the Senior Task Force appointed by Village Council and agreements with the Wellington Seniors Club, the Village continually addresses issues relating to population needs as people age and the community’s ability to address these issues in the present and the future. Top priorities, challenges and recommendations to be addressed include: Senior Center, Affordable Housing, Transportation, Assisted Living, and Health Care.

### **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 required 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 and created the Surface Water Action Team (SWAT) consisting of a well organized group of experts to develop plans for phosphorus reductions. Measures to clean up phosphorus levels within Basin B have included 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.

Through much dedication and unparalleled cooperation with SFWMD, U.S. Army Corps of Engineers (ACOE), and other local and state agencies, the Village has 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. Additionally, Wellington has completely redesigned the Wellington drainage system to divert unclean water from direct discharge to the Loxahatchee Wildlife Preserve and installed auto-samplers and telemetry systems which identified three primary phosphorus “hot-spots”. 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

Major SWAT projects include:

*Basin B Improvement Project*

The Village of Wellington completed the construction of Pump Station 7, a major part of the Basin B Improvement Project. Pump Station 7 will move water from the C-1 canal into the C-51 West canal ensuring proper water flow to allow the redirection of Basin B waters from the C-51 Canal to STA 1-E for proper cleansing prior to discharge into the Everglades. The Village has been working very closely with its partner, South Florida Water Management District on the completion of the entire Acme Basin B Discharge Project that when complete, will divert urban storm water runoff from the local drainage basin ending all direct discharges into the federally-managed lands. The only remaining phase of the project is the construction of Section 24.

*Section 24 Pilot Project*

One of the final components of compliance with the Everglades Forever Act is the successful implementation of Section 24 (Recreational Wetland Acquisition, Planning and Development Study) providing for the development of a wetlands park for the purpose of preserving the wetlands for environmental and recreational uses. The potential future uses of the property include recreational uses consisting of elevated nature boardwalks and walking trails, canoeing and fishing, wetlands mitigation bank, storm water retention and recharge area. It is also proposed to develop an environmental education and conference center on eight acres of land within Section 24 next to the Loxahatchee National Wildlife Refuge for environmental conferences, education and ecological exhibits in the midst of the distinctive area ecological systems.

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. 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 the Village Council and staff feels they were able to and will continue to respond effectively to tax reform despite increased cost for products and services is the strong financial position of the Village.

The Village has decided to use some of its past surplus and reserves as follows:

- √ To fund capital projects on a pay-as-you-go basis.
- √ To fund a millage rate stabilization account to balance rising costs with future tax reform-mandated millage rate decreases.

- √ To reserve \$3 million for possible future storm event expenditures.
- √ To loan the Surface Water Management Fund \$2.8 million for SWAT projects.
- √ To loan the Solid Waste Fund \$2.5 million for hurricane expenditures.
- √ To establish a health insurance reserve to defray those rising costs.
- √ To supply funds for renewal and replacement of capital projects and equipment.
- √ To fully fund Other Post Employment Benefits (OPEB).

The Village maintains unreserved and undesignated reserves for the general fund (\$18.4 million), planning, zoning and building (\$934,000) and recreation programs (\$2.1 million). The general fund undesignated reserves are equal to roughly 45% of the Village's 2007/2008 adopted general fund budget while the other reserves are equal to between 23% and 29% of their respective funds' operating budgets.

The Council has set a target for reserves between 23% to 29% 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 U.S 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 2008 through 2012 calls for expenditures approximating \$95.4 million in the governmental funds and approximately \$28.6 million in the enterprise funds.

### **Retirement Plans**

The Village provides a non-contributory defined contribution pension plan for all employees. Additionally, 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.

Effective January 1, 2008, the Village of Wellington will be participating solely in the Florida Retirement System. The Village of Wellington terminated its defined contribution Local Option Retirement Plan effective December 31, 2007.

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.

### **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 5.4%, resulting in total investment income of \$7.2 million in 2007.

### **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 Caler, Donten, Levine, Druker, Porter & Veil, P.A. 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, 2006. 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 eleven consecutive years (1996-2006). 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, 2006. The Village has received this award for the last twelve 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 2008 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 P. McIlveen, CPA, Deputy Director of Administrative and Financial Services. The following Finance staff also contributed to this report: Mindy Boersma, Accounting Supervisor; Chris Johnson, CPA, Management Analyst; Carol Stone, Staff Accountant; Shamarco Forbes, Staff Accountant; Valerie Dayton, 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 Caler, Donten, Levine, Druker, Porter & Veil, P.A. 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

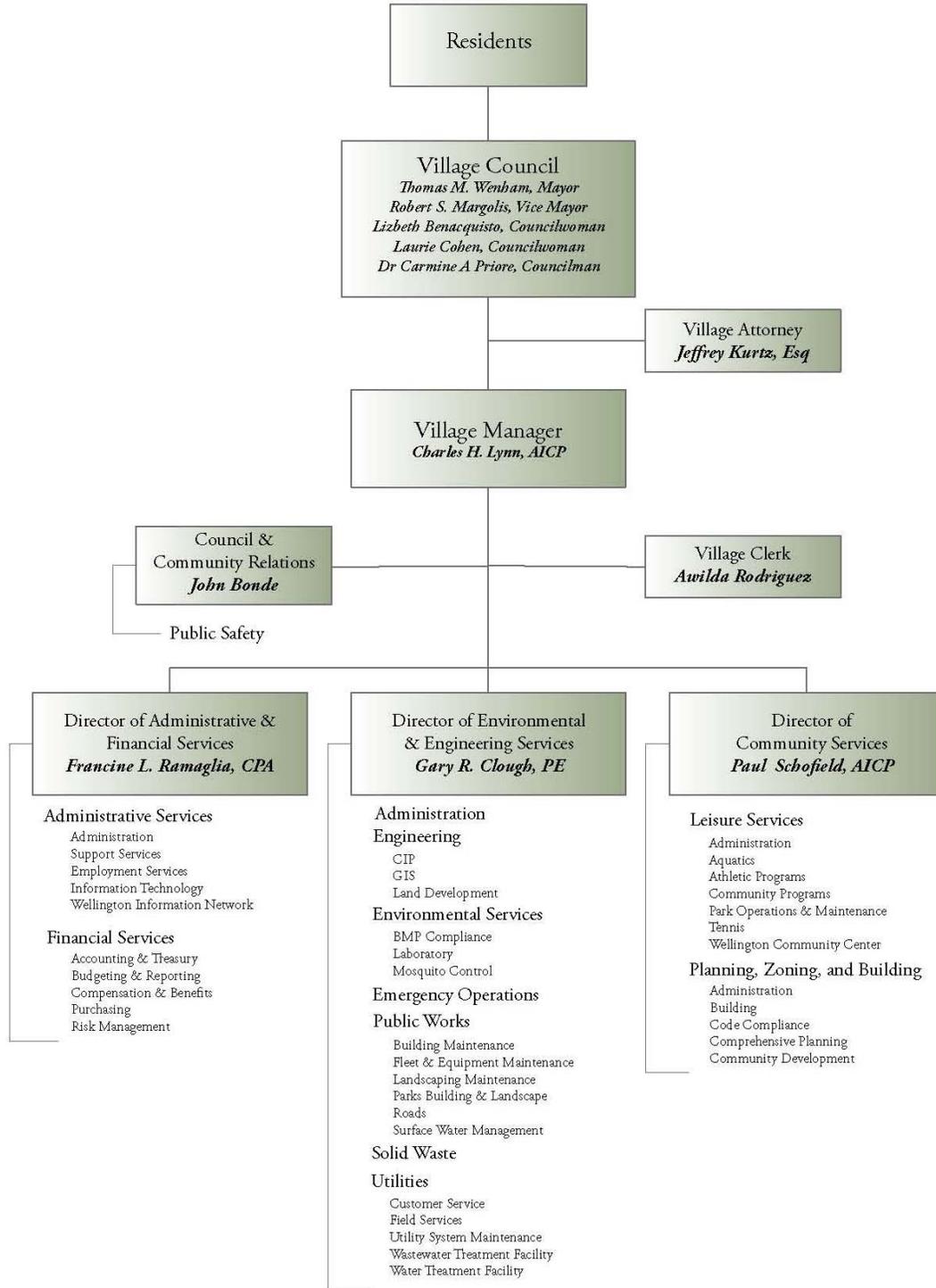


Charles H. Lynn, AICP  
Village Manager

**VILLAGE OF WELLINGTON, FLORIDA**  
FOR THE YEAR ENDED SEPTEMBER 30, 2007  
LIST OF PRINCIPAL OFFICIALS

<b>TITLE</b>	<b>NAME</b>
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, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emen*

Executive Director

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## **FINANCIAL SECTION**

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# CALER, DONTEN, LEVINE, DRUKER, PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA  
LOUIS M. COHEN, CPA  
JOHN C. COURTNEY, CPA, JD  
DAVID S. DONTEN, CPA  
SCOTT D. DRUKER, CPA, JD  
JAMES B. HUTCHISON, CPA  
JOEL H. LEVINE, CPA  
JAMES F. MULLEN, IV, CPA  
THOMAS A. PENCE, JR., CPA  
SCOTT L. PORTER, CPA  
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

The Honorable Mayor and  
Village Council  
Village of Wellington, Florida

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Wellington, Florida, as of and for the year ended September 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Wellington, Florida. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of Wellington, Florida, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2008, on our consideration of the internal control over financial reporting of the Village of Wellington, Florida, and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *management's discussion and analysis* and the *required supplementary information* on pages 3 through 12 and pages 56 through 69, respectively, are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. 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 basic financial statements of the Village of Wellington, Florida. The introductory section, the combining nonmajor fund statements and other supplemental information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Wellington, Florida. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the basic financial statements of the Village of Wellington, Florida. The combining nonmajor fund statements and other supplemental information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

*Caler, Donten, Levine,  
Dunker, Porter & Veil, P.A.*

January 25, 2008

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(MD&A)**

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# VILLAGE OF WELLINGTON, FLORIDA

## Management's Discussion and Analysis

September 30, 2007

The Village of Wellington's Management'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 \$311 million, which is an increase of 8.4% or \$24.1 million over 2006. Of this amount, \$62.4 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 \$5,232,488, or 3.8%.
- ❖ The Village's government-wide total revenues were \$79.9 million, while government-wide total expenses were \$55.8 million. The total revenues decreased 5.2% or \$4.4 million while the total expenses decreased 8.0% or \$4.8 million.
- ❖ Governmental Activities generated \$58.6 million in revenue with \$41.9 million in direct expenses.
- ❖ Business-type Activities generated \$21.3 million in revenue with \$13.9 million in direct expenses.
- ❖ The Village's total investment in capital assets, net of related debt, account for \$183.6 million of the Village's total net assets of \$311 million.
- ❖ The Village's governmental funds ended the year with a combined fund balance of \$65.1 million, which is an increase of 15.6% or \$8.8 million over 2006. Of that amount, the unreserved, undesignated portion is \$21.5 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 three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental funds use different accounting approaches from proprietary and fiduciary funds.

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, 2007 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 wastewater operations and for solid waste collection and recycling. The Village's major enterprise funds for the year ended September 30, 2007 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.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 31-32 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 33 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 55-69 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 72-77 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 \$311 million at the close of the most recent year. The largest portion of the Village's net assets (59%) 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.

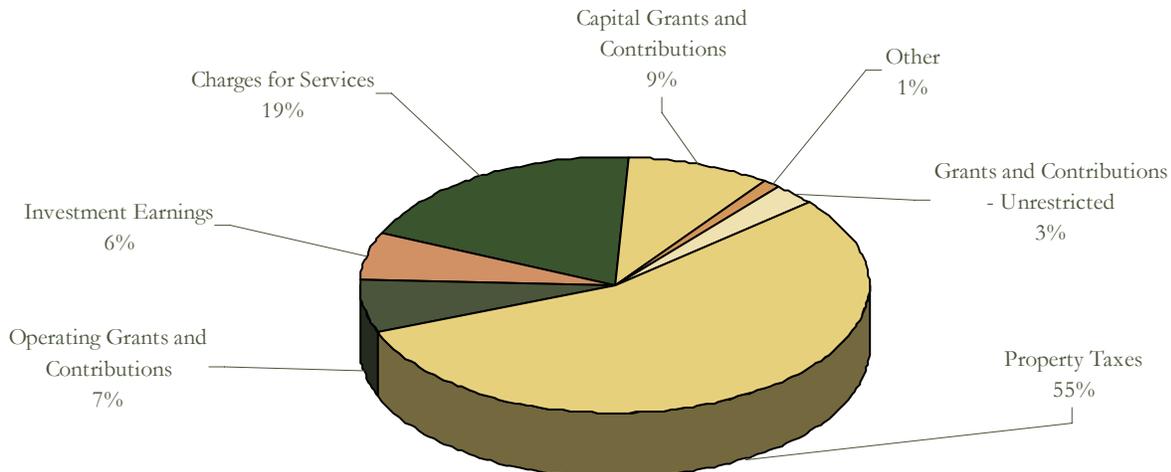
Restricted net assets of the Village (\$65 million) are reported in both the governmental and business-type activities. These net assets have limits on their use that are externally imposed (gas tax, impact fees, and bond covenants) and imposed by enabling legislation (planning, zoning and building and 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.

<b>Village of Wellington's Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Current and other assets	\$ 70,502,643	\$ 60,957,765	\$ 67,404,498	\$ 68,315,556	\$ 137,907,141	\$ 129,273,321
Capital Assets	124,214,210	115,718,307	95,567,926	89,627,256	219,782,136	205,345,563
<b>Total Assets</b>	<b>\$ 194,716,853</b>	<b>\$ 176,676,072</b>	<b>\$ 162,972,424</b>	<b>\$ 157,942,812</b>	<b>\$ 357,689,277</b>	<b>\$ 334,618,884</b>
Long term debt outstanding	\$ 22,460,122	\$ 23,491,444	\$ 15,298,925	\$ 17,320,681	\$ 37,759,047	\$ 40,812,125
Other liabilities	4,790,115	4,615,453	4,127,581	2,308,701	8,917,696	6,924,154
<b>Total Liabilities</b>	<b>\$ 27,250,237</b>	<b>\$ 28,106,897</b>	<b>\$ 19,426,506</b>	<b>\$ 19,629,382</b>	<b>\$ 46,676,743</b>	<b>\$ 47,736,279</b>
Net Assets:						
Invested in capital assets	\$ 102,900,650	\$ 93,261,010	\$ 80,708,481	\$ 72,761,237	\$ 183,609,131	\$ 166,022,247
Restricted	31,349,198	35,387,426	33,665,075	30,963,300	65,014,273	66,350,726
Unrestricted	33,216,768	19,920,739	29,172,362	34,588,893	62,389,130	54,509,632
<b>Total Net Assets</b>	<b>\$ 167,466,616</b>	<b>\$ 148,569,175</b>	<b>\$ 143,545,918</b>	<b>\$ 138,313,430</b>	<b>\$ 311,012,534</b>	<b>\$ 286,882,605</b>

	Village of Wellington's		Change In Net Assets			
	Governmental		Business-Type		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 11,245,833	\$ 12,893,132	\$ 16,293,724	\$ 18,633,298	\$ 27,539,557	\$ 31,526,430
Operating grants and contributions	3,902,464	3,102,633	778,676	8,037,716	4,681,140	11,140,349
Capital grants and contributions	5,368,533	45,447	713,453	3,990,421	6,081,986	4,035,868
General revenues:						
Taxes	32,191,505	28,029,212	-	-	32,191,505	28,029,212
Grants and contributions not restricted to specific programs	1,604,210	1,206,534	-	-	1,604,210	1,206,534
Investment earnings	3,644,017	2,494,561	3,563,790	2,637,429	7,207,807	5,131,990
Other	626,192	2,828,287	-	445,816	626,192	3,274,103
<b>Total Revenues</b>	<b>58,582,754</b>	<b>50,599,806</b>	<b>21,349,643</b>	<b>33,744,680</b>	<b>79,932,397</b>	<b>84,344,486</b>
<b>Program expenses including indirect expenses:</b>						
General government	6,344,455	4,763,238	-	-	6,344,455	4,763,238
Public safety	6,471,273	5,697,111	-	-	6,471,273	5,697,111
Planning and development	5,287,753	5,307,813	-	-	5,287,753	5,307,813
Engineering and public works	3,355,094	4,198,676	-	-	3,355,094	4,198,676
Surface water management	2,643,569	2,342,361	-	-	2,643,569	2,342,361
Transportation	2,983,647	4,037,966	-	-	2,983,647	4,037,966
Culture/recreation	11,616,146	11,487,267	-	-	11,616,146	11,487,267
Interest and debt	983,376	1,048,372	-	-	983,376	1,048,372
Water and wastewater	-	-	13,802,934	13,137,245	13,802,934	13,137,245
Solid waste	-	-	2,314,221	8,602,711	2,314,221	8,602,711
<b>Total expenses</b>	<b>39,685,313</b>	<b>38,882,804</b>	<b>16,117,155</b>	<b>21,739,956</b>	<b>55,802,468</b>	<b>60,622,760</b>
Increase in net assets	18,897,441	11,717,002	5,232,488	12,004,724	24,129,929	23,721,726
Beginning net assets, as reported	148,569,175	138,435,657	138,313,430	125,566,503	286,882,605	264,002,160
Restatement	-	(1,583,484)	-	742,203	-	(841,281)
Beginning net assets, as restated	148,569,175	136,852,173	138,313,430	126,308,706	286,882,605	263,160,879
<b>Total net assets</b>	<b>\$ 167,466,616</b>	<b>\$ 148,569,175</b>	<b>\$ 143,545,918</b>	<b>\$ 138,313,430</b>	<b>\$ 311,012,534</b>	<b>\$ 286,882,605</b>

## Governmental Activities

Village of Wellington  
Revenues by Source  
Governmental Activities



Governmental activities increased the Village of Wellington's net assets by \$18,897,441, accounting for 78% of the total growth in the net assets of the Village of Wellington.

Revenues increased by \$7,982,948 or 15.8%. Key elements of this increase are as follows:

- ❖ Capital grants increased by \$5,323,086 over \$45,447 collected in the prior year. This is a result of the following grants:
  - Canal work under a Natural Resource Conservation Grant Watershed Protection Program of approximately \$1.45 million
  - Pump Station #7 design and construction under an interlocal agreement with South Florida Water Management District of approximately \$3.86 million
- ❖ Taxes increased by \$4,162,293 or 14.8% 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 \$1,149,456 or 46.1% compared to the prior year mostly due to higher interest rates as provided by financial institutions.

Expenses increased by \$802,509. The increase is attributable to increases in labor and outside service expenditures in all departments.

### Business-type Activities



Business-type activities increased the Village of Wellington's net assets by \$5,232,488, accounting for 22% of the total growth in the net assets of the Village of Wellington.

Revenues decreased by \$12,395,037 or 37%. Key elements of this decrease are as follows:

- ❖ Charges for services decreased \$2,339,574 or 12.6% compared to the prior year due to a one-time disaster recovery fee charged to residents in 2006 in the solid waste fund to aid in recovering some of the hurricane clean-up costs associated with a hurricane event that took place during October 2005.

- ❖ Operating grants and contributions decreased \$7,259,040 or 90.3% compared to the prior year due to reimbursements from federal and local agencies received in 2006 related to disaster recovery expenditures incurred for hurricane events that took place during 2004 and 2005.
- ❖ Investment earnings increased \$926,361 or 35.1% compared to the prior year mostly due to higher interest rates as provided by financial institutions.

Expenses decreased by \$5,622,801, or 25.9%, and are attributable to the decrease in solid waste expenses due to clean up of debris during fiscal year 2006 after Hurricane Wilma in October 2005.

### **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 \$65,144,362, an increase of \$8,775,187 over the prior year. The majority of the increase is attributable to increases in capital grants for drainage construction and increases in property taxes due to assessed property values.

The unreserved and undesignated fund balance (\$21,503,144) 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 (\$43,641,218) is reserved or designated to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$1,893,559), for capital improvements (\$24,612,623), to pay debt service (\$75,065), for future disaster recovery (\$3,000,000), for funding future expenditures and stabilizing millage or rate increases (\$2,968,777), or other specified purposes (\$11,091,194).

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 \$18,438,526, while the total fund balance was \$29,567,088. 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 45% of total 2007/2008 general fund budgeted expenditures. Total revenues in the general fund were \$36,330,935 which represent an increase of approximately \$4.2 million from the prior year. This is mostly due to the increase in ad valorem taxes of \$3,972,816 from the increase in assessed property taxes, \$715,961 from increased investment earnings, and \$167,864 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, \$6,921,798 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 \$3,934,292 and \$4,696,721 for fiscal years 2007 and 2006, respectively. This represents a decrease of 16.2% (\$762,429) from 2006. During the year, building permit activity decreased by \$1,285,991 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 continued 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

\$2,130,700, while the total fund balance was \$3,191,288. Unreserved and undesignated fund balance represents approximately 25% of total 2007/2008 recreation program fund budgeted expenditures. Revenues were \$4,481,281 and \$2,171,547 for fiscal years 2007 and 2006, respectively. This represents an increase of 106% (\$2,309,734) over 2006 mostly due to reimbursements from federal and local agencies related to disaster recovery expenditures incurred for hurricane events that took place during 2004 and 2005.

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, the entire \$12,029,390 in fund balance was reserved for future recreation construction projects or encumbrances relating to purchase orders issued for those construction projects. During the current year, fund balance decreased \$968,288, or 7.4% over 2006 due to the commencement of capital outlay projects.

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 year, the entire fund balance of \$161,900 was reserved for future expenses relating to water management and improvements. This total fund balance decreased by \$3,735,669 from the prior year due to the use of prior year reserved fund balance for planned construction projects. Additionally, revenues were \$8,571,067 and \$4,532,943 for fiscal years 2007 and 2006, respectively. The increase of \$4,038,124, or 89%, results from capital grants relating to drainage and Basin B water issues.

### **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 \$29,172,362; \$23,060,442 for the Utility System and \$6,111,920 for Solid Waste. Total net assets for these funds were \$143,545,918, representing net growth of \$5,232,488, or 3.7%. The increase in the Utility System fund was due in part to investment income of \$3,187,974. In the Solid Waste fund, the increase was mainly due to the reimbursement of costs of \$777,506 associated with 2005 hurricanes from the U.S. Department of Homeland Security (FEMA) which was not accrued in the prior year due to the uncertainty of collection, and investment income of \$375,816.

### **General Fund Budgetary Highlights**

Differences between the original expenditure budget and the final expenditure amended budget totaled a decrease of \$135,563 without transfers and are primarily comprised of purchase orders carried forward from prior years (increases) and capital projects delayed and carried forward to next year (decreases). Additionally, some budget amendments were done during the year as interdepartmental transfers to realign funding to personnel changes. These can be briefly summarized as follows:

- ❖ \$154,772 increase allocated to general government
- ❖ \$3,677 increase allocated to public safety
- ❖ \$173,608 increase allocated to physical environment
- ❖ \$467,620 decrease allocated to capital outlay

Actual results were less than the final amended budget by \$3,553,780 excluding transfers. These results can be attributed to the following revenues and expenditures:

- ❖ Franchise fees exceeded budgeted revenues by \$512,575 due to conservative estimates
- ❖ Investment income exceeded budgeted revenues by \$781,137 due to interest rate increases during the year
- ❖ Personnel costs were less than budget due to a hiring freeze instituted in March 2007 in response to news regarding upcoming tax reform
- ❖ Capital outlay was less than budgeted by \$462,320 due to capital projects that were delayed or cut in

response to news regarding upcoming tax reform

The budget amendments were funded in part with \$1,828,891 of prior year carry forwards. Additional information on the Village's budgetary comparisons can be found on pages 55-68 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 \$37,759,047. Governmental activities debt of \$21,531,657 is for revenue bonds and loans issued to finance capital improvements for roadways, parks and recreation, public building and infrastructure. Business-type activities debt of \$15,121,147 is for Utility System revenue bonds which financed projects to increase the capacity of the Utility System. An additional \$1,106,243 for compensated absences is also outstanding. Additional information on the Village's long-term debt can be found in Note 6 of this report.

<b>Village of Wellington's Outstanding Debt</b>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Revenue bonds	\$21,531,657	\$22,691,050	\$15,121,147	\$17,171,338	\$36,652,804	\$39,862,388
Compensated absences	928,465	800,394	177,778	149,343	1,106,243	949,737
<b>Total</b>	<b>\$22,460,122</b>	<b>\$23,491,444</b>	<b>\$15,298,925</b>	<b>\$17,320,681</b>	<b>\$37,759,047</b>	<b>\$40,812,125</b>

### Capital Assets Activity

The Village of Wellington's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$219,782,136 (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 2007 was not material. Additional information on the condition level of the street system can be found on page 69 of this report.

<b>Village of Wellington's Capital Assets</b>						
<b>(net of depreciation)</b>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Land	\$ 19,063,169	\$ 19,063,169	\$ 8,996,705	\$ 8,996,705	\$ 28,059,874	\$ 28,059,874
Buildings	10,885,994	10,784,766	2,829,831	2,170,078	13,715,825	12,954,844
Improvements	19,180,065	16,810,365	921,256	1,045,813	20,101,321	17,856,178
Machinery and equipment	6,692,511	7,456,585	1,643,702	2,088,183	8,336,213	9,544,768
Water and wastewater plant	-	-	11,221,820	12,044,372	11,221,820	12,044,372
Meters	-	-	2,996,644	3,272,306	2,996,644	3,272,306
Wells	-	-	1,314,957	1,596,594	1,314,957	1,596,594
Distribution lines	-	-	45,475,836	47,234,284	45,475,836	47,234,284
Infrastructure	51,256,079	51,256,079	-	-	51,256,079	51,256,079
Construction in progress	17,136,392	10,347,343	20,167,175	11,178,921	37,303,567	21,526,264
<b>Total</b>	<b>\$ 124,214,210</b>	<b>\$ 115,718,307</b>	<b>\$ 95,567,926</b>	<b>\$ 89,627,256</b>	<b>\$ 219,782,136</b>	<b>\$ 205,345,563</b>

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

- ❖ Basin B Water Control Structures
- ❖ Pump Stations #3 & #8
- ❖ Neighborhood Parks:
  - Field of Dreams
  - Primrose Park
  - Sumerwood Circle
  - Block Island
- ❖ Renovations Village Park Phase IV
- ❖ Pipeline to C-8 canal
- ❖ Shellrocking of 1.5 miles of roads

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 23% of total Village revenue. Another 31% comes from program revenues such as licenses, permits, and other charges for services, while approximately 10% is related to intergovernmental revenue. Additionally, special assessments levied total approximately 7% and utility taxes and franchise fees total another 12%. 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 (2.34 mills) for fiscal year 2007/2008 was a reduction of .36 mills over the prior year millage of 2.70. This millage resulted in a total tax levy of approximately \$17.357 million, a reduction of \$1.228 million, or 6.7% from the property tax levy for 2007. The decrease in levy was due to the Florida Legislature property tax reform legislation limiting the property tax levies of local government in the State of Florida. This legislation is discussed further in Note 1.

The Surface Water Management Assessment rate increased in the fiscal year 2007/2008 to \$146 per unit from \$120 per unit for the prior fiscal year. The increase in assessment included an \$11 per unit cost recovery for lakeshore erosion restoration. The Solid Waste Assessment was increased for fiscal year 2007/2008 to \$129 per curbside unit (\$125 per unit in fiscal year 2006/2007) and \$93 per containerized unit (\$91 per unit in fiscal year 2006/2007). 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](http://www.ci.wellington.fl.us)





*Basic Financial Statements*

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,725,977	\$ 18,185,048	\$ 37,911,025
Investments	45,390,165	44,420,344	89,810,509
Receivables (net)	1,094,730	1,575,354	2,670,084
Internal balances	670,237	(670,237)	-
Due from other governments	2,618,467	364,317	2,982,784
Prepaid expenses	122,844	12,082	134,926
Inventories	8,825	637,728	646,553
Deposits	57,230	-	57,230
Restricted assets:			
Cash and cash equivalents	-	2,509,262	2,509,262
Net other post-employment benefit asset	596,071	108,898	704,969
Deferred charges	218,097	261,702	479,799
Capital assets:			
Capital assets not being depreciated	87,455,640	29,163,880	116,619,520
Capital assets being depreciated, net	36,758,570	66,404,046	103,162,616
Total assets	\$ 194,716,853	\$ 162,972,424	\$ 357,689,277
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 2,193,861	\$ 2,043,541	\$ 4,237,402
Contracts and retainage payable	527,223	675,809	1,203,032
Due to other governments	228,377	88,267	316,644
Deposits	-	1,035,702	1,035,702
Unearned revenue	1,594,652	-	1,594,652
Accrued interest	246,002	284,262	530,264
Noncurrent liabilities:			
Due within one year	1,632,809	2,305,000	3,937,809
Due in more than one year	20,827,313	12,993,925	33,821,238
Total liabilities	27,250,237	19,426,506	46,676,743
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	102,900,650	80,708,481	183,609,131
Restricted for:			
Debt service	75,065	-	75,065
Building department	6,921,798	-	6,921,798
Road maintenance	680,270	-	680,270
Capital projects	23,075,994	33,556,177	56,632,171
Other post-employment benefits	596,071	108,898	704,969
Unrestricted	33,216,768	29,172,362	62,389,130
Total net assets	\$ 167,466,616	\$ 143,545,918	\$ 311,012,534

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2007

Function/Program Activities	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:					
General government	\$ 10,385,722	\$ (4,041,267)	\$ -	\$ -	\$ 85,916
Public safety	5,719,752	751,521	247,497	13,199	-
Planning and development	4,196,096	1,091,657	3,835,891	-	-
Engineering and public works	5,916,475	(2,561,381)	788,135	-	-
Surface water management	1,994,542	649,027	3,157,024	-	5,018,617
Transportation	2,702,582	281,065	668,750	1,586,205	264,000
Culture and recreation	10,010,036	1,606,110	2,548,536	2,303,060	-
Interest on long-term debt	983,376	-	-	-	-
Total governmental activities	<u>41,908,581</u>	<u>(2,223,268)</u>	<u>11,245,833</u>	<u>3,902,464</u>	<u>5,368,533</u>
Business-type activities:					
Utility system	11,747,934	2,055,000	13,459,355	1,170	713,453
Solid waste	2,145,953	168,268	2,834,369	777,506	-
Total business-type activities	<u>13,893,887</u>	<u>2,223,268</u>	<u>16,293,724</u>	<u>778,676</u>	<u>713,453</u>
Total government	<u>\$ 55,802,468</u>	<u>\$ -</u>	<u>\$ 27,539,557</u>	<u>\$ 4,681,140</u>	<u>\$ 6,081,986</u>

General revenues:

Taxes:

Property taxes

Franchise fees

Utility taxes

Sales tax

Grants and contributions not restricted  
to specific programs

Investment earnings

Other

Total general revenues

Change in net assets

Net assets, beginning of year

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
\$ (6,258,539)	\$ -	\$ (6,258,539)
(6,210,577)	-	(6,210,577)
(1,451,862)	-	(1,451,862)
(2,566,959)	-	(2,566,959)
5,532,072	-	5,532,072
(464,692)	-	(464,692)
(6,764,550)	-	(6,764,550)
(983,376)	-	(983,376)
<u>(19,168,483)</u>	<u>-</u>	<u>(19,168,483)</u>
-	371,044	371,044
-	1,297,654	1,297,654
-	1,668,698	1,668,698
<u>(19,168,483)</u>	<u>1,668,698</u>	<u>(17,499,785)</u>
18,591,345	-	18,591,345
3,512,575	-	3,512,575
6,130,417	-	6,130,417
3,957,168	-	3,957,168
1,604,210	-	1,604,210
3,644,017	3,563,790	7,207,807
626,192	-	626,192
<u>38,065,924</u>	<u>3,563,790</u>	<u>41,629,714</u>
18,897,441	5,232,488	24,129,929
<u>148,569,175</u>	<u>138,313,430</u>	<u>286,882,605</u>
<u>\$ 167,466,616</u>	<u>\$ 143,545,918</u>	<u>\$ 311,012,534</u>

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## BALANCE SHEET

### GOVERNMENTAL FUNDS

SEPTEMBER 30, 2007

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Recreation Programs</u>	<u>Recreation Impact Fees</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,743,995	\$ 2,827,263	\$ 1,033,278	\$ 3,500,118
Investments	18,915,199	6,904,708	2,522,410	8,550,370
Receivables:				
Utility taxes	329,561	-	-	-
Franchise fees	359,548	-	-	-
Accounts	116,051	14,770	-	-
Interest	143,018	-	20,846	58,043
Due from other funds	125,567	-	-	-
Advances to other funds	2,844,670	-	-	-
Due from other governments	846,276	2,553	94,252	-
Prepaid expenditures	122,844	-	-	-
Inventory	8,825	-	-	-
Deposits	57,230	-	-	-
Total assets	<u>\$ 31,612,784</u>	<u>\$ 9,749,294</u>	<u>\$ 3,670,786</u>	<u>\$ 12,108,531</u>

See notes to basic financial statements

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 409,476	\$ 4,211,847	\$ 19,725,977
1,000,298	7,497,180	45,390,165
-	-	329,561
-	-	359,548
-	5,311	136,132
18,539	29,043	269,489
-	-	125,567
-	-	2,844,670
1,558,838	116,548	2,618,467
-	-	122,844
-	-	8,825
-	-	57,230
<u>\$ 2,987,151</u>	<u>\$ 11,859,929</u>	<u>\$ 71,988,475</u>

(Continued)

# VILLAGE OF WELLINGTON, FLORIDA

## BALANCE SHEET

GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2007

	General	Planning, Zoning and Building	Recreation Programs	Recreation Impact Fees
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,184,672	\$ 313,869	\$ 398,261	\$ 10,042
Contracts and retainage payable	-	-	-	69,099
Advances from other funds	-	-	-	-
Due to other governments	-	226,442	1,935	-
Unearned revenue	861,024	654,326	79,302	-
Total liabilities	2,045,696	1,194,637	479,498	79,141
Fund balances:				
Reserved for:				
Encumbrances	526,796	96,242	526,988	141,519
Advances	2,844,670	-	-	-
Capital improvements	1,719,349	-	533,600	11,887,871
Prepaid expenditures	122,844	-	-	-
Inventory	8,825	-	-	-
Building department	-	6,921,798	-	-
Debt service	-	-	-	-
Unreserved, designated for, reported in:				
General fund:				
Subsequent year's expenditures	2,366,078	602,699	-	-
Insurance	540,000	-	-	-
Disaster recovery	3,000,000	-	-	-
Special revenue funds:				
Road maintenance	-	-	-	-
Unreserved, undesignated, reported in:				
General fund	18,438,526	-	-	-
Special revenue funds	-	933,918	2,130,700	-
Total fund balances	29,567,088	8,554,657	3,191,288	12,029,390
Total liabilities and fund balances	\$ 31,612,784	\$ 9,749,294	\$ 3,670,786	\$ 12,108,531

See notes to basic financial statements

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 145,199	\$ 141,818	\$ 2,193,861
380,052	78,072	527,223
2,300,000	-	2,300,000
-	-	228,377
-	-	1,594,652
<u>2,825,251</u>	<u>219,890</u>	<u>6,844,113</u>
-	602,014	1,893,559
-	-	2,844,670
161,900	10,309,903	24,612,623
-	-	122,844
-	-	8,825
-	-	6,921,798
-	75,065	75,065
-	-	2,968,777
-	-	540,000
-	-	3,000,000
-	653,057	653,057
-	-	18,438,526
-	-	3,064,618
<u>161,900</u>	<u>11,640,039</u>	<u>65,144,362</u>
<u>\$ 2,987,151</u>	<u>\$ 11,859,929</u>	<u>\$ 71,988,475</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, 2007

Total governmental fund balances \$ 65,144,362

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. 124,214,210

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 218,097

Net other post-employment benefit (OPEB) asset created through funding of the plan as employer contribution to the defined benefit. OPEB plan is not recognized in the funds. 596,071

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

Bonds payable (21,531,657)  
Accrued interest (246,002)  
Compensated absences (928,465)

Net assets of governmental activities \$ 167,466,616

**VILLAGE OF WELLINGTON, FLORIDA**  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED SEPTEMBER 30, 2007

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Recreation Programs</u>	<u>Recreation Impact Fees</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 18,591,345	\$ -	\$ -	\$ -
Franchise fees	3,512,575	-	-	-
Utility taxes	6,130,417	-	-	-
Special assessments	-	-	-	-
Impact fees	-	-	-	620,152
Licenses and permits	878,969	3,253,646	-	-
Intergovernmental revenue	5,029,031	-	2,303,060	-
Charges for services	-	-	1,928,385	-
Fines and forfeitures	167,845	579,594	-	-
Investment income	1,812,137	-	249,836	695,632
Miscellaneous	<u>208,616</u>	<u>101,052</u>	<u>-</u>	<u>1,164</u>
Total revenues	<u>36,330,935</u>	<u>3,934,292</u>	<u>4,481,281</u>	<u>1,316,948</u>

See notes to basic financial statements

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 18,591,345
-	-	3,512,575
-	-	6,130,417
2,862,096	-	2,862,096
-	660,218	1,280,370
-	-	4,132,615
5,018,617	2,481,667	14,832,375
294,928	-	2,223,313
-	-	747,439
237,644	648,768	3,644,017
<u>157,782</u>	<u>157,578</u>	<u>626,192</u>
<u>8,571,067</u>	<u>3,948,231</u>	<u>58,582,754</u>

(Continued)

**VILLAGE OF WELLINGTON, FLORIDA**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (Continued)  
YEAR ENDED SEPTEMBER 30, 2007

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Recreation Programs</u>	<u>Recreation Impact Fees</u>
<b>Expenditures:</b>				
Current:				
General government	\$ 9,928,265	\$ -	\$ -	\$ -
Public safety	5,719,752	-	-	-
Physical environment	4,706,354	4,231,010	-	-
Transportation	25,250	-	-	-
Culture and recreation	-	-	7,334,738	-
Capital outlay	1,138,775	41,134	814,813	817,173
Debt service:				
Principal	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>21,518,396</u>	<u>4,272,144</u>	<u>8,149,551</u>	<u>817,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,812,539</u>	<u>(337,852)</u>	<u>(3,668,270)</u>	<u>499,775</u>
<b>Other financing sources (uses):</b>				
Transfers in	15,798,424	1,950,000	5,760,000	-
Transfers out	(18,489,702)	(1,373,101)	(2,161,163)	(1,468,063)
Sale of capital asset	<u>13,348</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,677,930)</u>	<u>576,899</u>	<u>3,598,837</u>	<u>(1,468,063)</u>
Net change in fund balances	12,134,609	239,047	(69,433)	(968,288)
Fund balances, beginning of year	<u>17,432,479</u>	<u>8,315,610</u>	<u>3,260,721</u>	<u>12,997,678</u>
Fund balances, end of year	<u>\$ 29,567,088</u>	<u>\$ 8,554,657</u>	<u>\$ 3,191,288</u>	<u>\$ 12,029,390</u>

See notes to basic financial statements

<u>Surface Water Management</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 9,928,265
-	-	5,719,752
1,500,609	-	10,437,973
-	1,367,552	1,392,802
-	-	7,334,738
9,954,680	2,306,693	15,073,268
-	1,170,000	1,170,000
-	987,385	987,385
<u>11,455,289</u>	<u>5,831,630</u>	<u>52,044,183</u>
<u>(2,884,222)</u>	<u>(1,883,399)</u>	<u>6,538,571</u>
-	5,107,405	28,615,829
(851,447)	(2,049,085)	(26,392,561)
-	-	13,348
<u>(851,447)</u>	<u>3,058,320</u>	<u>2,236,616</u>
(3,735,669)	1,174,921	8,775,187
<u>3,897,569</u>	<u>10,465,118</u>	<u>56,369,175</u>
<u>\$ 161,900</u>	<u>\$ 11,640,039</u>	<u>\$ 65,144,362</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, 2007

Net change in fund balances - total governmental funds	\$	8,775,187
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>The Village contributed funds to the new Employee Retirement Healthcare Trust Fund to retire the unfunded obligation. This created a negative net OPEB obligation that is not reported in the governmental funds.</p>		
		596,071
<p>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:</p>		
Expenditures for capital assets	\$ 14,233,738	
Less current year depreciation	<u>(5,680,431)</u>	8,553,307
<p>In the statement of activities, only the gain (loss) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the disposal increase financial resources:</p>		
Proceeds from sale of capital assets	\$ (13,348)	
Loss on sale of capital assets	<u>(44,056)</u>	(57,404)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:</p>		
Principal payments on debt		1,170,000
<p>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:</p>		
Amortization of refunding loss	\$ (41,838)	
Amortization of issuance costs	(15,656)	
Amortization of premium	<u>31,231</u>	(26,263)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in accrued interest		14,614
Change in compensated absences		<u>(128,071)</u>
Change in net assets of governmental activities	\$	<u>18,897,441</u>

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF FUND NET ASSETS

### PROPRIETARY FUNDS

SEPTEMBER 30, 2007

	Utility System	Solid Waste	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 16,270,229	\$ 1,914,819	\$ 18,185,048
Investments	39,742,670	4,677,674	44,420,344
Receivables:			
Accounts, net of allowance for uncollectible amounts	1,231,077	43,811	1,274,888
Interest	270,077	30,389	300,466
Due from other governments	-	364,317	364,317
Inventories	637,728	-	637,728
Prepaid expenses	12,082	-	12,082
Restricted cash and cash equivalents	2,509,262	-	2,509,262
Total current assets	<u>60,673,125</u>	<u>7,031,010</u>	<u>67,704,135</u>
Noncurrent assets:			
Deferred charges	261,702	-	261,702
Net funded other post-employment benefit asset	102,637	6,261	108,898
Property, plant and equipment (net of allowance for depreciation)	<u>95,398,655</u>	<u>169,271</u>	<u>95,567,926</u>
Total noncurrent assets	<u>95,762,994</u>	<u>175,532</u>	<u>95,938,526</u>
Total assets	<u>\$ 156,436,119</u>	<u>\$ 7,206,542</u>	<u>\$ 163,642,661</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,878,853	\$ 164,688	\$ 2,043,541
Contracts and retainage payable	675,809	-	675,809
Due to other funds	-	125,567	125,567
Due to other governments	7,409	80,858	88,267
Deposits	1,035,702	-	1,035,702
Accrued interest	284,262	-	284,262
Compensated absences payable - current portion	78,512	1,488	80,000
Revenue refunding bonds payable - current portion	2,225,000	-	2,225,000
Total current liabilities	<u>6,185,547</u>	<u>372,601</u>	<u>6,558,148</u>
Noncurrent liabilities:			
Advances from other funds	-	544,670	544,670
Compensated absences payable	95,959	1,819	97,778
Revenue refunding bonds payable	12,896,147	-	12,896,147
Total noncurrent liabilities	<u>12,992,106</u>	<u>546,489</u>	<u>13,538,595</u>
Total liabilities	<u>19,177,653</u>	<u>919,090</u>	<u>20,096,743</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	80,539,210	169,271	80,708,481
Restricted for capital improvements	33,556,177	-	33,556,177
Restricted for other post employment benefits	102,637	6,261	108,898
Unrestricted	23,060,442	6,111,920	29,172,362
Total net assets	<u>\$ 137,258,466</u>	<u>\$ 6,287,452</u>	<u>\$ 143,545,918</u>

See notes to basic financial statements

**VILLAGE OF WELLINGTON, FLORIDA**  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2007

	Utility System	Solid Waste	Total
<b>Operating revenues:</b>			
Charges for services	\$ 12,971,931	\$ -	\$ 12,971,931
Special assessments	-	2,528,523	2,528,523
Franchise fees	-	174,527	174,527
Intergovernmental revenue	1,170	-	1,170
Other	487,424	131,319	618,743
Total operating revenues	13,460,525	2,834,369	16,294,894
<b>Operating expenses:</b>			
Water services	3,454,336	-	3,454,336
Wastewater services	2,085,550	-	2,085,550
Laboratory	94,888	-	94,888
Water distribution	504,565	-	504,565
Customer service	702,906	-	702,906
Solid waste	-	2,004,307	2,004,307
Depreciation	4,055,612	141,646	4,197,258
Total operating expenses	10,897,857	2,145,953	13,043,810
Income from operations	2,562,668	688,416	3,251,084
<b>Nonoperating revenues (expenses):</b>			
Investment income	3,187,974	375,816	3,563,790
Loss on sale of assets	(103,127)	-	(103,127)
Interest expense	(568,524)	-	(568,524)
Operating grant	-	777,506	777,506
Amortization	(178,426)	-	(178,426)
Total nonoperating revenues (expenses)	2,337,897	1,153,322	3,491,219
Income before contributions and transfers	4,900,565	1,841,738	6,742,303
<b>Capital contributions:</b>			
Capacity charges	462,053	-	462,053
Distribution lines	150,860	-	150,860
Meters	100,540	-	100,540
Transfers out	(2,055,000)	(168,268)	(2,223,268)
Change in net assets	3,559,018	1,673,470	5,232,488
Net assets, beginning of year	133,699,448	4,613,982	138,313,430
Net assets, end of year	\$ 137,258,466	\$ 6,287,452	\$ 143,545,918

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2007

	Utility System	Solid Waste	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 12,753,180	\$ 2,700,758	\$ 15,453,938
Payments to suppliers for goods and services	(1,741,113)	(1,863,483)	(3,604,596)
Payments to employees for services	(3,159,335)	(156,903)	(3,316,238)
Other operating revenues	496,003	177,224	673,227
Net cash provided by operating activities	8,348,735	857,596	9,206,331
<b>Cash flows from noncapital financing activities:</b>			
Operating grant	-	777,506	777,506
Transfers to other funds	(2,055,000)	(168,268)	(2,223,268)
Net cash provided by (used in) noncapital financing activities	(2,055,000)	609,238	(1,445,762)
<b>Cash flows from capital and related financing activities:</b>			
Collection of capacity and meter charges from customers	562,593	-	562,593
Acquisition of property, plant and equipment	(10,090,195)	-	(10,090,195)
Repayment of advances from other funds	-	(125,567)	(125,567)
Principal paid on indebtedness	(2,185,000)	-	(2,185,000)
Interest paid on indebtedness	(590,374)	-	(590,374)
Net cash used in capital and related financing activities	(12,302,976)	(125,567)	(12,428,543)
<b>Cash flows from investing activities:</b>			
Interest received	3,006,360	337,514	3,343,874
Sale of investments	22,936,786	938,702	23,875,488
Purchase of investments	(24,746,831)	(2,454,619)	(27,201,450)
Net cash provided by (used in) investing activities	1,196,315	(1,178,403)	17,912
Net increase (decrease) in cash and cash equivalents	(4,812,926)	162,864	(4,650,062)
Cash and cash equivalents, beginning of year	23,592,417	1,751,955	25,344,372
Cash and cash equivalents, end of year	\$ 18,779,491	\$ 1,914,819	\$ 20,694,310
Cash and cash equivalents			
Unrestricted	\$ 16,270,229	\$ 1,914,819	\$ 18,185,048
Restricted	2,509,262	-	2,509,262
	\$ 18,779,491	\$ 1,914,819	\$ 20,694,310

(Continued)

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued) YEAR ENDED SEPTEMBER 30, 2007

	Utility System	Solid Waste	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,562,668	\$ 688,416	\$ 3,251,084
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	4,055,612	141,646	4,197,258
Allowance for uncollectible accounts	(18,168)	-	(18,168)
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(128,438)	(2,292)	(130,730)
Due from other governments	-	45,906	45,906
Inventories	98,268	-	98,268
Prepaid expenses	2,447	-	2,447
Net funded other post-employment benefit asset	(102,637)	(6,261)	(108,898)
Increase (decrease) in:			
Accounts payable and accrued liabilities	1,309,172	4,976	1,314,148
Contracts and retainage payable	605,813	-	605,813
Due to other governments	7,409	(14,496)	(7,087)
Deposits	(72,145)	-	(72,145)
Compensated absences payable	28,734	(299)	28,435
Total adjustments	5,786,067	169,180	5,955,247
Net cash provided by operating activities	\$ 8,348,735	\$ 857,596	\$ 9,206,331
Noncash investing, capital, and financing activities:			
Developer contributed distribution lines and meters	\$ 150,860	\$ -	\$ 150,860
Increase in fair value of investments	228,129	31,165	259,294
Amortization of deferred charges	43,617	-	43,617
Amortization of premium on bonds	27,792	-	27,792
Amortization of advance refunding loss on bonds	162,601	-	162,601

See notes to basic financial statements

**VILLAGE OF WELLINGTON, FLORIDA**  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
SEPTEMBER 30, 2007

	Employee Retirement Healthcare Trust
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 878,951</u>
Total assets	<u><u>\$ 878,951</u></u>
<b>NET ASSETS</b>	
Held in trust for other post-employment benefits	<u><u>\$ 878,951</u></u>

See notes to basic financial statements

**VILLAGE OF WELLINGTON, FLORIDA**  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 YEAR ENDED SEPTEMBER 30, 2007

	Employee Retirement Healthcare Trust
<b>ADDITIONS:</b>	
Employer contributions	\$ 878,951
Total additions	878,951
Net assets held in trust for other post-employment benefits:	
Beginning of year	-
End of year	\$ 878,951

See notes to basic financial statements

**VILLAGE OF WELLINGTON, FLORIDA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**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 U.S. 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.

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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### ***Government-Wide and Fund Financial Statements*** (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. 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 and fiduciary 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 fees, 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.

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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

Additionally, the Village reports the following fiduciary fund:

Employee Retirement Healthcare Trust Fund – This fund accounts for the trust fund established to receive and invest Village healthcare contributions in a defined benefit other post-employment benefit plan and to disburse these monies to cover retirees' health insurance in accordance with the trust document. Since these assets are held for the benefit of third parties and cannot be used to finance activities or obligations of the Village, they are not included in the government-wide financial statements.

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.

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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### ***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 to a percentage of 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.

### ***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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Capital Assets and Depreciation*** (Continued)

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.

***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 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 fund 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 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Long-Term Obligations* (Continued)

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 \$64,309,304 of restricted net assets, of which \$22,914,094 is restricted by enabling legislation.

### *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 – 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 disaster recovery – represents funds set aside for future emergency and disaster recovery.

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

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### ***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.

### ***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 2006/2007 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, 2007, of approximately \$7.246 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 1<sup>st</sup> following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1<sup>st</sup> 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, 2007, unpaid delinquent taxes are not material and have not been recorded by the Village.

During 2007 the Florida Legislature passed property tax reform legislation limiting the property tax levies of local government in the State of Florida. For the fiscal year ending September 30, 2008, the maximum tax levy allowed by a majority vote of the governing body is based on a percentage reduction applied to the prior year (2006/2007) property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied for fiscal years ended September 30, 2002 through 2007. The State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a two-thirds vote to adopt a rate equal to the prior year rolled-back millage rate; 2) a unanimous vote to adopt a rate equal to prior year millage rate; or 3) any millage rate approved by referendum. Beginning in 2009, future property tax growth is limited to the annual growth rate of per capita personal income, which is currently 4% to 5%, plus the value of new construction.

On January 29, 2008, Florida voters will decide on a constitutional amendment that will change the way in which property is assessed for ad valorem taxes. This would further limit or reduce the Village’s property tax revenue for the fiscal year beginning October 1, 2008.

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### ***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.

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 (SEC); 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 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, 2007, 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	\$ 8,564,128	\$ 3,699,170	\$ 4,864,958
U.S. Treasuries and U.S. Agencies securities	50,548,589	16,555,426	33,993,163
Florida Municipal Investment Trust	18,898,410	-	18,898,410
Total	<u>\$ 78,011,127</u>	<u>\$ 20,254,596</u>	<u>\$ 57,756,531</u>

***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	\$ 11,799,382	Not rated	N/A
Corporate Note	2,692,440	AAA	S&P
Corporate Note	4,387,225	AA	S&P
Corporate Note	1,484,463	AA-	S&P
U.S. government agencies and instrumentalities:			
Federal National Mortgage Association	14,337,363	AAA	S&P
Federal Home Loan Mortgage Corporation	6,533,241	AAA	S&P
Federal Home Loan Bank	10,041,070	AAA	S&P
Federal Farm Credit Bank	6,939,732	AAA	S&P
Florida Municipal Investment Trust	18,898,410	AAA	Fitch

On November 29, 2007, the Board of Trustees of the State Board of Administration (SBA) closed the Local Government Investment Pool to all redemptions by participants in response to substantial withdrawals from the Pool over the two preceding weeks that severely reduced the overall liquidity of the Pool. On December 4, 2007, the Board of Trustees approved a restructuring plan for the Pool. This is further discussed in Note 13.

**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

***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 Agencies and Instrumentalities to 40% of the portfolio. The Village was within compliance with this policy at year-end. At September 30, 2007, the Village had more than 5% of its investments in the following:

Issuer	Fair Value	Percentage
Federal National Mortgage Association	\$ 14,337,363	15.96%
Federal Home Loan Mortgage Corporation	6,533,241	7.27%
Federal Home Loan Bank	10,041,070	11.18%
Federal Farm Credit Bank	6,939,732	7.73%

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable as of September 30, 2007, for the Village's individual major funds and aggregate nonmajor funds are as follows:

	General	Planning, Zoning and Building	Recreation Programs	Recreation Impact Fees	Surface Water Management	Nonmajor Funds	Utility System	Solid Waste	Total
Utility taxes	\$ 329,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,561
Franchise taxes	359,548	-	-	-	-	-	-	-	359,548
Accounts	116,051	14,770	-	-	-	5,311	1,257,677	43,811	1,437,620
Interest	143,018	-	20,846	58,043	18,539	29,043	270,077	30,389	569,955
Gross receivables	948,178	14,770	20,846	58,043	18,539	34,354	1,527,754	74,200	2,696,684
Less allowance for uncollectible accounts	-	-	-	-	-	-	(26,600)	-	(26,600)
	<u>\$ 948,178</u>	<u>\$ 14,770</u>	<u>\$ 20,846</u>	<u>\$ 58,043</u>	<u>\$ 18,539</u>	<u>\$ 34,354</u>	<u>\$ 1,501,154</u>	<u>\$ 74,200</u>	<u>\$ 2,670,084</u>

**NOTE 4. DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments as of September 30, 2007, for the Village's major individual funds and aggregate nonmajor funds are as follows:

	General	Planning, Zoning and Building	Recreation Programs	Surface Water Management	Nonmajor Funds	Solid Waste	Total
Federal Government:							
FEMA	\$ 6,285	\$ -	\$ 94,252	\$ -	\$ -	\$346,704	\$ 447,241
State of Florida:							
State Shared Revenues	594,530	-	-	-	-	-	594,530
Communication Services Tax	221,585	-	-	-	-	-	221,585
Local Option Gas Tax	-	-	-	-	116,548	-	116,548
Department of Agriculture and Consumer Services	7,072	-	-	-	-	-	7,072
Palm Beach County:							
County Shared Revenues	16,804	2,553	-	19,994	-	17,613	56,964
South FL Water Management Dist.	-	-	-	1,477,984	-	-	1,477,984
Pine Tree Water Control District	-	-	-	60,860	-	-	60,860
	<u>\$ 846,276</u>	<u>\$ 2,553</u>	<u>\$ 94,252</u>	<u>\$ 1,558,838</u>	<u>\$116,548</u>	<u>\$364,317</u>	<u>\$2,982,784</u>

## NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Reclassification	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 19,063,169	\$ -	\$ -	\$ -	\$ 19,063,169
Construction in progress	10,347,343	12,887,507	-	(6,098,458)	17,136,392
Infrastructure	51,256,079	-	-	-	51,256,079
Total capital assets, not being depreciated	<u>80,666,591</u>	<u>12,887,507</u>	<u>-</u>	<u>(6,098,458)</u>	<u>87,455,640</u>
Capital assets, being depreciated:					
Buildings	12,360,838	-	-	512,137	12,872,975
Improvements	40,116,348	-	(13,500)	5,586,321	45,689,169
Machinery and equipment	15,311,634	1,346,231	(298,168)	-	16,359,697
Total capital assets, being depreciated	<u>67,788,820</u>	<u>1,346,231</u>	<u>(311,668)</u>	<u>6,098,458</u>	<u>74,921,841</u>
Less accumulated depreciation for:					
Buildings	(1,576,072)	(410,909)	-	-	(1,986,981)
Improvements	(23,305,983)	(3,207,171)	4,050	-	(26,509,104)
Machinery and equipment	(7,855,049)	(2,062,351)	250,214	-	(9,667,186)
Total accumulated depreciation	<u>(32,737,104)</u>	<u>(5,680,431)</u>	<u>254,264</u>	<u>-</u>	<u>(38,163,271)</u>
Total capital assets, being depreciated, net	<u>35,051,716</u>	<u>(4,334,200)</u>	<u>(57,404)</u>	<u>6,098,458</u>	<u>36,758,570</u>
Governmental activities capital assets, net	<u>\$ 115,718,307</u>	<u>\$ 8,553,307</u>	<u>\$ (57,404)</u>	<u>\$ -</u>	<u>\$ 124,214,210</u>

**NOTE 5. CAPITAL ASSETS (Continued)**

	Beginning Balance	Increases	Decreases	Reclassification	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 8,996,705	\$ -	\$ -	\$ -	\$ 8,996,705
Construction in progress	11,178,921	9,909,131	-	(920,877)	20,167,175
Total capital assets, not being depreciated	<u>20,175,626</u>	<u>9,909,131</u>	<u>-</u>	<u>(920,877)</u>	<u>29,163,880</u>
Capital assets, being depreciated:					
Buildings	2,611,422	-	-	746,800	3,358,222
Land improvements	1,502,034	2,400	-	7,750	1,512,184
Furniture, fixtures, equipment and vehicles	3,259,001	155,184	(46,163)	-	3,368,022
Meters	5,598,498	174,340	(285,920)	166,327	5,653,245
Major equipment	9,309,269	-	(46,695)	-	9,262,574
Water and wastewater plant	23,702,740	-	-	-	23,702,740
Wells	7,189,126	-	-	-	7,189,126
Telemetry	479,020	-	-	-	479,020
Distribution lines	70,381,981	-	-	-	70,381,981
Total capital assets, being depreciated	<u>124,033,091</u>	<u>331,924</u>	<u>(378,778)</u>	<u>920,877</u>	<u>124,907,114</u>
Less accumulated depreciation for:					
Buildings	(441,344)	(87,047)	-	-	(528,391)
Land improvements	(456,221)	(134,707)	-	-	(590,928)
Furniture, fixtures, equipment and vehicles	(2,403,689)	(418,703)	46,163	-	(2,776,229)
Meters	(2,326,192)	(516,380)	185,971	-	(2,656,601)
Major equipment	(8,137,551)	(161,931)	43,517	-	(8,255,965)
Water and wastewater plant	(11,658,368)	(822,552)	-	-	(12,480,920)
Wells	(5,592,532)	(281,637)	-	-	(5,874,169)
Telemetry	(417,867)	(15,853)	-	-	(433,720)
Distribution lines	(23,147,697)	(1,758,448)	-	-	(24,906,145)
Total accumulated depreciation	<u>(54,581,461)</u>	<u>(4,197,258)</u>	<u>275,651</u>	<u>-</u>	<u>(58,503,068)</u>
Total capital assets, being depreciated, net	<u>69,451,630</u>	<u>(3,865,334)</u>	<u>(103,127)</u>	<u>920,877</u>	<u>66,404,046</u>
Business-type activities capital assets, net	<u>\$ 89,627,256</u>	<u>\$ 6,043,797</u>	<u>\$ (103,127)</u>	<u>\$ -</u>	<u>\$ 95,567,926</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 619,185
Planning and development	84,542
Engineering and public works	1,199,694
Surface water management	335,668
Transportation	733,940
Culture and recreation	2,707,402
Total depreciation expense - governmental activities	<u>\$ 5,680,431</u>
Business-type activities:	
Water utility	\$ 4,055,612
Solid waste	141,646
Total depreciation expense - business-type activities	<u>\$ 4,197,258</u>

## NOTE 6. LONG-TERM DEBT

### *Changes in Long-Term Liabilities*

Long-term liability activity for the year ended September 30, 2007, was as follows:

#### Governmental Activities

	Balance September 30, 2006	Additions	Reductions	Balance September 30, 2007	Due Within One Year
Public Service Tax Revenue Bonds, Series 1999	\$ 2,405,000	\$ -	\$ (670,000)	\$ 1,735,000	\$ 700,000
Public Service Tax Revenue Refunding Bonds, Series 2005	9,845,000	-	(65,000)	9,780,000	65,000
Florida Municipal Loan Council:					
Series 2001A	4,845,000	-	(205,000)	4,640,000	215,000
Series 2002C	5,645,000	-	(230,000)	5,415,000	235,000
Less deferred amount on refunding	(540,413)	-	41,838	(498,575)	-
Plus unamortized bond premium	491,463	-	(31,231)	460,232	-
Total Bonds Payable	22,691,050	-	(1,159,393)	21,531,657	1,215,000
Compensated absences payable	800,394	1,012,318	(884,247)	928,465	417,809
Total	<u>\$ 23,491,444</u>	<u>\$ 1,012,318</u>	<u>\$ (2,043,640)</u>	<u>\$ 22,460,122</u>	<u>\$ 1,632,809</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 were 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, 2007, the outstanding balance was \$1,735,000.

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, 2007, 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:			
2008	\$ 700,000	\$ 80,297	\$ 780,297
2009	730,000	48,797	778,797
2010	305,000	14,487	319,487
Total Public Service Tax Revenue Bonds, Series 1999	<u>\$1,735,000</u>	<u>\$ 143,581</u>	<u>\$ 1,878,581</u>

**NOTE 6. LONG-TERM DEBT** (Continued)

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

**\$9,995,000 Public Service Tax Revenue Refunding Bonds**

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, 2007, the outstanding balance was \$9,780,000.

Future debt service requirements to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
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	905,000	307,539	1,212,539
2013 - 2017	5,045,000	1,006,168	6,051,168
2018 - 2019	<u>2,295,000</u>	<u>129,058</u>	<u>2,424,058</u>
Total Public Service Tax Revenue Refunding Bonds, Series 2005	<u>\$ 9,780,000</u>	<u>\$ 2,869,678</u>	<u>\$ 12,649,678</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, 2007, the amount of defeased debt outstanding, but removed from the financial statements was \$8,025,000.

**Debt Compliance**

Various bond indentures contain covenants which specify certain limitations and restrictions for the Village 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, 2007, the outstanding balance was \$4,640,000.

**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:			
2008	\$ 215,000	\$ 227,913	\$ 442,913
2009	225,000	217,450	442,450
2010	235,000	205,950	440,950
2011	250,000	193,825	443,825
2012	260,000	181,075	441,075
2013 - 2017	1,510,000	685,656	2,195,656
2018 - 2022	<u>1,945,000</u>	<u>243,644</u>	<u>2,188,644</u>
Total Loan Payable	<u>\$ 4,640,000</u>	<u>\$ 1,955,513</u>	<u>\$ 6,595,513</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, 2007, the outstanding balance was \$5,415,000.

Future debt service requirements to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2008	\$ 235,000	\$ 263,938	\$ 498,938
2009	245,000	254,950	499,950
2010	255,000	244,288	499,288
2011	265,000	231,288	496,288
2012	280,000	219,063	499,063
2013 - 2017	1,595,000	882,419	2,477,419
2018 - 2022	2,060,000	407,663	2,467,663
2023	<u>480,000</u>	<u>12,600</u>	<u>492,600</u>
Total Loan Payable	<u>\$ 5,415,000</u>	<u>\$ 2,516,209</u>	<u>\$ 7,931,209</u>

**NOTE 6. LONG-TERM DEBT (Continued)**

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

Business-type Activities

	Balance			Balance	
	September 30,	Additions	Reductions	September 30,	Due
	2006			2007	Within
					One Year
Utility System Revenue Refunding Bonds	\$ 18,115,000	\$ -	\$(2,185,000)	\$ 15,930,000	\$2,225,000
Plus unamortized bond premium	194,546	-	(27,792)	166,754	-
Less unamortized refunding loss	(1,138,208)	-	162,601	(975,607)	-
Total Bonds Payable	17,171,338	-	(2,050,191)	15,121,147	2,225,000
Compensated absences payable	149,343	203,153	(174,718)	177,778	80,000
Total	<u>\$ 17,320,681</u>	<u>\$ 203,153</u>	<u>\$(2,224,909)</u>	<u>\$ 15,298,925</u>	<u>\$2,305,000</u>

\$22,355,000 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 the 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, 2007, the outstanding balance was \$15,930,000.

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

	Principal	Interest	Total
Year Ending September 30:			
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	2,535,000	210,889	2,745,889
2013 - 2014	4,135,000	140,065	4,275,065
Total Debt Service Requirements	<u>\$ 15,930,000</u>	<u>\$ 2,118,337</u>	<u>\$ 18,048,337</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, 2007 is as follows:

***Due to/from Other Funds***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Solid waste	\$ 125,567

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

***Advances from/to Other Funds***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Surface water management	\$ 2,300,000
	Solid waste	<u>544,670</u>
		<u>\$ 2,844,670</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, 2007 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 15,798,424	\$ 18,489,702
Planning, zoning and building fund	1,950,000	1,373,101
Recreation programs fund	5,760,000	2,161,163
Recreation impact fees fund	-	1,468,063
Surface water management fund	-	851,447
Nonmajor governmental funds	5,107,405	2,049,085
Utility system fund	-	2,055,000
Solid waste fund	-	<u>168,268</u>
Total	<u>\$ 28,615,829</u>	<u>\$ 28,615,829</u>

Transfers are used to (1) move revenues from the fund budgeted to collect them to the fund budgeted to expend them, (2) use unrestricted revenues collected in the general fund to finance recreation programs, and (3) allocate indirect expenses for overhead.

## **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 and 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, 2007, 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 ended September 30, 2007, 2006, and 2005 were \$56,454, \$46,140, and \$45,654, 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. Village employees had an option to remain in the previous plan (FRS) or to join the Defined Contribution plan.

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, 2007, was \$12,215,846. The Village's contribution was calculated using the base salary amount of \$10,816,185. The Village made one hundred percent of its required contributions of \$860,700, \$849,355, and \$736,639, for fiscal years 2007, 2006, and 2005, 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. \$785,200 per year. The total amount of the contract remaining is \$1,570,400, subject to consumer price index increase in future years. For the year ended September 30, 2007, 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, 2007. 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 \$5,630,438 for the year ended September 30, 2007.

### *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. This contract expires September 30, 2008. The cost of the contract totaled \$1,812,606 for the year ended September 30, 2007 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.

### *South Florida Water Management District Memorandum of Understanding (MOU)*

On February 4, 2004, Village Council approved a Memorandum of Understanding (MOU) with South Florida Water Management District (SFWMD) for funding and construction of the Basin B project. The original MOU acknowledged the need for improved water resource management facilities for Basins A and B that met regional multi-purpose objectives including environmental restoration, flood protection, water quality enhancement and recreation. This MOU was amended on June 26, 2007 authorizing the Village to construct pump station 7 and related ancillary project features with full reimbursement by SFWMD to the Village upon satisfactory completion of each phase of the project.

On October 23, 2007, the Village agreed to design, permit, construct, operate and maintain the Section 24 Impoundment, including an inflow pump station, outflow water control structures, and related project features to complete the Phase 2 project under the same basic terms of MOU No. 1 initially approved for the construction of pump station No. 7. Under the revised MOU, SFWMD will reimburse the Village for all costs incurred for the design and construction of a standard electric inflow Pump Station No. 9, Section 24 Impoundment, outflow water control structures and various other project features at a cost of \$21 million and then split any additional costs 50/50 with the Village not to exceed the total SFWMD budget of \$21.5 million.

## NOTE 12. COMMITMENTS (Continued)

### *Reverse Osmosis Plant Expansion*

The Village of Wellington has planned to increase its overall water system to meet the needs of projected growth. Approximately \$20.4 million will be expended on this expansion which was started in fiscal year 2004. The existing water treatment plant is being expanded to a 5.4 Million Gallons per Day (MGD) Reverse Osmosis (RO) plant along with injection wells, addition of a storage reservoir and expansion of transmission lines. Construction is expected to be completed in an eight-year timeframe. The majority of the construction is being performed through a contract awarded to Wharton-Smith, Inc. for \$13.077 million. As of September 30, 2007, \$4.035 million has been expended under this contract, with a value of work remaining of \$9.042 million.

### *Pedestrian Pathways and Roadway Overlay*

The Village of Wellington maintains an annual roadway overlay program (including paths and striping) based on annual inspection and condition assessments. Village policy dictates that at least 80% of its road system is maintained at good or better condition. When roadway conditions fall below acceptable level, resurfacing is scheduled. The Village of Wellington awarded a contract to Ranger Construction Industries, Inc. in April 2007, for its annual asphalt milling and resurfacing of approximately \$1.66 million. As of September 30, 2007, \$284,000 has been expended under this contract, with a value of work remaining of \$1.38 million.

## NOTE 13. SUBSEQUENT EVENTS

As discussed in Note 2, at September 30, 2007, the Village had \$11,799,382 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration (SBA) implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities in the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion, or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion, or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B. In addition, investment earnings creditable to Pool assets for the month of November 2007 were credited to Pool B.

Currently, Pool A participants may withdraw 15% of their balance or \$2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawals from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Rating Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable. While the ultimate realizable value of Pool B assets cannot be determined at this time, it is the opinion of management based upon consultation with the SBA, that the amount of loss, if any, will not be material to the financial position of the Village.

**NOTE 13. SUBSEQUENT EVENTS** (Continued)

As of December 31, 2007, the Village has approximately \$15,138,000 invested in Pool A, and \$2,464,000 invested in Pool B. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

**NOTE 14. OTHER POST-EMPLOYMENT BENEFITS**

Pursuant to Section 112.081, Florida Statutes, the Village is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The Village does not provide retirees with any subsidy for this benefit.

Based on GASB approval of Statements 43 and 45 which set forth the guidelines and a future implementation timetable for reporting and disclosure 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 establish policy implications regarding the funding of this obligation. The actuary's estimate, using the entry age normal method, included other actuarial assumptions as classified below. The calculation produced an obligation of \$2,231,482, the present value of which is \$878,951. The Village has elected to implement the provisions of GASB 45 prospectively.

The Village elected to establish an OPEB trust fund and fund the entire obligation during the 2006/2007 fiscal year leaving no unfunded obligation and an incremental annual cost of \$173,982 annually. On September 28, 2007, the Village contributed \$878,951 to the Employee Retirement Healthcare Trust Fund, a single-employer, defined benefit healthcare plan. There were no retiree contributions to the plan for 2006/2007. Beginning in 2007/2008, the Village will be required to contribute an actuarially determined amount necessary to pay the annual required contributions.

Plan Description: On September 28, 2007, the Village established the Employee Retirement Healthcare Trust Fund, an agent multiple-employer, defined benefit healthcare plan administered by the League of Cities. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses and families. The Village Council is authorized to establish and amend benefit levels, subject to the minimum requirements set forth by Florida Statutes, and to approve the actuarial assumptions used in the determination of contribution levels. The Plan does not issue a separate financial statement and required supplementary information. There were no retirees eligible to receive benefits as of September 30, 2007.

Annual OPEB Cost and Net OPEB Asset: The Village's annual other postemployment benefit (OPEB) cost for the fiscal year was \$173,982, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The Village's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ended September 30, 2007 were as follows:

Annual required contribution	\$ 173,982
Interest on net OPEB obligation	0
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost	173,982
Contributions made	<u>(878,951)</u>
Change in net OPEB obligation (asset)	(704,969)
Net OPEB obligation (asset), beginning of year	<u>0</u>
Net OPEB obligation (asset), end of year	<u><u>\$ (704,969)</u></u>

**NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The 2007 contribution represented 505% of the annual required contribution. The initial actuarial valuation for the Plan was done as of October 1, 2005 to determine the initial funding of the Plan. Thereafter, valuations will be done bi-annually. Since there have been no actuarial valuations done since the plan was funded, the required schedule of funding progress will not be presented until subsequent years.

Funding Policy: The Village Council is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. The Village Council also establishes the contribution requirements of plan members and the Village. These contributions are neither mandated nor guaranteed. The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the full cost of the premium. The Village does not subsidize any member premiums.

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk and changes in marital status, could result in actual costs being greater or less than estimated.

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

In the initial actuarial valuation for the Plan as of October 1, 2005, the entry age actuarial cost method was used. The actuarial assumptions included a 8% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the Village's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 12% initially, reduced by decrements to an ultimate rate of 5% after ten years. Both rates included a 4% inflation assumption. The actuarial value of assets will be determined using fair value. The UAAL will be amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period is five years.



*Required Supplementary Information*

## Budgetary Comparison Schedules:

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### 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, 2007**

	<u>Original Adopted Budget</u>	<u>Prior Year Carryforward</u>	<u>Legally Adopted Budget Amendments</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 18,585,557	\$ -	\$ -
Franchise fees	3,000,000	-	-
Utility taxes	3,360,000	-	-
Public services tax	2,649,000	-	-
Licenses and permits	810,000	-	-
Intergovernmental	5,101,500	-	10,000
Fines and forfeitures	150,000	-	-
Investment income	1,031,000	-	-
Miscellaneous	<u>120,000</u>	<u>-</u>	<u>-</u>
Total revenues	<u>34,807,057</u>	<u>-</u>	<u>10,000</u>

See note to budgetary comparison schedules

Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
\$ 18,585,557	\$ 18,591,345	\$ 5,788
3,000,000	3,512,575	512,575
3,360,000	3,428,003	68,003
2,649,000	2,702,414	53,414
810,000	878,969	68,969
5,111,500	5,029,031	(82,469)
150,000	167,845	17,845
1,031,000	1,812,137	781,137
120,000	208,616	88,616
<u>34,817,057</u>	<u>36,330,935</u>	<u>1,513,878</u>

(Continued)

# VILLAGE OF WELLINGTON, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

GENERAL FUND (Continued)

YEAR ENDED SEPTEMBER 30, 2007

	<u>Original Adopted Budget</u>	<u>Prior Year Carryforward</u>	<u>Legally Adopted Budget Amendments</u>
<b>Expenditures:</b>			
Current:			
General government:			
Village Council	\$ 750,570	\$ 33,331	\$ (64,987)
Village Clerk	1,388,286	17,202	(146,510)
Information Center	538,074	9,329	(27,000)
Village Manager	870,694	38,631	65,339
Finance	2,931,418	27,925	144,046
Human resources	524,237	6,562	(67,520)
Risk management	1,210,000	1,872	-
Legal	750,000	31,686	-
MIS	1,298,600	86,234	(14,255)
Council and community relations	259,938	-	12,887
Other	143,600	-	-
Total general government	<u>10,665,417</u>	<u>252,772</u>	<u>(98,000)</u>
Public safety:			
Law enforcement	<u>5,746,303</u>	<u>4,777</u>	<u>(1,100)</u>
Physical environment:			
Public works	2,938,452	160,367	(15,980)
Emergency operations	76,000	-	(1,868)
Engineering	<u>2,152,974</u>	<u>57,089</u>	<u>(26,000)</u>
Total physical environment	<u>5,167,426</u>	<u>217,456</u>	<u>(43,848)</u>
Transportation - roadways	<u>46,000</u>	<u>-</u>	<u>-</u>
Capital outlay	<u>2,068,715</u>	<u>1,353,886</u>	<u>(1,821,506)</u>
Total expenditures	<u>23,693,861</u>	<u>1,828,891</u>	<u>(1,964,454)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,113,196</u>	<u>(1,828,891)</u>	<u>1,974,454</u>
<b>Other financing sources (uses):</b>			
Transfers in	18,750,527	-	(2,773,062)
Transfers out	(22,143,243)	-	-
Sale of capital asset	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,392,716)</u>	<u>-</u>	<u>(2,773,062)</u>
Net change in fund balance	(228,634)	(1,828,891)	(1,116,608)
Fund balance, beginning of year	<u>228,634</u>	<u>1,828,891</u>	<u>1,116,608</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to budgetary comparison schedules

Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ 718,914	\$ 659,251	\$ 59,663
1,258,978	1,042,484	216,494
520,403	446,387	74,016
974,664	791,504	183,160
3,103,389	3,025,451	77,938
463,279	402,933	60,346
1,211,872	1,174,624	37,248
781,686	728,113	53,573
1,370,579	1,245,229	125,350
272,825	268,788	4,037
<u>143,600</u>	<u>143,501</u>	<u>99</u>
<u>10,820,189</u>	<u>9,928,265</u>	<u>891,924</u>
<u>5,749,980</u>	<u>5,719,752</u>	<u>30,228</u>
3,082,839	2,701,926	380,913
74,132	20,525	53,607
<u>2,184,063</u>	<u>1,983,903</u>	<u>200,160</u>
<u>5,341,034</u>	<u>4,706,354</u>	<u>634,680</u>
<u>46,000</u>	<u>25,250</u>	<u>20,750</u>
<u>1,601,095</u>	<u>1,138,775</u>	<u>462,320</u>
<u>23,558,298</u>	<u>21,518,396</u>	<u>2,039,902</u>
<u>11,258,759</u>	<u>14,812,539</u>	<u>3,553,780</u>
15,977,465	15,798,424	(179,041)
(22,143,243)	(18,489,702)	3,653,541
<u>-</u>	<u>13,348</u>	<u>13,348</u>
<u>(6,165,778)</u>	<u>(2,677,930)</u>	<u>3,487,848</u>
5,092,981	12,134,609	7,041,628
<u>(5,092,981)</u>	<u>17,432,479</u>	<u>22,525,460</u>
<u>\$ -</u>	<u>\$ 29,567,088</u>	<u>\$ 29,567,088</u>

See note to budgetary comparison schedules

**VILLAGE OF WELLINGTON, FLORIDA**  
 BUDGETARY COMPARISON SCHEDULE  
 PLANNING, ZONING AND BUILDING - SPECIAL REVENUE FUND  
 YEAR ENDED SEPTEMBER 30, 2007

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments
<b>Revenues:</b>			
Licenses and permits	\$ 4,316,547	\$ -	\$ -
Fines and forfeitures	238,000	-	40,000
Miscellaneous	<u>100,000</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,654,547</u>	<u>-</u>	<u>40,000</u>
<b>Expenditures:</b>			
Current:			
Physical environment:			
Planning, zoning and building administration	1,105,173	48,594	(133,000)
Planning and zoning	818,206	71,172	(54,334)
Code compliance	731,804	13,508	74,421
Building	<u>2,410,662</u>	<u>21,651</u>	<u>(177,878)</u>
Total physical environment	<u>5,065,845</u>	<u>154,925</u>	<u>(290,791)</u>
Capital outlay	<u>161,810</u>	<u>-</u>	<u>(1,209)</u>
Total expenditures	<u>5,227,655</u>	<u>154,925</u>	<u>(292,000)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(573,108)</u>	<u>(154,925)</u>	<u>332,000</u>
<b>Other financing sources (uses):</b>			
Transfers in	1,950,000	-	-
Transfers out	<u>(1,373,101)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>576,899</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,791	(154,925)	332,000
Fund balance, beginning of year	<u>(3,791)</u>	<u>154,925</u>	<u>(332,000)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to budgetary comparison schedules

Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ 4,316,547	\$ 3,253,646	\$ (1,062,901)
278,000	579,594	301,594
100,000	101,052	1,052
<u>4,694,547</u>	<u>3,934,292</u>	<u>(760,255)</u>
1,020,767	899,811	120,956
835,044	672,343	162,701
819,733	710,679	109,054
<u>2,254,435</u>	<u>1,948,177</u>	<u>306,258</u>
<u>4,929,979</u>	<u>4,231,010</u>	<u>698,969</u>
160,601	41,134	119,467
<u>5,090,580</u>	<u>4,272,144</u>	<u>818,436</u>
<u>(396,033)</u>	<u>(337,852)</u>	<u>58,181</u>
1,950,000	1,950,000	-
<u>(1,373,101)</u>	<u>(1,373,101)</u>	<u>-</u>
<u>576,899</u>	<u>576,899</u>	<u>-</u>
180,866	239,047	58,181
<u>(180,866)</u>	<u>8,315,610</u>	<u>8,496,476</u>
<u>\$ -</u>	<u>\$ 8,554,657</u>	<u>\$ 8,554,657</u>

See note to budgetary comparison schedules

**VILLAGE OF WELLINGTON, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**RECREATION PROGRAMS - SPECIAL REVENUE FUND**  
**YEAR ENDED SEPTEMBER 30, 2007**

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	1,816,070	-	240,000
Investment income	-	-	-
Total revenues	<u>1,816,070</u>	<u>-</u>	<u>240,000</u>
<b>Expenditures:</b>			
Current:			
Culture and recreation:			
Recreational facilities - pool	734,312	36,250	85,299
Recreational facilities - tennis	151,840	-	(3,750)
Recreational facilities - Community Center	365,152	5,801	19,700
Parks and recreational facilities	3,794,655	163,415	(971,933)
Parks buildings and landscape	-	-	1,023,958
Parks and recreational administration	896,374	1,289	(63,735)
Community programs	574,983	7,187	102,735
Athletics programs	<u>1,386,173</u>	<u>17,817</u>	<u>96,020</u>
Total culture and recreation	<u>7,903,489</u>	<u>231,759</u>	<u>288,294</u>
Capital outlay	<u>1,093,620</u>	<u>1,208,344</u>	<u>(822,449)</u>
Total expenditures	<u>8,997,109</u>	<u>1,440,103</u>	<u>(534,155)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,181,039)</u>	<u>(1,440,103)</u>	<u>774,155</u>
<b>Other financing sources (uses):</b>			
Transfers in	9,360,000	-	-
Transfers out	<u>(2,161,203)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>7,198,797</u>	<u>-</u>	<u>-</u>
Net change in fund balance	17,758	(1,440,103)	774,155
Fund balance, beginning of year	<u>(17,758)</u>	<u>1,440,103</u>	<u>(774,155)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to budgetary comparison schedules

<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
\$ -	\$ 2,303,060	\$ 2,303,060
2,056,070	1,928,385	(127,685)
-	249,836	249,836
<u>2,056,070</u>	<u>4,481,281</u>	<u>2,425,211</u>
855,861	776,259	79,602
148,090	142,838	5,252
390,653	296,685	93,968
2,986,137	2,495,296	490,841
1,023,958	828,037	195,921
833,928	774,873	59,055
684,905	671,884	13,021
<u>1,500,010</u>	<u>1,348,866</u>	<u>151,144</u>
<u>8,423,542</u>	<u>7,334,738</u>	<u>1,088,804</u>
<u>1,479,515</u>	<u>814,813</u>	<u>664,702</u>
<u>9,903,057</u>	<u>8,149,551</u>	<u>1,753,506</u>
<u>(7,846,987)</u>	<u>(3,668,270)</u>	<u>4,178,717</u>
9,360,000	5,760,000	(3,600,000)
<u>(2,161,203)</u>	<u>(2,161,163)</u>	<u>40</u>
<u>7,198,797</u>	<u>3,598,837</u>	<u>(3,599,960)</u>
(648,190)	(69,433)	578,757
<u>648,190</u>	<u>3,260,721</u>	<u>2,612,531</u>
<u>\$ -</u>	<u>\$ 3,191,288</u>	<u>\$ 3,191,288</u>

See note to budgetary comparison schedules

**VILLAGE OF WELLINGTON, FLORIDA**  
 BUDGETARY COMPARISON SCHEDULE  
 RECREATION IMPACT FEES - SPECIAL REVENUE FUND  
 YEAR ENDED SEPTEMBER 30, 2007

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments
<b>Revenues:</b>			
Impact fees	\$ 1,970,350	\$ -	\$ -
Investment income	478,000	-	-
Miscellaneous	<u>1,800,000</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,248,350</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
Capital outlay	<u>1,176,000</u>	<u>11,177,929</u>	<u>(11,406,204)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,072,350</u>	<u>(11,177,929)</u>	<u>11,406,204</u>
<b>Other financing sources (uses):</b>			
Transfers out	(1,468,100)	-	-
Sale of capital asset	<u>1,100,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(368,100)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,704,250	(11,177,929)	11,406,204
Fund balance, beginning of year	<u>(2,704,250)</u>	<u>11,177,929</u>	<u>(11,406,204)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to budgetary comparison schedules

Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ 1,970,350	\$ 620,152	\$ (1,350,198)
478,000	695,632	217,632
<u>1,800,000</u>	<u>1,164</u>	<u>(1,798,836)</u>
<u>4,248,350</u>	<u>1,316,948</u>	<u>(2,931,402)</u>
<u>947,725</u>	<u>817,173</u>	<u>130,552</u>
<u>3,300,625</u>	<u>499,775</u>	<u>(2,800,850)</u>
(1,468,100)	(1,468,063)	37
<u>1,100,000</u>	<u>-</u>	<u>(1,100,000)</u>
<u>(368,100)</u>	<u>(1,468,063)</u>	<u>(1,099,963)</u>
2,932,525	(968,288)	(3,900,813)
<u>(2,932,525)</u>	<u>12,997,678</u>	<u>15,930,203</u>
<u>\$ -</u>	<u>\$ 12,029,390</u>	<u>\$ 12,029,390</u>

See note to budgetary comparison schedules

**VILLAGE OF WELLINGTON, FLORIDA**  
 BUDGETARY COMPARISON SCHEDULE  
 SURFACE WATER MANAGEMENT - SPECIAL REVENUE FUND  
 YEAR ENDED SEPTEMBER 30, 2007

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments
<b>Revenues:</b>			
Special assessments	\$ 2,846,600	\$ -	\$ -
Intergovernmental	-	-	4,920,131
Charges for services	238,300	-	-
Investment income	434,000	-	-
Miscellaneous	25,000	-	-
Total revenues	<u>3,543,900</u>	<u>-</u>	<u>4,920,131</u>
<b>Expenditures:</b>			
Current:			
Physical environment:			
Environmental services BMP	345,600	-	(49,683)
Surface water management	<u>1,550,395</u>	<u>-</u>	<u>(20,000)</u>
Total physical environment:	<u>1,895,995</u>	<u>-</u>	<u>(69,683)</u>
Capital outlay	<u>3,391,767</u>	<u>7,113,235</u>	<u>2,885,018</u>
Total expenditures	<u>5,287,762</u>	<u>7,113,235</u>	<u>2,815,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,743,862)</u>	<u>(7,113,235)</u>	<u>2,104,796</u>
<b>Other financing uses:</b>			
Bonds issued	6,000,000	-	(6,000,000)
Transfers out	<u>(4,256,138)</u>	<u>-</u>	<u>2,800,000</u>
Total other financing sources (uses)	<u>1,743,862</u>	<u>-</u>	<u>(3,200,000)</u>
Net change in fund balance	(6,000,000)	(7,113,235)	4,904,796
Fund balance, beginning of year	<u>6,000,000</u>	<u>7,113,235</u>	<u>(4,904,796)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See note to budgetary comparison schedules

<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
\$ 2,846,600	\$ 2,862,096	\$ 15,496
4,920,131	5,018,617	98,486
238,300	294,928	56,628
434,000	237,644	(196,356)
<u>25,000</u>	<u>157,782</u>	<u>132,782</u>
<u>8,464,031</u>	<u>8,571,067</u>	<u>107,036</u>
295,917	212,103	83,814
<u>1,530,395</u>	<u>1,288,506</u>	<u>241,889</u>
<u>1,826,312</u>	<u>1,500,609</u>	<u>325,703</u>
<u>13,390,020</u>	<u>9,954,680</u>	<u>3,435,340</u>
<u>15,216,332</u>	<u>11,455,289</u>	<u>4,002,932</u>
<u>(6,752,301)</u>	<u>(2,884,222)</u>	<u>3,868,079</u>
-	-	-
<u>(1,456,138)</u>	<u>(851,447)</u>	<u>604,691</u>
<u>(1,456,138)</u>	<u>(851,447)</u>	<u>604,691</u>
(8,208,439)	(3,735,669)	4,472,770
<u>8,208,439</u>	<u>3,897,569</u>	<u>(4,310,870)</u>
<u>\$ -</u>	<u>\$ 161,900</u>	<u>\$ 161,900</u>

See note to budgetary comparison schedules

**VILLAGE OF WELLINGTON, FLORIDA**  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
September 30, 2007

**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 U.S. generally accepted accounting principles. The Village also adopts a nonappropriated operating budget for the enterprise fund substantially on a basis consistent with U.S. 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, 2007, several supplementary appropriations were necessary. The supplementary appropriations decreased the general fund budget by \$145,563 and increased the major special revenue funds' budgets by \$5,269,037. 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, 2007

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

Percentage of lane miles in good or better condition

Overall System:

2005	98%
2006	98%
2007	100%

Percentage of lane miles in substandard condition

Overall System:

2005	2%
2006	2%
2007	0%

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	783,000	898,307	115,307
2007	<u>835,654</u>	<u>438,776</u>	<u>(396,878)</u>
Total	<u>\$3,837,999</u>	<u>\$3,599,790</u>	<u>\$ (238,209)</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.





*Combining Nonmajor Fund Statements &  
Other Supplemental Information*

## NONMAJOR GOVERNMENTAL FUNDS

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### 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, 2007

	Special Revenue Funds			Debt	Total
	Gas Tax Maintenance	Gas Tax Capital	Road Impact Fees	Service Fund	Nonmajor Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 180,058	\$ 1,593,901	\$ 2,416,085	\$ 21,803	\$ 4,211,847
Investments	439,861	3,893,708	3,110,349	53,262	7,497,180
Receivables:					
Accounts	-	5,311	-	-	5,311
Interest	8,313	17,925	2,805	-	29,043
Due from other governments	75,921	40,627	-	-	116,548
Total assets	\$ 704,153	\$ 5,551,472	\$ 5,529,239	\$ 75,065	\$ 11,859,929
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 23,883	\$ 115,775	\$ 2,160	\$ -	\$ 141,818
Contracts and retainage payable	-	74,457	3,615	-	78,072
Total liabilities	23,883	190,232	5,775	-	219,890
Fund balances:					
Reserved:					
Reserved for encumbrances	27,213	487,927	86,874	-	602,014
Reserved for capital improvements	-	4,873,313	5,436,590	-	10,309,903
Reserved for debt service	-	-	-	75,065	75,065
Unreserved:					
Designated for road maintenance	653,057	-	-	-	653,057
Total fund balances	680,270	5,361,240	5,523,464	75,065	11,640,039
Total liabilities and fund balances	\$ 704,153	\$ 5,551,472	\$ 5,529,239	\$ 75,065	\$ 11,859,929

## VILLAGE OF WELLINGTON, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue Funds			Debt	Total
	Gas Tax Maintenance	Gas Tax Capital	Road Impact Fees	Service Fund	Nonmajor Funds
<b>Revenues:</b>					
Impact fees	\$ -	\$ -	\$ 660,218	\$ -	\$ 660,218
Intergovernmental revenue	1,016,854	1,064,813	400,000	-	2,481,667
Investment income	99,635	214,827	334,306	-	648,768
Miscellaneous	4,099	-	153,479	-	157,578
Total revenues	1,120,588	1,279,640	1,548,003	-	3,948,231
<b>Expenditures:</b>					
Current:					
Transportation	1,367,552	-	-	-	1,367,552
Capital outlay	5,925	1,336,810	963,958	-	2,306,693
Debt service:					
Principal	-	-	-	1,170,000	1,170,000
Interest and other fiscal charges	-	-	-	987,385	987,385
Total expenditures	1,373,477	1,336,810	963,958	2,157,385	5,831,630
Excess (deficiency) of revenues over (under) expenditures	(252,889)	(57,170)	584,045	(2,157,385)	(1,883,399)
<b>Other financing sources (uses):</b>					
Transfers in	1,950,000	1,000,000	-	2,157,405	5,107,405
Transfers out	(1,441,286)	(115,495)	(492,304)	-	(2,049,085)
Total other financing sources (uses)	508,714	884,505	(492,304)	2,157,405	3,058,320
Net change in fund balances	255,825	827,335	91,741	20	1,174,921
Fund balances, beginning of year	424,445	4,533,905	5,431,723	75,045	10,465,118
Fund balances, end of year	\$ 680,270	\$ 5,361,240	\$ 5,523,464	\$ 75,065	\$ 11,640,039

## 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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 1,039,000	\$ 1,039,000	\$ 1,016,854	\$ (22,146)
Investment income	55,000	55,000	99,635	44,635
Miscellaneous	-	-	4,099	4,099
Total revenues	<u>1,094,000</u>	<u>1,094,000</u>	<u>1,120,588</u>	<u>26,588</u>
<b>Expenditures:</b>				
Current:				
Transportation	1,582,006	1,577,693	1,367,552	210,141
Capital outlay	<u>28,660</u>	<u>5,925</u>	<u>5,925</u>	<u>0</u>
Total expenditures	<u>1,610,666</u>	<u>1,583,618</u>	<u>1,373,477</u>	<u>210,141</u>
Deficiency of revenues under expenditures	<u>(516,666)</u>	<u>(489,618)</u>	<u>(252,889)</u>	<u>236,729</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,950,000	1,950,000	1,950,000	-
Transfers out	<u>(1,414,348)</u>	<u>(1,441,286)</u>	<u>(1,441,286)</u>	<u>-</u>
Total other financing sources (uses)	<u>535,652</u>	<u>508,714</u>	<u>508,714</u>	<u>-</u>
Net change in fund balance	18,986	19,096	255,825	236,729
Fund balance, beginning of year	<u>(18,986)</u>	<u>(19,096)</u>	<u>424,445</u>	<u>443,541</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,270</u>	<u>\$ 680,270</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 885,000	\$ 885,000	\$ 1,064,813	\$ 179,813
Investment income	<u>180,000</u>	<u>180,000</u>	<u>214,827</u>	<u>34,827</u>
Total revenues	<u>1,065,000</u>	<u>1,065,000</u>	<u>1,279,640</u>	<u>214,640</u>
<b>Expenditures:</b>				
Capital outlay	<u>1,897,000</u>	<u>1,826,041</u>	<u>1,336,810</u>	<u>489,231</u>
Deficiency of revenues under expenditures	<u>(832,000)</u>	<u>(761,041)</u>	<u>(57,170)</u>	<u>703,871</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	<u>(115,500)</u>	<u>(115,500)</u>	<u>(115,495)</u>	<u>5</u>
Total other financing sources	<u>884,500</u>	<u>884,500</u>	<u>884,505</u>	<u>5</u>
Net change in fund balance	52,500	123,459	827,335	703,876
Fund balance, beginning of year	<u>(52,500)</u>	<u>(123,459)</u>	<u>4,533,905</u>	<u>4,657,364</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,361,240</u>	<u>\$ 5,361,240</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, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Impact fees	\$ 710,929	\$ 710,929	\$ 660,218	\$ (50,711)
Intergovernmental revenue	-	-	400,000	400,000
Investment income	67,000	67,000	334,306	267,306
Miscellaneous	-	-	153,479	153,479
Total revenues	777,929	777,929	1,548,003	770,074
<b>Expenditures:</b>				
Capital outlay	-	1,050,834	963,958	86,876
Excess (deficiency) of revenues over (under) expenditures	777,929	(272,905)	584,045	856,950
<b>Other financing uses:</b>				
Transfers out	(492,350)	(492,350)	(492,304)	46
Net change in fund balance	285,579	(765,255)	91,741	856,996
Fund balance, beginning of year	(285,579)	765,255	5,431,723	4,666,468
Fund balance, end of year	\$ -	\$ -	\$ 5,523,464	\$ 5,523,464

## VILLAGE OF WELLINGTON, FLORIDA

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

#### DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt service:				
Principal	1,170,000	1,170,000	1,170,000	-
Interest and other fiscal charges	<u>987,600</u>	<u>987,600</u>	<u>987,385</u>	<u>215</u>
Total expenditures	<u>2,157,600</u>	<u>2,157,600</u>	<u>2,157,385</u>	<u>215</u>
Deficiency of revenues under expenditures	(2,157,600)	(2,157,600)	(2,157,385)	215
<b>Other financing sources</b>				
Transfers in	<u>2,157,600</u>	<u>2,157,600</u>	<u>2,157,405</u>	<u>(195)</u>
Net change in fund balance	-	-	20	20
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>75,045</u>	<u>75,045</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,065</u>	<u>\$ 75,065</u>





STURBRIDGE  
*Village*

*Statistical Section*

## STATISTICAL SECTION

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

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*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				
	2003	2004	2005	2006	2007
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 84,456,045	\$ 82,441,223	\$ 87,127,009	\$ 93,261,010	\$ 102,900,650
Restricted	25,190,120	28,588,134	31,215,236	35,387,426	31,349,198
Unrestricted	<u>8,908,406</u>	<u>17,165,777</u>	<u>20,093,412</u>	<u>19,920,739</u>	<u>33,216,768</u>
Total governmental activities net assets	<u>118,554,571</u>	<u>128,195,134</u>	<u>138,435,657</u>	<u>148,569,175</u>	<u>167,466,616</u>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	61,103,841	63,977,950	67,896,249	72,761,237	80,708,481
Restricted	22,753,650	35,173,687	48,595,838	30,963,300	33,665,075
Unrestricted	<u>30,396,608</u>	<u>22,308,368</u>	<u>9,074,416</u>	<u>34,588,893</u>	<u>29,172,362</u>
Total business-type activities net assets	<u>114,254,099</u>	<u>121,460,005</u>	<u>125,566,503</u>	<u>138,313,430</u>	<u>143,545,918</u>
<b>Total government:</b>					
Invested in capital assets, net of related debt	145,559,886	146,419,173	155,023,258	166,022,247	183,609,131
Restricted	47,943,770	63,761,821	79,811,074	66,350,726	65,014,273
Unrestricted	<u>39,305,014</u>	<u>39,474,145</u>	<u>29,167,828</u>	<u>54,509,632</u>	<u>62,389,130</u>
Total government net assets	<u>\$ 232,808,670</u>	<u>\$ 249,655,139</u>	<u>\$ 264,002,160</u>	<u>\$ 286,882,605</u>	<u>\$ 311,012,534</u>

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses:</b>					
<b>Governmental activities:</b>					
General government	\$ 6,783,423	\$ 7,260,676	\$ 8,214,967	\$ 9,293,043	\$ 10,385,722
Public safety	3,820,632	4,634,172	5,031,954	5,099,928	5,719,752
Planning and development	3,082,967	3,396,474	4,091,661	4,216,156	4,196,096
Engineering and public works	3,512,188	3,765,102	5,102,076	6,143,913	5,916,475
Surface water management	1,239,037	1,264,735	1,582,326	1,693,334	1,994,542
Transportation	2,778,554	2,936,346	2,658,572	3,756,901	2,702,582
Culture and recreation	6,064,085	6,564,874	8,501,932	9,881,157	10,010,036
Interest on long-term debt	1,188,924	1,184,013	1,027,675	1,048,372	983,376
	<u>28,469,810</u>	<u>31,006,392</u>	<u>36,211,163</u>	<u>41,132,804</u>	<u>41,908,581</u>
Indirect expense allocation	(1,811,147)	(1,498,361)	(2,235,957)	(2,250,000)	(2,223,268)
Total governmental activities	<u>26,658,663</u>	<u>29,508,031</u>	<u>33,975,206</u>	<u>38,882,804</u>	<u>39,685,313</u>
<b>Business-type activities:</b>					
Utility system	10,278,556	11,465,865	10,945,930	11,082,245	11,747,934
Solid waste	1,573,480	4,006,221	6,238,214	8,407,711	2,145,953
	<u>11,852,036</u>	<u>15,472,086</u>	<u>17,184,144</u>	<u>19,489,956</u>	<u>13,893,887</u>
Indirect expense allocation	1,811,147	1,498,361	2,235,957	2,250,000	2,223,268
Total business-type activities	<u>13,663,183</u>	<u>16,970,447</u>	<u>19,420,101</u>	<u>21,739,956</u>	<u>16,117,155</u>
Total government expenses	<u>\$ 40,321,846</u>	<u>\$ 46,478,478</u>	<u>\$ 53,395,307</u>	<u>\$ 60,622,760</u>	<u>\$ 55,802,468</u>
<b>Program revenues:</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	\$ 330,233	\$ 238,627	\$ -	\$ -	\$ -
Public safety	300,308	275,880	285,956	263,345	247,497
Planning and development	5,633,693	5,505,353	6,374,037	4,632,493	3,835,891
Engineering and public works	-	-	344,956	612,905	788,135
Surface water management	3,105,826	3,098,084	3,126,587	3,144,338	3,157,024
Transportation	694,122	760,992	1,465,267	1,044,306	668,750
Culture and recreation	3,470,319	6,039,520	5,683,900	3,195,745	2,548,536
Operating grants and contributions	2,126,925	1,206,275	1,943,719	3,102,633	3,902,464
Capital grants and contributions	1,237,268	962,437	10,639	45,447	5,368,533
Total governmental activities program revenues	<u>16,898,694</u>	<u>18,087,168</u>	<u>19,235,061</u>	<u>16,041,212</u>	<u>20,516,830</u>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Utility system	12,636,193	13,348,053	13,642,693	13,799,601	13,459,355
Solid waste	1,969,284	2,196,596	2,480,804	4,833,697	2,834,369
Operating grants and contributions	-	1,113,196	1,305,602	8,037,716	778,676
Capital grants and contributions	15,299,995	5,973,688	2,836,718	3,990,421	713,453
Total business-type activities program revenues	<u>29,905,472</u>	<u>22,631,533</u>	<u>20,265,817</u>	<u>30,661,435</u>	<u>17,785,853</u>
Total program revenues	<u>\$ 46,804,166</u>	<u>\$ 40,718,701</u>	<u>\$ 39,500,878</u>	<u>\$ 46,702,647</u>	<u>\$ 38,302,683</u>

(Continued)

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (expense) revenue:					
Governmental activities	\$ (9,759,969)	\$ (11,420,863)	\$ (14,740,145)	\$ (22,841,592)	\$ (19,168,483)
Business-type activities	16,242,289	5,661,086	845,716	8,921,479	1,668,698
Total net (expense) revenue	<u>\$ 6,482,320</u>	<u>\$ (5,759,777)</u>	<u>\$ (13,894,429)</u>	<u>\$ (13,920,113)</u>	<u>\$ (17,499,785)</u>
General revenues:					
Governmental activities:					
Taxes:					
Property taxes	\$ 7,419,620	\$ 9,276,804	\$ 11,305,840	\$ 14,618,529	\$ 18,591,345
Franchise fees	2,074,904	2,379,764	2,744,351	3,430,912	3,512,575
Utility taxes	4,599,232	4,863,526	5,493,444	6,044,216	6,130,417
Sales tax	2,913,541	3,235,206	3,691,449	3,935,555	3,957,168
Grants and contributions not restricted to specific programs	448,180	504,157	1,124,386	1,206,534	1,604,210
Investment earnings	781,265	562,948	1,054,412	2,494,561	3,644,017
Gain on sale of capital asset	-	416,983	119,566	-	-
Miscellaneous	1,018,405	797,038	1,628,765	2,828,287	626,192
Transfers	(100,000)	(975,000)	(2,181,545)	-	-
Total governmental activities	<u>19,155,147</u>	<u>21,061,426</u>	<u>24,980,668</u>	<u>34,558,594</u>	<u>38,065,924</u>
Business-type activities:					
Investment earnings	1,001,488	569,820	1,131,842	2,637,429	3,563,790
Gain on disposal of assets	92,557	-	(52,605)	445,816	-
Transfers	100,000	975,000	2,181,545	-	-
Total business-type activities	<u>1,194,045</u>	<u>1,544,820</u>	<u>3,260,782</u>	<u>3,083,245</u>	<u>3,563,790</u>
Total general revenues	<u>\$ 20,349,192</u>	<u>\$ 22,606,246</u>	<u>\$ 28,241,450</u>	<u>\$ 37,641,839</u>	<u>\$ 41,629,714</u>
Change in net assets:					
Governmental activities	\$ 9,395,178	\$ 9,640,563	\$ 10,240,523	\$ 11,717,002	\$ 18,897,441
Business-type activities	17,436,334	7,205,906	4,106,498	12,004,724	5,232,488
Total change in net assets	<u>\$ 26,831,512</u>	<u>\$ 16,846,469</u>	<u>\$ 14,347,021</u>	<u>\$ 23,721,726</u>	<u>\$ 24,129,929</u>

**VILLAGE OF WELLINGTON, FLORIDA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST FIVE FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2003	2004	2005	2006	2007
General fund:					
Reserved	\$ 1,009,210	\$ 5,721,818	\$ 4,701,922	\$ 4,422,049	\$ 5,222,484
Unreserved	<u>17,025,472</u>	<u>12,216,791</u>	<u>12,831,399</u>	<u>13,010,430</u>	<u>24,344,604</u>
Total general fund	<u>18,034,682</u>	<u>17,938,609</u>	<u>17,533,321</u>	<u>17,432,479</u>	<u>29,567,088</u>
All other governmental funds:					
Reserved	24,375,094	23,384,127	26,593,673	36,074,651	31,256,900
Unreserved, reported in:					
Special revenue funds	<u>3,275,014</u>	<u>5,170,854</u>	<u>7,992,828</u>	<u>2,862,045</u>	<u>4,320,374</u>
Total all other governmental funds	<u>27,650,108</u>	<u>28,554,981</u>	<u>34,586,501</u>	<u>38,936,696</u>	<u>35,577,274</u>
Total governmental funds	<u>\$ 45,684,790</u>	<u>\$ 46,493,590</u>	<u>\$ 52,119,822</u>	<u>\$ 56,369,175</u>	<u>\$ 65,144,362</u>

**VILLAGE OF WELLINGTON, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST FIVE FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Revenues:</b>					
Ad valorem taxes	\$ 7,419,620	\$ 9,276,804	\$ 11,305,840	\$ 14,618,529	\$ 18,591,345
Franchise fees	2,074,904	2,379,764	2,744,351	3,430,912	3,512,575
Utility taxes	4,599,232	4,863,526	5,493,443	6,044,216	6,130,417
Special assessments	2,827,160	2,824,179	2,827,653	2,847,120	2,862,096
Impact fees	2,439,987	3,631,777	5,190,651	2,334,864	1,280,370
Licenses and permits	5,715,589	5,600,787	6,608,264	5,262,986	4,132,615
Intergovernmental revenue	6,737,315	5,922,997	6,770,194	8,290,170	14,832,375
Charges for services	2,251,457	2,285,833	2,199,144	2,069,176	2,223,313
Fines and forfeitures	300,308	275,880	403,526	258,301	747,439
Investment income	781,265	562,948	1,054,410	2,494,561	3,644,017
Miscellaneous	1,007,004	782,116	1,680,232	2,948,972	626,192
Total revenues	<u>36,153,841</u>	<u>38,406,611</u>	<u>46,277,708</u>	<u>50,599,807</u>	<u>58,582,754</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	5,995,634	6,765,480	7,733,680	8,588,524	9,928,265
Public safety	3,820,632	4,634,172	5,031,954	5,099,928	5,719,752
Physical environment	6,918,191	7,716,972	9,076,637	10,493,497	10,437,973
Transportation	1,539,299	1,510,342	1,614,248	1,678,057	1,392,802
Culture and recreation	4,098,834	4,426,043	6,044,649	7,012,595	7,334,738
Capital outlay	11,163,250	11,756,471	9,337,123	13,630,058	15,073,268
<b>Debt service:</b>					
Principal retirement	760,000	985,000	1,110,000	1,115,000	1,170,000
Interest and other fiscal charges	1,098,371	1,222,401	1,125,985	1,041,979	987,385
Total expenditures	<u>35,394,211</u>	<u>39,016,881</u>	<u>41,074,276</u>	<u>48,659,638</u>	<u>52,044,183</u>
Excess (deficiency) of revenues over expenditures	<u>759,630</u>	<u>(610,270)</u>	<u>5,203,432</u>	<u>1,940,169</u>	<u>6,538,571</u>
<b>Other financing sources (uses):</b>					
Transfers in	12,415,248	22,539,411	26,800,713	23,552,453	28,615,829
Transfers out	(10,704,101)	(22,016,050)	(26,746,301)	(21,302,453)	(26,392,561)
Refunding bonds issued	6,520,578	-	9,995,000	-	-
Payment to refunded bond escrow agent	-	-	(9,931,197)	-	-
Sale of capital asset	35,717	895,709	304,585	59,184	13,348
Total other financing sources (uses)	<u>8,267,442</u>	<u>1,419,070</u>	<u>422,800</u>	<u>2,309,184</u>	<u>2,236,616</u>
Net change in fund balances	<u>\$ 9,027,072</u>	<u>\$ 808,800</u>	<u>\$ 5,626,232</u>	<u>\$ 4,249,353</u>	<u>\$ 8,775,187</u>
Debt service as a percentage of non-capital expenditures	7.67%	8.10%	7.05%	6.16%	6.05%

**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				
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	
2007	6,113,988,942	562,689,879	54,872,431	299,079,426	215,200,498	7,245,831,176	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		
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	
2007	2006	2.70	7.87	7.46	0.97	0.60	0.70	0.62	0.04	20.95	

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. The Village has a 5 mill limit as specified in the Village Charter.

(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	2007			1998		
	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	\$ 150,001,850	1	2.07%			
Wellington Preserve Corporation	87,667,750	2	1.21%			
Minto Communities, Inc.	66,459,836	3	0.92%			
City National Bank of FL	53,698,335	4	0.74%			
Centex/Touse at Wellington LLC	50,386,236	5	0.70%			
Polo Lakes Apartments LLC	46,319,982	6	0.64%			
Centre at Wellington Green Ltd	31,575,491	7	0.44%			
IMT LB South Florida	23,497,371	8	0.32%			
TCRDAD Wellington Ltd Partnership	23,434,822	9	0.32%			
Universal Health Realty Income	22,480,837	11	0.31%			
Palm Beach Holdings Inc	21,658,158	10	0.30%	\$ 17,773,714	1	0.99%
RRC FL Six, Inc.				16,500,000	2	0.92%
Palm Beach Polo Inc				14,288,657	3	0.79%
Polo Chase Venture				14,269,500	4	0.79%
Lennar Homes				13,084,621	5	0.73%
Courtyard Shops Associates, Inc.				12,294,038	6	0.68%
Sentinel Real Estate Fund				9,392,417	7	0.52%
Regency Centers, Inc.				7,806,722	8	0.43%
Stadium Jumping, Inc.				6,605,926	9	0.37%
Lennar Eastern Holdings, Inc.				6,412,140	10	0.36%
	<u>\$ 577,180,668</u>		<u>7.97%</u>	<u>\$ 118,427,735</u>		<u>6.58%</u>

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

**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
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%	5,873	5,308,082	99.76%
2002	5,987,887	5,974,509	99.78%	35,898	6,010,407	100.00%
2003	7,443,394	7,410,842	99.56%	9,912	7,420,754	99.68%
2004	9,332,211	9,272,110	99.36%	6,381	9,278,491	99.42%
2005	11,805,991	11,305,840	95.76%	8,210	11,314,050	95.83%
2006	15,178,523	14,618,529	96.31%	30,158	14,648,687	96.51%
2007	19,256,493	18,591,345	96.55%	-	18,591,345	96.55%

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			
1998	\$ -	\$ 6,338,402	\$ 30,740,000	\$ 37,078,402	86.64%	\$ 222
1999	16,976,110	-	29,110,000	46,086,110	102.84%	543
2000	15,225,000	-	27,415,000	42,640,000	87.10%	491
2001	14,700,000	-	25,650,000	40,350,000	79.36%	361
2002	19,760,000	-	23,810,000	43,570,000	83.33%	1,030
2003	25,290,000	-	22,355,000	47,645,000	89.93%	1,031
2004	24,305,000	-	22,355,000	46,660,000	78.22%	921
2005	23,855,000	-	20,255,000	44,110,000	69.23%	796
2006	22,740,000	-	18,115,000	40,855,000	n/a	735
2007	21,570,000	-	15,930,000	37,500,000	n/a	645

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, 2007

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	5.223%	\$ 17,549,618
Palm Beach County School Board	27,765,000	5.223%	1,450,108
Other debt:			
Palm Beach County	692,530,947	5.223%	36,169,435
Palm Beach County School Board	1,566,348,000	5.223%	<u>81,807,062</u>
Subtotal, Overlapping Debt			136,976,222
Village of Wellington Direct Debt			<u>21,570,000</u>
Total Direct and Overlapping Debt			<u>\$ 158,546,222</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 by taking the 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 Taxes (1)	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
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
2007	13,460,525	6,842,245	6,618,280	2,185,000	568,524	2.40	9,642,992	735,000	477,647	7.95

Source: Village of Wellington Finance Department

(1) Public service taxes include franchise fees and utility taxes.

# VILLAGE OF WELLINGTON, FLORIDA

## DEBT COMPLIANCE

September 30, 2007

	<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%	6.89%
Contribution to CIP from general governmental capital and debt service:	\$ 6,885,683	\$ 3,296,180
Weighted average maturity of all debt programs:		
Governmental	15 years	9 years
Enterprise	20 years	4 years
General government debt per capita:	\$ 850	\$ 371
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%	0.30%
General fund reserve as a percentage of future year's operating budget:	22-30%	45%
Revenue bond coverage		
As a percentage of maximum annual debt service	110.00%	348.38%
As a percentage of average annual debt service	125.00%	374.00%

Source: Village of Wellington Finance Department

**VILLAGE OF WELLINGTON, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Year	Village of Wellington		Palm Beach County		
	Population (1)	School Enrollment (2)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (3)
1998	28,585	7,312	\$ 42,798,012	\$ 39,045	3.2%
1999	29,839	8,707	44,811,378	40,121	2.9%
2000	31,024	9,638	48,954,794	43,101	2.6%
2001	40,749	9,893	50,843,978	43,885	3.0%
2002	42,319	10,878	52,287,552	44,042	3.5%
2003	46,208	13,193	52,980,627	43,755	3.3%
2004	50,666	14,312	59,650,738	48,034	3.0%
2005	55,427	13,459	63,717,587	50,371	3.0%
2006	55,564	13,315	n/a	n/a	3.7%
2007	58,179	13,586	n/a	n/a	4.8%

Sources: (1) University of Florida, Bureau of Economic Research; (2) Palm Beach County School Board Budget Office; and (3) 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: Palm Beach County figures were used for total personal income and unemployment rate as Village of Wellington data is not available.

n/a Information not available

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

Employer	2007			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School Board of Palm Beach County	21,707	1	3.50%	16,800	1	3.43%
Palm Beach County	11,293	2	1.82%	9,000	2	1.84%
Tenet Healthcare Corp.	4,500	3	0.73%			
Hospital Corporation of America (HCA)	3,411	4	0.55%			
Florida Power & Light	3,250	5	0.52%	2,300	9	0.47%
Florida Atlantic University	2,923	6	0.47%			
The Breakers	2,300	7	0.37%			
Office Depot	2,180	8	0.35%			
Boca Raton Community Hospital	1,860	9	0.30%			
Florida Crystals	<u>1,800</u>	10	<u>0.29%</u>			
State Government				8,700	3	1.78%
Federal Government				5,700	4	1.16%
Pratt & Whitney Aircraft				5,100	5	1.04%
Columbia Palm Beach Health Care System				4,000	6	0.82%
Intracoastal Health Systems, Inc.				3,200	7	0.65%
Flo Sun, Inc.				2,500	8	0.51%
Motorola Inc.				<u>2,300</u>	10	<u>0.47%</u>
	<u>55,224</u>		<u>8.91%</u>	<u>59,600</u>		<u>12.17%</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>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>	<u>2007</u>
Number of Employees:										
General Government	30.0	31.6	32.0	34.4	39.3	38.8	35.3	45.3	48.3	53.3
Culture and Recreation	20.0	37.4	37.7	45.1	45.6	50.3	53.9	60.4	60.4	52.4
Planning and Development	6.8	28.0	26.0	41.0	41.3	36.0	41.0	48.8	48.8	51.8
Engineering and Public Works	44.0	48.0	51.0	58.0	63.8	68.2	69.2	75.5	77.5	88.5
Utility System	48.5	47.5	42.8	43.0	47.0	49.0	49.0	44.0	44.0	46.0
Solid Waste	-	-	-	1.0	2.0	2.0	2.0	3.0	3.0	3.0
Total Number of Employees	<u>149.3</u>	<u>192.5</u>	<u>189.5</u>	<u>222.5</u>	<u>239.0</u>	<u>244.3</u>	<u>250.4</u>	<u>277.0</u>	<u>282.0</u>	<u>295.0</u>

Source: Village of Wellington Finance Department

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

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government:										
Bids, contracts awarded and administered	-	-	-	-	-	32	32	33	38	30
Purchase orders processed	-	-	-	-	-	950	1,155	973	1,016	838
Payroll transactions	-	-	-	-	-	7,633	7,689	7,880	8,193	8,232
Public safety:										
Police personnel and officers	-	-	-	-	-	83	83	88	88	102
Fire personnel	-	-	-	-	-	36	36	36	68	71
Calls for service	-	-	-	-	-	-	40,458	40,228	32,458	36,714
Physical environment - Surface water										
Aquatic weed control in acres	-	-	-	-	-	-	2,833	2,837	1,454	1,332
Water quality samples analyzed	-	-	-	-	-	-	1,257	1,233	1,236	992
Canal right-of-way miles maintained	-	-	-	-	-	-	530	495	547	560
Physical environment - Engineering & Public works										
Work orders performed	-	-	-	-	-	-	1,111	872	1,146	1,108
Engineering inspections performed	-	-	-	-	-	-	7,024	6,814	3,592	3,998
Planning and development:										
Building inspections	-	-	-	-	-	60,982	65,187	67,054	49,359	26,657
Single family building permits issued	507	529	536	566	950	1,297	1,240	1,200	948	143
Transportation:										
Miles of roads resurfaced	-	-	-	-	-	-	6	17	18	8
Streets cleaned/swept	-	-	-	-	-	-	908	1,201	932	2,168
Signs repaired	-	-	-	-	-	-	871	1,463	907	373
Culture and recreation:										
Participants registered:										
Athletics	-	-	-	-	-	7,755	7,749	15,839	32,732	32,607
Special events	-	-	-	-	-	32,806	10,688	22,957	10,745	6,871
Community programs	-	-	-	-	-	6,850	6,241	4,495	9,768	4,519
Open gym	-	-	-	-	-	6,865	5,855	8,590	4,737	10,856
Tennis	-	-	-	-	-	38,264	34,148	39,079	34,192	39,474
Pool	-	-	-	-	-	6,589	1,847	2,544	1,935	13,949
Number of program sessions	-	-	-	-	-	-	-	1,347	1,793	2,085
Utility system:										
Active accounts - water	13,634	14,331	15,154	15,535	16,483	17,675	18,917	19,030	19,536	19,695
Active accounts - sewer	12,629	13,228	13,969	14,627	15,219	15,387	16,367	16,718	17,919	17,994
Water production (thousands of gallons)	1,625	1,708	1,821	1,733	1,872	1,990	2,096	2,046	2,019	1,841
Solid waste:										
Residential accounts	13,759	14,448	15,197	16,172	17,029	18,613	19,055	19,030	21,133	22,274

Source: Various Village Departments

Note 1: Some indicators are not available for fiscal year 2004 and prior as they were not measured. Except for data on business permits, utility system and solid waste, there are no indicators available prior to fiscal 2003.

Note 2: Beginning in 2006 the Palm Beach County 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 FIVE FISCAL YEARS**

Function/Program	2003	2004	2005	2006	2007
General government:					
Number of general government buildings	1	1	1	1	1
Public safety:					
Police:					
Sheriff substations	1	1	1	1	1
Fire:					
Fire stations	3	3	3	4	4
Suppression units	6	6	6	6	6
Early response stabilization units	3	3	3	3	3
Physical environment					
Acreage of lakes	270	270	270	270	270
Transportation:					
Miles of streets	172	179	179	178	174
Number of street lights	1,245	1,245	1,245	2,187	2,187
Miles of bike paths	33	33	33	32	40
Miles of sidewalks	290	290	286	286	348
Culture and recreation:					
Parks acreage	267	267	274	274	342
Community center	1	1	1	1	1
Swimming pools	1	1	3	3	3
Tennis courts	16	16	16	16	16
Baseball/softball fields	18	18	18	18	18
Utility system:					
Miles of mains	434	434	434	526	526
Fire hydrants - Village of Wellington	1,503	1,503	1,503	1,746	1,746
Fire hydrants - Outside Village of Wellington	173	173	173	195	195

Source: Various Village Departments

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

Note 2: Indicators are not available for the solid waste function





*Compliance Section*



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Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Mayor and  
Village Council  
Village of Wellington, Florida

We have audited the accompanying financial statements of the governmental activities, businesstype activities, each major fund and the aggregate remaining fund information of the Village of Wellington, Florida, as of and for the year ended September 30, 2007, which collectively comprise the basic financial statements of the Village of Wellington, Florida, and have issued our report thereon dated January 25, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 internal control over financial reporting of the Village of Wellington, Florida, as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting of the Village of Wellington, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting of the Village of Wellington, Florida.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the financial statements of the Village of Wellington, Florida, 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*.

This report is intended solely for the information and use of the Village Council and management of the Village of Wellington, Florida, the Auditor General of the State of Florida 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.

*Cales, Donten, Levine,  
Dunker, Porter & Veil, P.A.*

January 25, 2008



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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133

The Honorable Mayor and  
Village Council  
Village of Wellington, Florida

Compliance

We have audited the compliance of the Village of Wellington, Florida, 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 its major federal award program for the year ended September 30, 2007. The major federal award program of the Village of Wellington, Florida, 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 its major federal program is the responsibility of the management of the Village of Wellington, Florida. Our responsibility is to express an opinion on compliance by the Village of Wellington, Florida, based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General 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 of Wellington, Florida, complied, in all material aspects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2007.

Internal Control Over Compliance

The management of the Village of Wellington, Florida, is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Village Council and management of the Village of Wellington, Florida, the Auditor General of the State of Florida 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.

*Caler, Donten, Levine,  
Dunker, Porter & Veil, P.A.*

January 25, 2008

**VILLAGE OF WELLINGTON, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2007**

<u>Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Contract/Grantor Number</u>	<u>2007 Program Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>U.S. Department of Agriculture</b>				
Pass-through Award from the State of Florida Department of Environmental Protection Natural Resources Conservation Service Watershed Protection and Flood Prevention	10.904	69-4209-6-1671	\$ 1,107,686	\$
<b>U.S. Department of Justice</b>				
Pass-through Award from the State of Florida Department of Law Enforcement Office of Justice Programs, Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-JAGID-PALM-8-P4-180	10,000	
<b>U.S. Environmental Protection Agency</b>				
Direct Award Office of Water Wastewater Operator Training Grant Program	66.467	41-9036-000	<u>1,170</u>	
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,118,856</u>	<u>\$ 0</u>

See notes to schedule of expenditures of federal awards.

**VILLAGE OF WELLINGTON, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
September 30, 2007

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal awards of the Village of Wellington, Florida, for the year ended September 30, 2007, and is presented in accordance with the requirements of the provisions of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting.

NOTE B - SCOPE OF SINGLE AUDIT

The federal programs have been audited in accordance with the provisions of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, for program transactions occurring during the year ended September 30, 2007. The Village had one federal program meeting the definition of a Type A program under the provisions of OMB Circular A-133. The following Type A program was audited as a major federal program:

	<u>CFDA Number</u>
<b>U.S. Department of Agriculture</b>	
Pass-through Award from the State of Florida	
Department of Environmental Protection	
Natural Resources Conservation Service	
Watershed Protection and Flood Prevention	10.904

NOTE C - CONTINGENCY

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Village for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable federal laws and regulations.

**VILLAGE OF WELLINGTON, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2007**

**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  
 Significant deficiency (ies) identified that are not considered to be material weaknesses?  Yes  None reported  
 Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:  
 Material weakness(es) identified?  Yes  No  
 Significant deficiency (ies) identified that are not considered to be material weakness?  Yes  None reported

Type of auditor’s report issued on compliance for its major program: *Unqualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  Yes  No

**Identification of major Federal Award Program:**

**Federal Award Program** **Federal CFDA No.**

U.S. Department of Agriculture  
 Pass-through Award from State of Florida  
 Department of Environmental Protection  
 Natural Resources Conservation Service  
 Watershed Protection and Flood Prevention 10.904

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

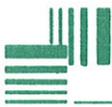
**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV - OTHER MATTERS**

**VILLAGE OF WELLINGTON, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED SEPTEMBER 30, 2007**

1. A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to Federal programs.
2. A Corrective Action Plan is not required because there were no findings required to be reported for Federal programs.



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### Management Letter

The Honorable Mayor and  
Village Council  
Village of Wellington, Florida

We have audited the financial statements of the Village of Wellington, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated January 25, 2008.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 25, 2008, should be considered in assessing the results of our audit. Additionally, our audit was conducted in accordance with 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 the management letter.

### **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

The Rules of the Auditor General require disclosure in the management letter of the following matters if not already addressed in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, unless clearly inconsequential: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures; (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 for the year ended September 30, 2007 disclosed no such matters that are required to be disclosed. The Rules of the Auditor General also require that we address in the management letter any other findings or recommendations noted during our audit. Our audit as of and for the year ended September 30, 2007 disclosed no other findings or recommendations.

### **PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

The Rules of the Auditor General require that we address in the management letter, if not already addressed in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations and contractual provisions reported in the preceding annual financial audit report have been corrected. Additionally, the Rules of the Auditor General require that we address in the management letter, if not already addressed in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, whether or not recommendations made in the preceding management

letter have been followed or otherwise no longer apply. We noted that the prior year findings, included in the financial statement findings section of the schedule of findings and questioned costs, designated as 06-01 Construction in Progress and 06-02 Cash Management have been resolved or no longer apply. There were no prior year management letter comments.

## OTHER MATTERS

### Consideration of Financial Emergency Criteria

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the Village of Wellington, Florida, did not meet any of the criteria for a financial emergency during the fiscal year ended September 30, 2007 as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

### Financial Condition Assessment Procedures

In connection with our audit of the Village of Wellington, Florida, we applied financial condition assessment procedures, pursuant to Rule 10.556(8), Rules of the Auditor General, for the year ended September 30, 2007. The results of our procedures disclosed no matters that are required to be reported.

### Annual Financial Report

In connection with our audit, we reviewed the Annual Financial Report of Units of Local Government filed by the Village of Wellington, Florida, with the Florida Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, for the year ended September 30, 2007. We noted that the amounts reported in the Annual Financial Report were in substantial agreement with the audited financial statements for the year ended September 30, 2007.

### Investment of Public Funds

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

This report is intended solely for the information and use of the Village Council, management of the Village of Wellington, Florida, the Auditor General of the State of Florida 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.

*Cale, Danton, Levine,  
Dunker, Porter & Veil, P.A.*

January 25, 2008