

Village of Wellington, Florida

Comprehensive Annual Financial Report
for the year ended September 30, 2011

VILLAGE OF WELLINGTON, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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INTRODUCTORY SECTION



A GREAT HOMETOWN

Great Neighborhoods • Great Schools • Great Parks

Let Us Show You!



Council

Darell Bowen, Mayor
Matt Willhite, Vice Mayor
Dr. Carmine A. Priore, Mayor pro tem
Howard K. Coates, Jr., Councilman
Anne Gerwig, Councilwoman

Manager

Paul Schofield

March 29, 2012

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

It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the Village of Wellington (“Wellington”) for the year ended September 30, 2011. This report was prepared by the Office of Financial Management and Budget in accordance with the Wellington Charter, State Statutes and U.S. generally accepted accounting principles for governments. In addition to meeting legal requirements, this report reflects Wellington’s commitment to full financial disclosure. We encourage you to thoroughly read this report and some of the important items it addresses.

State law requires that a complete set of financial statements reporting Wellington’s financial position and results of activities be published within nine months 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.

Caler, Donten, Levine, Porter & Veil, P.A., independent auditors, has issued an unqualified opinion on the Village of Wellington’s financial statements for the fiscal year ended September 30, 2011. The independent auditors’ report is located at the front of the financial section of this report. As a recipient of federal financial assistance, Wellington is subject to an annual single audit in conformity with the provisions of the federal Single Audit Act. Information relating to the Single Audit, including the schedule of expenditures of federal awards, findings and questioned costs, and auditors’ reports on the internal control and compliance with applicable laws and regulations are included in the Compliance section of this report.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Wellington. 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 operations of Wellington on a government-wide

and fund basis. All disclosures necessary to enable the reader to gain an understanding of Wellington'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 Wellington's 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 2011 Comprehensive Annual Financial Report is the sixteenth Comprehensive Annual Financial Report prepared by Wellington. Wellington was incorporated on December 31, 1995, and municipal operations commenced on March 28, 1996. Concurrent with incorporation, the former local government – Acme Improvement District ("District") – became a dependent district of Wellington. During 2009, the Wellington Community Foundation, Inc. ("Foundation"); a not-for-profit corporation that supports charitable initiatives throughout Wellington was created. The Foundation's sole purpose is to raise funds for various projects and the Foundation provides exclusive benefit to Wellington.

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 Wellington's basic 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 and the Foundation are reported in the governmental funds (special revenue) of the primary government as blended component units.

PROFILE OF THE GOVERNMENT

Wellington is a full-service municipality located within the boundaries of Palm Beach County. Wellington derives its government authority from a charter granted by the legislature of the State of Florida and operates under a Council-Manager form of government. The Mayor and Council Members are elected at large on a non-partisan basis for staggered four-year terms. The Wellington Council appoints the Manager who is the Chief Administrative Officer and who directs the business of Wellington and its various departments. The Wellington Council determines policy, adopts

legislation, approves the budget, sets taxes and fees, and appoints the Attorney and members of various boards and committees.

Wellington 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.

Wellington currently encompasses approximately 45 square miles in the east-central portion of Palm Beach County (County) and is the 3rd largest municipality in the County based on its geographic area. When the District was initially created in 1953, fewer than 100 individuals resided in the area. Today, Wellington is an affluent bedroom community with an estimated current permanent population of 56,752 people residing in over 19,700 single-family homes with an average housing value of approximately \$238,000. Projections indicate that this population will exceed 60,000 residents by the year 2017.

Wellington 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 Aero Club 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 Wellington are agriculture, retail sales and governmental (schools and municipal).

ECONOMIC CONDITION AND OUTLOOK

The growth and development of Wellington 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 housing market (including housing values, insurance, property taxes, mortgage interest rates and most recently foreclosure rates), the regional job market, new construction, weather events and uncertainty of any future tax reform. In 2011, the Consumer Price Index (CPI) increased and an increase is expected for 2012. Consideration of the impact of these economic indicators is critical as Wellington endeavors to develop its resources and facilities to meet the demand of its residents as well as to comply with regulatory requirements.

Based on the 2007 property tax reform legislation limiting the property tax levies of local government in the State of Florida, the maximum tax levy allowed by a majority vote of the governing body for the fiscal year ending September 30, 2011 is based on a percentage reduction applied to the prior year property tax revenue. The percentage reduction is calculated based on the annual growth rate in the per capita property taxes levied for fiscal year ended September 30, 2010.

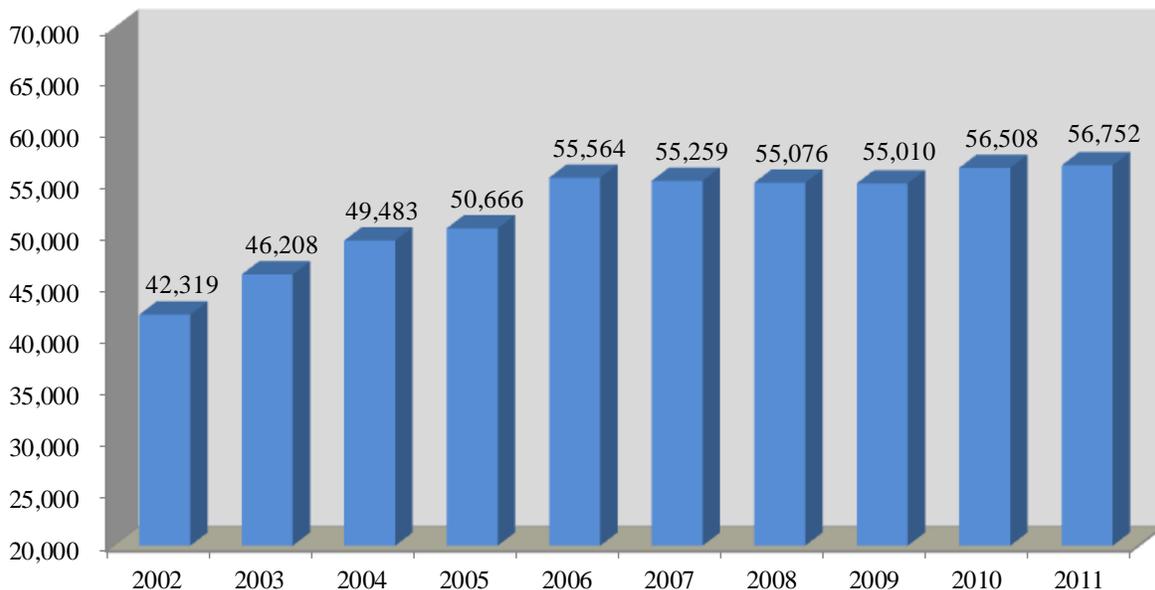
For the fiscal year ending September 30, 2012 the Council adopted a rate of 2.50 mills. This millage rate results in a total tax levy of \$12.8 million, representing a reduction of \$54,307, or .4% from the property tax levy for 2011. Future property tax growth is limited to the annual growth rate of per capita personal income, which is currently minimal, plus the value of new construction.

The impact of the ongoing recession and declining property values became a central influence in decisions made during this fiscal year and in next year's budget. The combination of the recent recession and collapse of the housing market have resulted in declining property values and in a large loss of tax dollars, state shared revenues, and new construction related revenues. Foreclosures have continued to increase, and while Wellington has been able to collect on its property tax levies, there is a degree of uncertainty. Additionally, there is current proposed legislation that could place further restrictions on the amount of revenues a municipality in Florida could raise or collect.

Forecasts have long indicated a decline in the local growth, and tax reform was anticipated for several years. In order to meet the challenges posed by these dynamics, Council and management have identified key strategic initiatives that are expected to impact future fiscal results in the near and far future. These initiatives include neighborhood renaissance, economic development, protecting our investment, respecting the environment, and responsive government. Wellington's key initiatives were the focus of the FY 2011 budget development and impact the major programs and issues described later.

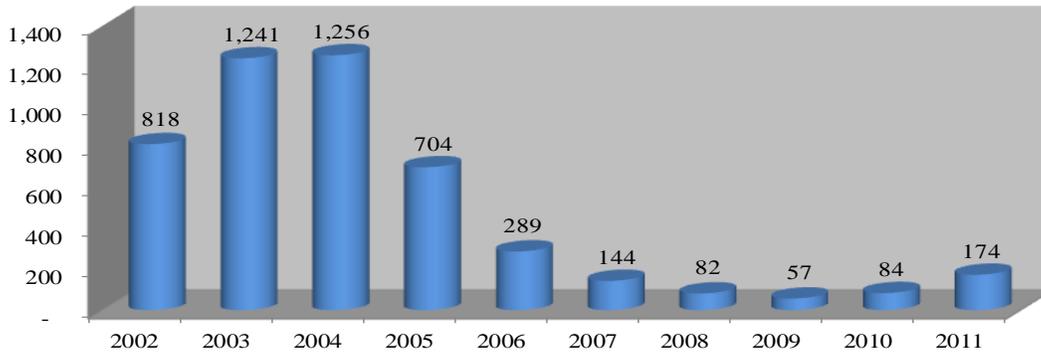
Between 2002 and 2008, total employment in Palm Beach County was relatively stable while population increased at an average annual rate of approximately 5%. However, the current economic recession has resulted in high unemployment rates in Wellington and the region. Current unemployment rate estimates approximate 10.9%. Population growth for Wellington, 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), is illustrated in the 2002-2011 Historical Population Chart.

2002-2011 HISTORICAL POPULATION



The population growth of the area within Wellington has consistently exceeded that of the County. Specifically, in the years 2003 to 2007, Palm Beach County estimates a total population growth of 7%, where Wellington's residents grew by an estimated 20%. Wellington's estimated 2011 permanent population of 56,752 (excluding seasonal residents) makes it the 5th largest municipality in Palm Beach County.

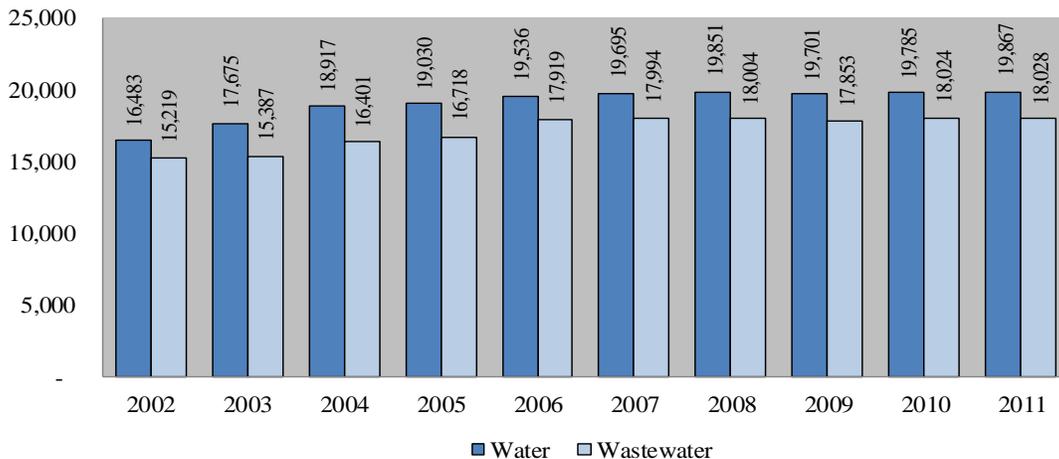
2002-2011 SINGLE FAMILY BUILDING PERMITS



The strength of the local economy can also be seen in the beginning of this decade by the number of single family building permits issued as well as in the growth of Wellington’s number of active water and sewer accounts. The local housing market saw a large 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 declined in the last five years. A reduction in new construction is evidenced by Wellington’s single family building permits issued in recent years as shown above, signifying a halt to the expansive growth period primarily due to the economy. While new home construction has significantly decreased, there has been an increase in multi-family residential units due to developments in Wellington beginning second phases of development (Olympia) or continuing to build after some years of delays due to the economy (Castellina).

Between 2002 and 2011, Wellington’s number of active utility accounts increased 20%, or at an average annual rate of 2%. At present, Wellington has 19,867 water service customers and 18,028 wastewater service customers. At buildout, it is projected that the water system will service over 21,000 accounts and the wastewater system will service over 19,000 accounts.

2002-2011 HISTORICAL ACTIVE WATER AND WASTEWATER ACCOUNTS



MAJOR INITIATIVES

Strategic Planning Model

Wellington’s Comprehensive Plan was adopted in January 1999, in compliance with Florida Statutes Chapter 163, Florida Department of Community Affairs. The Plan document is intended to guide future growth and development and to provide an overall vision for the community. The Comprehensive Plan was developed with community participation which established numerous goals for the community.

During the 2007 fiscal year Wellington’s leaders 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, Plan, Execution, Mission and Core Beliefs for the next 15 years of governance.

Value-based principals that describe the preferred future in 10 years	VISION	Destination "You Have Arrived"
Strategic goals that focus outcome-base objectives and potential actions for 5 years	PLAN	Map "The Right Route"
Focus for one year - a work program: policy agenda for 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"

Plan updates for 2011 included a vision for “A Great Hometown” and a streamlined Vision and Mission to clarify our direction. The Vision for Wellington is, “A Great Hometown” and the Mission “To provide high quality services that create economic, environmental and social sustainability for residents”. Or more simply put, to provide services that our customers need, want, and are willing to pay for. The Strategic Plan was updated as well to narrow the focus to the five major areas mentioned below which shape our annual budget initiatives and support the vision and mission.

- ❖ Neighborhood Renaissance
- ❖ Protecting the Investment
- ❖ Respecting the Environment
- ❖ Economic Development
- ❖ Responsive Government

Wellington’s 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 following key initiatives are the focus of the FY 2012 budget development:

- *Safe Neighborhoods* – Focus on neighborhood advocacy, code enforcement, nuisance abatement and outreach activities.
- *Public Safety* – Focus on improving the safety of Wellington residents by maintaining a contract with the Palm Beach County Sheriff's Office and putting into place a Comprehensive Emergency Management Plan that emphasizes mitigation as well as an early, organized response to an emergency.
- *Economic Development* – Pursue community partnerships, attract businesses, foster growth of quality jobs, and develop housing clusters that support Wellington's community identity. Focus on capital projects that improve Wellington services, emphasize personal safety and security and create jobs.
- *Infrastructure Maintenance* – Focus on existing infrastructure and enhanced maintenance programs for Wellington facilities, roadways and hardscapes.

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 2010/2011.

- ❖ GFOA Certificate of Achievement for Excellence in Financial Reporting was received for Wellington's Comprehensive Annual Financial Report for the Fiscal Year October 1, 2009 through September 30, 2010. This award has been received for fifteen consecutive years.
- ❖ GFOA Award for Distinguished Budget Presentation was received for Wellington's Annual Budget for the Fiscal Year October 1, 2010 through September 30, 2011. This award has been received for sixteen consecutive years.
- ❖ Named Top Ten Digital City by Center for Digital Government.
- ❖ Awarded over \$6.0 million in grants to support Forest Hill Boulevard project, energy efficiency at the new Municipal Complex, hazard mitigation, construction of a new amphitheater and funding for safe neighborhood initiatives.
- ❖ Implemented fully electronic document management system and upgraded software and file structure.
- ❖ Equestrian Trail relocation and reconfiguration of trail heads.
- ❖ Completed the following capital projects during 2011:
 - New City Hall
 - Forest Hill Blvd Improvements
 - Wellington Environmental Preserve
 - Patriot Memorial
 - Athletic Field Improvements
 - Utility Field Services Building

The following capital projects are planned for the next fiscal year:

- ❖ Relocation of Boys and Girls Club in order to better facilitate the users of the club.
- ❖ Greenview Shores landscape project to beautify the roadway. The project will provide landscaping, irrigation and accent lighting.
- ❖ Canal Sump Mitigation to replace plantings in the C2 canal with the creation of 8 sumps in the canals in lieu of filter marshes to trap phosphorus laden sediment.
- ❖ South Shore Widening involves the expansion to a two-lane medianed roadway from Pierson Road to Lake Worth Road.
- ❖ Wellington Community Center demolition and rebuild.
- ❖ Wastewater Facility expansion.

Water Quality Issues

Surface water drainage issues continue to be one of the biggest issues and challenges Wellington faces. The Everglades Forever Act required that all discharge into the Everglades Protection Area meet water quality standards established by the State which required Wellington residents to pay the cost of phosphorus removal from Basin B, the area roughly south of Pierson Road.

Completed Water Quality Improvement projects include:

Wellington Environmental Preserve

Since 2004, Wellington has worked with the SFWMD to improve water resource management facilities for Basins A and B that meet regional multi-purpose objectives including environmental restoration, flood protection, water quality enhancement, and recreation. A component of the Comprehensive Everglades Restoration Plan (CERP), Acme Basin B (Section 24 Wetland) improves water quality entering the Arthur R. Marshall Loxahatchee Wildlife Refuge (Refuge) from Wellington by passing the stormwater through an impoundment, and then through STA 1 East to remove nutrients before being discharged into the Refuge. The engineering effort associated with this stormwater re-distribution added pump stations, created a surface water impoundment area, and improved the overall water quality.

FINANCIAL INFORMATION & RELEVANT FINANCIAL POLICIES

Accounting and Administrative Controls

Wellington's internal control structure is designed to ensure that Wellington's assets 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 Wellington's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Control

Wellington adopts fiscal year budgets for all funds and maintains budgetary controls with the objective being to ensure compliance with legal provisions contained in the annual appropriated budget approved by the Council. The level of budgetary control is established at the department level. The Wellington 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 Council. Monthly budget reports are prepared in detail for each department, with actual revenues and expenditures being compared with appropriated revenues and estimated expenditures. Corrective actions are initiated as necessary to maintain budgetary compliance.

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

Capital Financing

In conjunction with the operating budget, the Manager annually presents a program to provide for improvements to Wellington'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 coming fiscal year; the remaining years are used as a planning guide. The program allocates funding over five years for Wellington's roads, park development, public works projects, and new equipment. Wellington's Capital Improvement Program for fiscal years 2012 through 2016 calls for expenditures approximating \$25.3 million in the governmental funds and approximately \$21.1 million in the enterprise funds.

Reserves and Surplus

One of the primary reasons the Council and staff feels they were able to and will continue to respond effectively to potential future financial obstacles, which may include additional legislative reform, decreasing revenues and declining property values despite increased cost for products and services, is the strong financial position of Wellington.

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

- √ To fund governmental and utility 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 commit \$3 million for possible future storm event 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 fund future capital projects.
- √ To fully fund Other Postemployment Benefits (OPEB).

Wellington maintains unassigned reserves for the general fund of \$14 million. The general fund unassigned fund balance is equal to roughly 44% of Wellington's 2011/2012 adopted general fund budget while the other unassigned fund balances are equal to between 25% and 30% of their respective funds' operating budgets.

The Council has set a target for unassigned fund balance between 25% and 29% and has generally set tax rates in the last few years that keep these balances within the target range. The unassigned fund balances 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: since 2000, 11-16% of Wellington's revenues have been elastic, which 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.

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 ...” Wellington 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. Wellington has an underlying bond rating of Aa3 from Moody’s Investors Services and AA+ from Fitch based on the financial stability of Wellington.

AWARDS AND ACKNOWLEDGEMENTS

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, 2010. 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 fifteen consecutive years (1996-2010). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

The GFOA has also given an award for Outstanding Achievement in Popular Annual Financial Reporting to Wellington for its Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2010. The award for Outstanding Achievement in Popular Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental popular reports. In order to receive this award, a government must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Financial Reporting is valid for a period of one year only. This is the first year that Wellington has received this award.

In addition, Wellington also received the GFOA’s Award for Distinguished Budget Presentation for the Fiscal Year beginning October 1, 2010. Wellington has received this award for the last sixteen years. In order to earn the Distinguished Budget Presentation Award, the budget document was

judged to be proficient in several categories including policy documentation, financial planning and organization. We have submitted Wellington's Fiscal Year 2011-2012 budget document to the GFOA, as we believe it also conforms to the program requirements.

Preparation of this report could not have been accomplished without the dedicated efforts of the entire staff of Financial Management and Budget. 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 Wellington's financial and economic position. We also extend our sincere appreciation to the independent certified public accounting firm of Caler, Donten, Levine, 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 Wellington.

We would like to thank the Mayor, the Council, and the residents of Wellington for their interest and support toward the planning and administration of the financial operations 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 Wellington in our challenging environment.

Respectfully submitted,



Francine L. Ramaglia, CPA
Assistant City Manager



Paul Schofield
City Manager

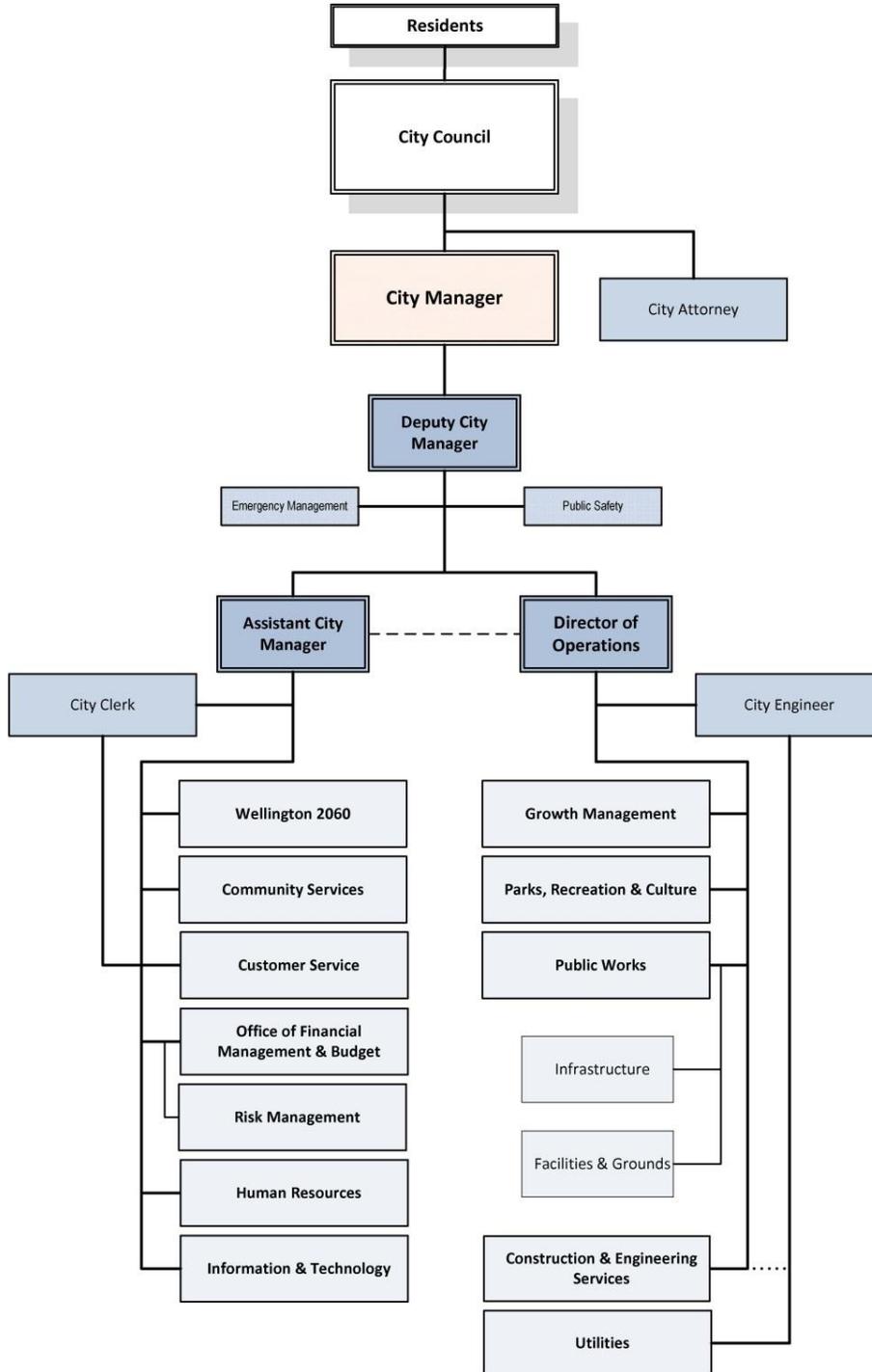
VILLAGE OF WELLINGTON, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2011

TITLE	NAME
Mayor	Darell Bowen
Vice Mayor	Matt Willhite
Mayor pro tem	Dr. Carmine A. Priore
Council Member	Howard K. Coates, Jr.
Council Member	Anne Gerwig
City Manager	Paul Schofield
Deputy City Manager	John Bonde
Assistant City Manager	Francine L. Ramaglia, CPA
Clerk	Awilda Rodriguez, CMC
Attorney	Jeffrey Kurtz, ESQ

VILLAGE OF WELLINGTON, FLORIDA
ORGANIZATIONAL CHART
 SEPTEMBER 30, 2011



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, 2010

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.



Linda C. Danson

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



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

CERTIFIED PUBLIC ACCOUNTANTS

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THOMAS A. PENCE, JR., CPA
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MARK D. VEIL, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To 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, 2011, 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, 2011, 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 March 29, 2012, 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.

U.S. generally accepted accounting principles require that the *management's discussion and analysis* on pages 3 through 12; the budgetary comparison information on pages 56 through 60; and, the condition rating of street system on page 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Wellington, Florida's financial statements as a whole. The introductory section, the combining nonmajor fund financial statements and other supplementary 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 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 is also not a required part of the financial statements. The combining nonmajor fund financial statements, other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Caler, Dauter, Levine,
Porter & Veil, P.A.*

March 29, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)



VILLAGE OF WELLINGTON, FLORIDA

Management's Discussion and Analysis

September 30, 2011

Wellington's Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of 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 Wellington'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 financial activity, identify changes in financial position (the 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

- ❖ Government-wide total assets exceeded liabilities (net assets) at the close of the fiscal year by \$366.5 million, which is an increase of 2.1% or \$7.6 million over 2010. Of this amount, \$51 million is in unrestricted net assets, which is available to meet the ongoing commitments to citizens and creditors.
- ❖ Net assets of governmental activities increased approximately \$4.8 million, or 2.2%.
- ❖ Government-wide total revenues were \$67.9 million, while government-wide total expenses were \$60.3 million. The total revenues decreased 13.1% or \$10.3 million while the total expenses increased 5.1 % or \$2.9 million.
- ❖ Governmental Activities generated \$46.7 million in revenue with \$43.8 million in direct expenses.
- ❖ Business-type Activities generated \$21.2 million in revenue with \$16.5 million in direct expenses.
- ❖ Total investment in capital assets, net of related debt, accounts for \$268.5 million of total net assets of \$366.5 million.
- ❖ Governmental funds ended the year with a combined fund balance of \$70.1 million, which is a decrease of 5% or \$3.7 million from 2010. Of that amount, the unassigned portion is \$14.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report contains the basic financial statements, required supplementary information, and other supplementary information including combining statements and schedules of non-major funds. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all 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 is improving or deteriorating. Other factors should be considered, however, such as the condition of capital assets (roads, utility infrastructure, buildings, etc.) to assess Wellington's overall health.

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.

Wellington's government-wide financial statements are divided into two categories:

- ❖ Governmental activities—Most of Wellington's basic services are included here, such as public works, law enforcement, parks and recreation, drainage and flood control, and general administration. Property taxes, charges for services, and operating and capital grants and contributions fund most of these activities.
- ❖ Business-type activities—Wellington charges fees to customers to help cover the costs of certain services it provides. Wellington's utility system (water and wastewater services) and solid waste services are included here.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not Wellington as a whole. Wellington, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. 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. Wellington's funds can be divided into the following categories, which use different accounting approaches:

Governmental funds: Used to report basic services. These funds 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 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.

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, 2011 are:

- ❖ General Fund
- ❖ Planning, Zoning, and Building Special Revenue Fund
- ❖ Acme Improvement Special Revenue Fund
- ❖ Gas Tax Capital Projects Fund
- ❖ Capital Projects Fund

The basic governmental fund financial statements can be found on pages 16-22 of this report.

Proprietary funds: 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. Proprietary activities are accounted for in enterprise funds for water and wastewater operations and solid waste collection and recycling. Major enterprise funds for the year ended September 30, 2011 were the Utility System Fund and the Solid Waste Fund. The basic proprietary fund financial statements can be found on pages 24-27 of this report.

Fiduciary funds: 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 Wellington'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 28-29 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 30 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 general fund and major special revenue funds. It also includes statistical information on the assessed condition of the road system and on budgeted road maintenance expenses. Required supplementary information can be found on pages 56-61 of this report.

The major capital projects funds and 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 the major capital projects fund and the nonmajor funds can be found on pages 66-75 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 Wellington, assets exceeded liabilities by \$366.5 million at the close of the most recent year. The largest portion of net assets (73.3%) reflects its investment in capital assets, net of related debt. Wellington uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

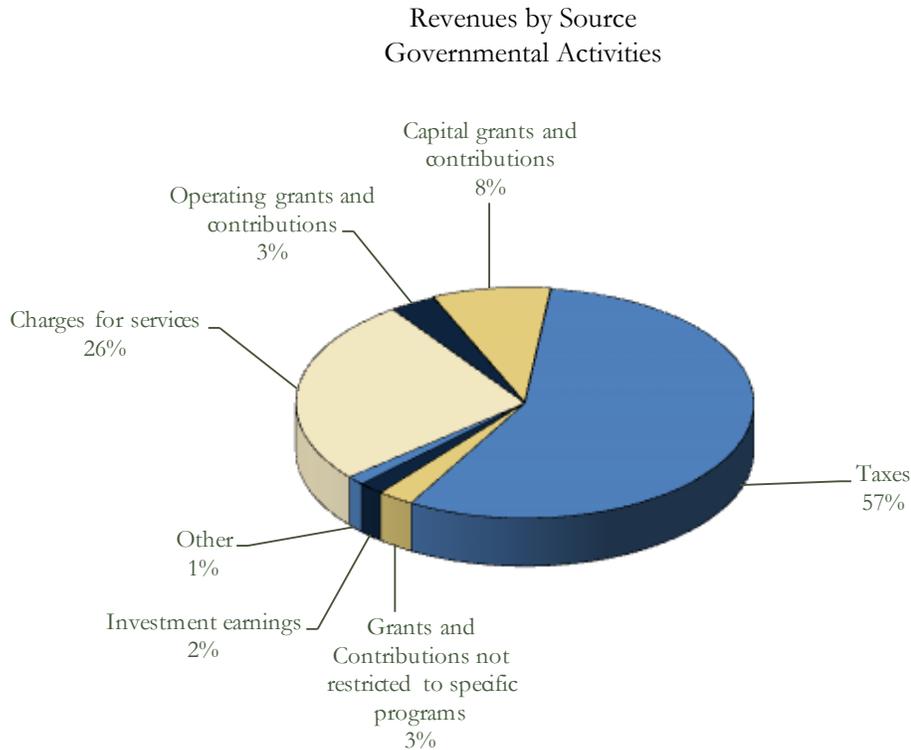
Restricted net assets of \$47.1 million are reported in both the governmental and business-type activities. These net assets have limits on their use that are externally imposed (gas tax, impact fees, and bond covenants) and imposed by enabling legislation (planning, zoning and building and surface water 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.

Wellington's Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 75,940,498	\$ 82,687,949	\$ 31,956,044	\$ 41,108,424	\$ 107,896,542	\$ 123,796,373
Noncurrent assets	165,372,532	157,998,696	126,016,066	116,825,146	291,388,598	274,823,842
Total Assets	\$ 241,313,030	\$ 240,686,645	\$ 157,972,110	\$ 157,933,570	\$ 399,285,140	\$ 398,620,215
Noncurrent liabilities	\$ 16,634,811	\$ 18,878,469	\$ 4,036,658	\$ 8,857,491	\$ 20,671,469	\$ 27,735,960
Other liabilities	6,573,776	8,470,624	5,541,766	3,507,440	12,115,542	11,978,064
Total Liabilities	\$ 23,208,587	\$ 27,349,093	\$ 9,578,424	\$ 12,364,931	\$ 32,787,011	\$ 39,714,024
Net Assets:						
Invested in capital assets, net	\$ 148,993,447	\$ 140,245,218	\$ 119,615,685	\$ 108,139,572	\$ 268,609,132	\$ 248,384,790
Restricted	35,101,628	43,881,398	11,959,724	16,090,694	47,061,352	59,972,092
Unrestricted	34,009,368	29,210,936	16,818,277	21,338,373	50,827,645	50,549,309
Total Net Assets	\$ 218,104,443	\$ 213,337,552	\$ 148,393,686	\$ 145,568,639	\$ 366,498,129	\$ 358,906,191

Wellington's Change In Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 12,274,497	\$ 10,185,101	\$ 20,336,347	\$ 18,783,866	\$ 32,610,844	\$ 28,968,967
Operating grants and contributions	1,527,840	1,559,255	166,415	1,503,794	1,694,255	3,063,049
Capital grants and contributions	3,897,603	12,217,514	350,943	1,347,655	4,248,546	13,565,169
General revenues:						
Taxes	26,337,023	27,929,071	-	-	26,337,023	27,929,071
Grants and contributions not restricted to specific programs	1,194,213	1,336,641	-	-	1,194,213	1,336,641
Investment earnings	834,816	1,335,770	365,721	616,175	1,200,537	1,951,945
Other	593,339	1,336,712	8,304	-	601,643	1,336,712
Total Revenues	46,659,331	55,900,064	21,227,730	22,251,490	67,887,061	78,151,554
Program expenses including indirect expenses:						
General government	5,234,598	4,749,143	-	-	5,234,598	4,749,143
Public safety	7,572,400	7,484,841	-	-	7,572,400	7,484,841
Planning and development	4,000,825	3,338,003	-	-	4,000,825	3,338,003
Engineering and public works	8,278,063	9,017,755	-	-	8,278,063	9,017,755
Surface water management	7,057,851	4,987,861	-	-	7,057,851	4,987,861
Transportation	2,194,455	2,870,890	-	-	2,194,455	2,870,890
Culture and recreation	6,791,972	6,229,044	-	-	6,791,972	6,229,044
Interest on debt	762,276	822,027	-	-	762,276	822,027
Water and wastewater	-	-	14,856,269	14,395,882	14,856,269	14,395,882
Solid waste	-	-	3,546,414	3,481,059	3,546,414	3,481,059
Total expenses	41,892,440	39,499,564	18,402,683	17,876,941	60,295,123	57,376,505
Increase in net assets	4,766,891	16,400,500	2,825,047	4,374,549	7,591,938	20,775,049
Beginning net assets	213,337,552	196,937,052	145,568,639	141,194,090	358,906,191	338,131,142
Ending net assets	\$ 218,104,443	\$ 213,337,552	\$ 148,393,686	\$ 145,568,639	\$ 366,498,129	\$ 358,906,191

Wellington's total revenues were \$67.9 million for FY 2011, which is \$10.3 million (13.1%) less than the prior year. The main decrease is due to the completion of major capital projects funded by capital grants. Other contributors were the decrease in property taxes due to the decline in the tax base. Notable changes for both governmental activities and business-type activities are highlighted next.

Governmental Activities



Governmental activities increased Wellington's net assets by \$4.8 million.

Revenues decreased by \$9.2 million or 16.5%. Key elements of this decrease are as follows:

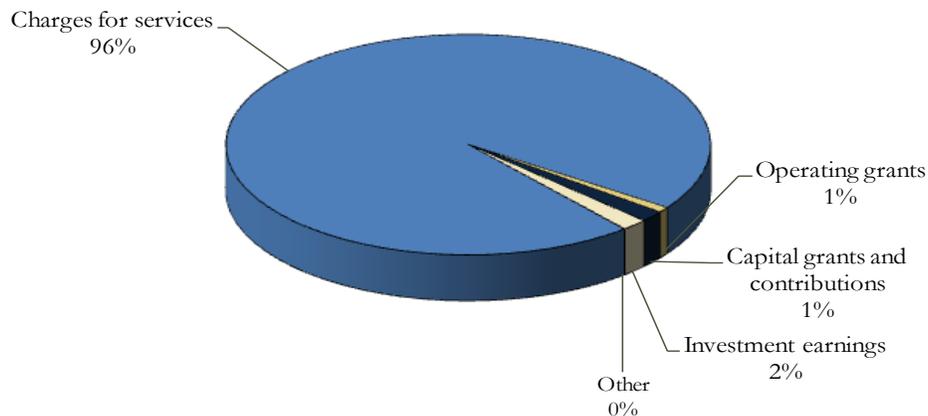
- ❖ Capital grants decreased by \$8.3 million from the prior year. This is mainly the result of the Section 24 impoundment grant from South Florida Water Management District that was completed early in FY 2011. This grant accounted for \$9.8 million in grant revenue for 2010 and only \$161,000 in FY 2011. During FY 2011 Wellington received Federal grants totaling \$670,000 related to the Housing and Economic Recovery Act of 2008 (HERA) under the Neighborhood Stabilization Program (NSP) as well as \$843,000 more in grant funding for Forest Hill Boulevard improvements than in the prior year.
- ❖ Charges for services increased by \$2.1 million or 20.5%. This increase is mainly due to an increase in building permit revenue of \$660,000 over prior year as well as an increase in recreation and road impact fees of \$579,000 as a result of the increase in building activity. In addition, the surface water management assessment increased \$600,000 because of a higher assessment rate in 2011. General recreation revenues also increased \$192,000 over prior year.
- ❖ Total taxes decreased by \$1.6 million or 5.7% during the year due to the decrease in property taxes resulting from the decline in property values experienced throughout Wellington.
- ❖ Investment earnings decreased by \$501,000 or 37.5% compared to the prior year due to smaller investment balances related to major capital outlay that was completed in 2010 and 2011, as well as lower yields from 2010.

Expenses increased by \$2.4 million or approximately 6.1%. Key elements of this increase are as follows:

- ❖ General government increased by \$500,000 mainly due to a large amount of capital projects being completed in FY 2011 resulting in higher depreciation.
- ❖ Planning and development increased by \$663,000 which is attributable to departmental reorganization of code compliance activities.
- ❖ Engineering and public works expenses decreased by \$740,000, which is mostly due to a reorganization of the departmental activities mentioned above.
- ❖ Surface water management expenses increased by \$2.1 million due to an additional \$1.4 million of depreciation expense related to capital projects that have been recently completed and an additional \$700,000 related to additional personnel costs and contract costs, which include maintenance of the new facilities, canal cleanup, and a canal bank maintenance and restoration program.
- ❖ Transportation costs decreased by \$675,000 mainly due to less operating and maintenance costs in 2011 when compared to 2010.
- ❖ Culture and recreation costs increased by \$563,000 due to the Wellington aquatic complex being closed for a portion of 2010 for renovations resulting in an increase totaling nearly \$200,000 for a full year of operations in FY 2011. In addition, recreation program expenditures increased by \$300,000, which includes increased programs (cheerleading, baseball and roller hockey) as well as a restructuring of the tennis contract. Most of this increase is offset by the related increase in recreation revenues noted above.

Business-type Activities

Revenues by Source
Business-type Activities



Business-type activities increased net assets by \$2.8 million accounting for an increase of 37.2% of the total growth in the net assets of Wellington.

Revenues decreased by \$1 million or 4.6%. Key elements of this decrease are as follows:

- ❖ Charges for services increased \$1.6 million or 8.3% mainly due to a 7.5% increase in water/wastewater user charges that were enacted for 2011.
- ❖ Operating grants decreased by \$1.3 million due to additional reimbursements from FEMA for storm cleanup costs related to the 2004-2005 hurricane season that were received in 2010.
- ❖ Capital grants and contributions decreased \$1 million or 74% compared to the prior year due to a decrease in commercial development contributions of distribution lines.
- ❖ Investment earnings decreased \$250,000 or 40.6% compared to the prior year mostly due to the significant use of cash and investments for capital projects during 2011 and a reduction in the rate of returns on investments.

Expenses increased by \$526,000 or 2.9%, which was mainly due to an increase in the cost of operating materials for both water and wastewater as well as an increase in administrative and solid waste collection contract expense.

Governmental Funds Financial Analysis

The focus 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 financing requirements. In particular, unassigned 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, Wellington's governmental funds reported combined ending fund balances of \$70.1 million, a decrease of \$3.7 million from prior year. The majority of the decrease is due to major capital outlay projects completed during 2011 that were funded mainly from prior years.

The unassigned fund balance of \$14.1 million is available for spending at Wellington's discretion. The remainder of fund balance of \$56 million is either nonspendable, restricted or committed to indicate that it is not available for new spending because it will never convert to cash (\$525,117), has already been restricted or committed to liquidate contracts and purchase orders of the prior period (\$1.2 million), for capital improvements (\$20.3 million), to pay debt service (\$10.7 million), for future disaster recovery (\$3 million), for funding future expenditures (\$5.8 million) and stabilizing millage or rate increases (\$3 million), or other specified purposes (\$11.5 million).

The general fund is Wellington's main operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14.1 million, while the total fund balance was \$30.4 million. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 43.8% of total 2011/2012 general fund budgeted expenditures. Total revenues in the general fund were \$29.8 million which represents a decrease of approximately \$456,000 from the prior year or 1.5%.

The planning, zoning and building fund is used to account for operations of the planning and building functions. At the end of the current fiscal year, \$2.4 million was restricted for future building department expenditures. Building permit fees may only be used for building and inspection services expenditures. The remaining \$4.9 million was restricted for future planning and zoning expenditures. Revenues for the fund were \$4.1 million and \$3.2 million for fiscal years 2011 and 2010, respectively. This represents an increase of approximately \$965,000, or 30.3% from 2010. This is mostly due to an increase in building activity as well as an increase in fines related to distressed and foreclosed property.

The Acme improvement fund accounts for the operations of the Acme Improvement District, a dependent special district of Wellington, related solely to water management facilities. At the end of the fiscal year total fund balance was \$2 million, of which \$142,321 is related to nonspendable prepaid expenditures and the remainder is restricted for future expenditures. Revenues for the fund were \$5.4 million and \$4.8 million for 2011 and 2010, respectively. This represents an increase of approximately \$566,000 or 11.8% over the prior year. This is mostly due to the assessment for water management services being increased from prior year.

The gas tax capital fund is used to account for gas tax revenues and expenditures related to road construction projects. At the end of the fiscal year, almost all of the fund balance of \$6.9 million is restricted for ongoing road construction projects; future capital projects; and future debt payments.

The capital projects fund is used to segregate all financial activity applicable to governmental capital expenditures from governmental operating expenditures. At the end of the current fiscal year, \$9.8 million was restricted for capital expenditures.

Proprietary Funds

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 \$16.9 million; \$10.5 million for the Utility System and \$6.4 million for Solid Waste. Total net assets for these funds were \$148.4 million, representing an increase of \$2.8 million, or 1.9%. This is mainly due to a 7.5 % increase in water and wastewater fees in FY 2011.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final expenditure amended budget totaled an increase of \$592,670, excluding 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:

- ❖ \$4,671 increase allocated to general government
- ❖ \$74,234 decrease allocated to physical environment
- ❖ \$214,800 increase allocated to culture and recreation
- ❖ \$447,433 increase allocated to capital outlay

Actual results of operations were greater than the final amended budget by \$3.9 million, excluding transfers. These results can be attributed to the following:

- ❖ Revenues exceeded budget due to increased electricity consumption that resulted in higher than anticipated utility taxes. As the local economy rebounded slightly in 2010, consumer spending increased resulting in higher than anticipated half-cent sales tax collections from the State of Florida. Charges for services increased as well with the economic rebound with higher than anticipated revenues for recreational programs.
- ❖ Personnel costs were less than budget due to overtime freezes, attrition, and budgeted positions that were open throughout the year.
- ❖ Operating costs were less than anticipated for legal and insurance expenditures.
- ❖ Capital outlay was less than budgeted by \$292,000 due to fixed asset purchases being delayed until future years.

The budget amendments were funded in part with \$519,006 of prior year carry forwards. Additional information on budgetary comparisons can be found on pages 56-60 of this report.

Long-Term Debt Activity

At the end of the current fiscal year, Wellington had total long-term debt outstanding of \$24,422,117. Governmental activities debt of \$16,379,085 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 \$6,400,382 is for Utility System revenue bonds which financed projects to increase the capacity of the Utility System. An additional \$1,642,650 for compensated absences is also outstanding. Additional information on long-term debt can be found in Note 6 of this report.

Wellington's Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue bonds and loans	\$16,379,085	\$17,753,478	\$6,400,382	\$8,685,574	\$22,779,467	\$26,439,052
Compensated absences	1,471,374	1,124,991	171,276	171,917	1,642,650	1,296,908
Total	\$17,850,459	\$18,878,469	\$6,571,658	\$8,857,491	\$24,422,117	\$27,735,960

Capital Assets Activity

Wellington's investment in capital assets for its governmental and business-type activities as of September 30, 2011, amounts to \$291,388,598 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

Wellington 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 Wellington. 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 2011 was not material. Additional information on the condition level of the street system can be found on page 61 of this report.

Wellington's Capital Assets (net of accumulated depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 19,703,294	\$ 19,703,294	\$ 8,996,705	\$ 8,996,705	\$ 28,699,999	\$ 28,699,999
Buildings	22,143,665	11,416,273	3,694,250	2,500,415	25,837,915	13,916,688
Improvements	45,654,462	32,188,848	2,118,027	2,247,164	47,772,489	34,436,012
Machinery and equipment	2,629,139	1,141,094	1,407,486	1,280,698	4,036,625	2,421,792
Water and wastewater plant	-	-	28,774,604	29,943,807	28,774,604	29,943,807
Meters	-	-	3,189,601	3,668,732	3,189,601	3,668,732
Wells	-	-	4,384,681	4,765,434	4,384,681	4,765,434
Distribution lines	-	-	48,920,678	50,953,283	48,920,678	50,953,283
Infrastructure	67,756,827	60,020,919	-	-	67,756,827	60,020,919
Construction in progress	7,485,145	33,528,268	24,530,034	12,468,908	32,015,179	45,997,176
Total	\$ 165,372,532	\$157,998,696	\$126,016,066	\$ 116,825,146	\$ 291,388,598	\$274,823,842

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

- ❖ City Hall
- ❖ Forest Hill Boulevard Improvements
- ❖ Wellington Environmental Preserve
- ❖ Patriot Memorial
- ❖ Athletic Field Improvements
- ❖ Utility Field Services Building

Additional information on 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. As a predominantly residential community, the economic environment of Wellington is dependent upon that of South Florida and particularly Palm Beach County.

The major economic influences in this area are the cost of housing (including housing values, foreclosure rates, insurance, taxes and interest rates), the regional job market, new construction, weather events and retail activity. Consideration of the impact of these economic indicators is critical as Wellington endeavors to develop its resources and facilities to meet the demand of its residents as well as to comply with regulatory requirements.

Additional economic factors that can have a significant impact on Wellington include inflation, weak economic growth, natural disasters, commodities prices, increasing property insurance rates, and the potential for declining population.

While property taxes are important, they represent only 19% of total revenue. Another 36% comes from program revenues such as licenses, permits, and other charges for services, while approximately 15% is related to intergovernmental revenue. Additionally, special assessments levied total approximately 12% and utility taxes and franchise fees total another 15%. Wellington monitors all of its resources and determines the need for program adjustments or fee increases accordingly.

Next Year's Budget and Rates

The operating millage rate of 2.50 mills for fiscal year 2011/2012 is unchanged from the millage rate for the 2010/2011 fiscal year. This millage resulted in a total tax levy of approximately \$12.8 million, a reduction of \$54,303, or 0.4% from the property tax levy for 2011. The slight decrease in levy is due to falling property values experienced throughout the entire local economy. The Surface Water Management Assessment rate remained unchanged at \$200 per unit in the fiscal year 2011/2012. The Solid Waste Assessment is unchanged for fiscal year 2011/2012 at \$160 per curbside unit and \$125 per containerized unit. Additional information regarding the adoption of the annual budget can be found on page 60 of this report.

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

Office of Financial Management and Budget
12300 Forest Hill Boulevard
Wellington, FL 33414
561-791-4000
www.wellingtonfl.gov

BASIC FINANCIAL STATEMENTS

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,350,506	\$ 5,632,918	\$ 19,983,424
Investments	55,741,374	21,885,038	77,626,412
Receivables (net)	966,598	1,516,481	2,483,079
Internal balances	167,969	(167,969)	-
Due from other governments	1,795,573	64,194	1,859,767
Prepaid expenses	345,060	4,737	349,797
Inventories	12,088	177,259	189,347
Deposits	7,536	-	7,536
Assets held for resale	656,238	-	656,238
Restricted assets:			
Cash and cash equivalents	1,215,648	2,665,824	3,881,472
Net other postemployment benefit asset	526,435	90,328	616,763
Deferred charges	155,473	87,234	242,707
Capital assets:			
Capital assets not being depreciated	94,945,266	33,526,739	128,472,005
Capital assets being depreciated, net	70,427,266	92,489,327	162,916,593
Total assets	\$ 241,313,030	\$ 157,972,110	\$ 399,285,140
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,146,376	\$ 1,236,429	\$ 4,382,805
Contracts and retainage payable	306,856	692,155	999,011
Due to other governments	109,402	9,926	119,328
Deposits	-	937,432	937,432
Unearned revenue	1,598,100	-	1,598,100
Accrued interest	197,394	-	197,394
Liabilities payable from restricted assets	1,215,648	2,665,824	3,881,472
Noncurrent liabilities:			
Due within one year	2,107,118	77,075	2,184,193
Due in more than one year	14,527,693	3,959,583	18,487,276
Total liabilities	23,208,587	9,578,424	32,787,011
NET ASSETS			
Invested in capital assets, net of related debt	148,993,447	119,615,685	268,609,132
Restricted for:			
Debt service	10,725,337	-	10,725,337
Building department	2,431,454	-	2,431,454
Road maintenance	1,647,113	-	1,647,113
Capital projects	20,297,724	11,959,724	32,257,448
Unrestricted	34,009,368	16,818,277	50,827,645
Total net assets	\$ 218,104,443	\$ 148,393,686	\$ 366,498,129

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2011

Function/Program Activities	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:					
General government	\$ 10,834,479	\$ (5,599,881)	\$ -	\$ 23,569	\$ 830,117
Public safety	7,461,621	110,779	388,311	13,770	1,122
Planning and development	3,043,497	957,328	4,098,700	-	-
Engineering and public works	7,772,874	505,189	14,031	-	-
Surface water management	6,418,491	639,360	5,154,746	-	-
Transportation	1,815,080	379,375	409,993	1,490,501	3,066,364
Culture and recreation	5,722,589	1,069,383	2,208,716	-	-
Interest on long-term debt	762,276	-	-	-	-
Total governmental activities	43,830,907	(1,938,467)	12,274,497	1,527,840	3,897,603
Business-type activities:					
Utility system	13,288,369	1,567,900	16,649,755	-	350,943
Solid waste	3,175,847	370,567	3,686,592	166,415	-
Total business-type activities	16,464,216	1,938,467	20,336,347	166,415	350,943
Total primary government	\$ 60,295,123	\$ -	\$ 32,610,844	\$ 1,694,255	\$ 4,248,546

General revenues:

Taxes:

Property taxes

Franchise fees

Utility taxes

Sales tax

Grants and contributions not restricted

to specific programs

Investment earnings

Gain on sale of assets

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
\$ (4,380,912)	\$ -	\$ (4,380,912)
(7,169,197)	-	(7,169,197)
97,875	-	97,875
(8,264,032)	-	(8,264,032)
(1,903,105)	-	(1,903,105)
2,772,403	-	2,772,403
(4,583,256)	-	(4,583,256)
(762,276)	-	(762,276)
<u>(24,192,500)</u>	<u>-</u>	<u>(24,192,500)</u>
-	2,144,429	2,144,429
-	306,593	306,593
-	<u>2,451,022</u>	<u>2,451,022</u>
<u>(24,192,500)</u>	<u>2,451,022</u>	<u>(21,741,478)</u>
12,876,240	-	12,876,240
3,266,018	-	3,266,018
6,656,092	-	6,656,092
3,538,673	-	3,538,673
1,194,213	-	1,194,213
834,816	365,721	1,200,537
29,138	8,304	37,442
564,201	-	564,201
<u>28,959,391</u>	<u>374,025</u>	<u>29,333,416</u>
4,766,891	2,825,047	7,591,938
<u>213,337,552</u>	<u>145,568,639</u>	<u>358,906,191</u>
<u>\$ 218,104,443</u>	<u>\$ 148,393,686</u>	<u>\$ 366,498,129</u>

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	General	Planning, Zoning and Building	Acme Improvement	Gas Tax Capital	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 6,259,039	\$ 1,697,466	\$ 360,915	\$ 1,440,009	\$ 1,942,227	\$ 2,650,850	\$ 14,350,506
Investments	24,312,330	6,591,703	1,402,352	5,595,227	7,546,616	10,293,146	55,741,374
Receivables:							
Utility taxes	355,514	-	-	-	-	-	355,514
Franchise fees	335,942	-	-	-	-	-	335,942
Accounts	100,440	75,176	25,000	-	-	-	200,616
Interest	30,483	7,597	3,245	7,700	10,791	14,710	74,526
Due from other funds	115,194	-	-	-	1,000	-	116,194
Advances to other funds	52,775	-	-	-	-	-	52,775
Due from other governments	832,055	35,091	136,317	642,512	72,776	76,822	1,795,573
Prepaid expenditures	186,739	-	142,321	16,000	-	-	345,060
Inventory	12,088	-	-	-	-	-	12,088
Restricted cash and cash equivalents	-	-	-	-	-	1,215,648	1,215,648
Deposits	2,480	5,056	-	-	-	-	7,536
Assets held for resale	-	-	-	-	656,238	-	656,238
Total assets	\$ 32,595,079	\$ 8,412,089	\$ 2,070,150	\$ 7,701,448	\$ 10,229,648	\$ 14,251,176	\$ 75,259,590

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET (Continued)

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Acme Improvement</u>	<u>Gas Tax Capital</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 1,803,527	\$ 184,923	\$ 82,951	\$ 360,496	\$ 388,240	\$ 326,239	\$ 3,146,376
Contracts and retainage payable	-	-	-	-	28,078	278,778	306,856
Due to other funds	-	-	-	-	-	1,000	1,000
Due to other governments	823	108,579	-	-	-	-	109,402
Unearned revenue	411,185	781,483	-	405,432	-	-	1,598,100
Total liabilities	<u>2,215,535</u>	<u>1,074,985</u>	<u>82,951</u>	<u>765,928</u>	<u>416,318</u>	<u>606,017</u>	<u>5,161,734</u>
Fund balances:							
Nonspendable:							
Prepaid expenditures	186,739	-	142,321	16,000	-	-	345,060
Inventory	12,088	-	-	-	-	-	12,088
Long-term advances	167,969	-	-	-	-	-	167,969
Restricted for:							
Contracts	1,201,681	-	-	-	-	-	1,201,681
Capital projects	24,824	-	-	6,383,069	9,813,330	4,076,501	20,297,724
Surface water management	-	-	1,844,878	-	-	-	1,844,878
Building	-	2,431,454	-	-	-	-	2,431,454
Planning and zoning	-	4,905,650	-	-	-	-	4,905,650
Road maintenance	-	-	-	-	-	1,647,113	1,647,113
Wellington community foundation	-	-	-	-	-	766	766
Committed for:							
Debt service	2,268,107	-	-	536,451	-	7,920,779	10,725,337
Rate stabilization	3,000,000	-	-	-	-	-	3,000,000
Insurance	540,000	-	-	-	-	-	540,000
Disaster recovery	3,000,000	-	-	-	-	-	3,000,000
Subsequent year:							
Capital expenditures	5,200,000	-	-	-	-	-	5,200,000
Operating expenditures	643,000	-	-	-	-	-	643,000
Unassigned	<u>14,135,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,135,136</u>
Total fund balances	<u>30,379,544</u>	<u>7,337,104</u>	<u>1,987,199</u>	<u>6,935,520</u>	<u>9,813,330</u>	<u>13,645,159</u>	<u>70,097,856</u>
Total liabilities and fund balances	<u>\$ 32,595,079</u>	<u>\$ 8,412,089</u>	<u>\$ 2,070,150</u>	<u>\$ 7,701,448</u>	<u>\$10,229,648</u>	<u>\$ 14,251,176</u>	<u>\$ 75,259,590</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, 2011

Total governmental fund balances \$ 70,097,856

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. 165,372,532

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 155,473

Net other postemployment benefit (OPEB) asset created through funding of the plan as employer contribution to the defined benefit OPEB plan is not recognized in the funds. 526,435

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

Bonds payable (16,379,085)

Accrued interest (197,394)

Compensated absences (1,471,374)

Net assets of governmental activities \$ 218,104,443

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2011

	<u>General</u>	<u>Planning, Zoning and Building</u>	<u>Acme Improvement</u>	<u>Gas Tax Capital</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Ad valorem taxes	\$ 12,876,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,876,240
Franchise fees	3,266,018	-	-	-	-	-	3,266,018
Utility taxes	6,656,092	-	-	-	-	-	6,656,092
Special assessments	-	-	4,787,957	-	-	-	4,787,957
Impact fees	-	-	-	-	-	1,057,618	1,057,618
Licenses and permits	322,604	3,375,629	-	-	-	-	3,698,233
Intergovernmental revenue	4,304,872	-	-	3,829,281	259,876	1,135,643	9,529,672
Charges for services	1,576,122	-	366,789	-	-	-	1,942,911
Fines and forfeitures	102,907	623,322	-	-	-	-	726,229
Investment income	454,293	81,954	44,239	74,837	30,602	148,891	834,816
Miscellaneous	247,314	66,389	161,862	47,163	102,327	59,117	684,172
Total revenues	<u>29,806,462</u>	<u>4,147,294</u>	<u>5,360,847</u>	<u>3,951,281</u>	<u>392,805</u>	<u>2,401,269</u>	<u>46,059,958</u>

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)

GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2011

	General	Planning, Zoning and Building	Acme Improvement	Gas Tax Capital	Capital Projects	Other Governmental Funds	Total Governmental Funds
Expenditures:							
Current:							
General government	\$ 9,778,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,778,406
Public safety	7,461,621	-	-	-	-	-	7,461,621
Physical environment	6,986,825	3,011,473	2,921,651	-	-	-	12,919,949
Transportation	-	-	-	-	-	1,511,575	1,511,575
Culture and recreation	2,936,476	-	-	-	-	105,223	3,041,699
Capital outlay	648,624	111,281	363,500	5,072,267	6,143,141	3,047,470	15,386,283
Debt service:							
Principal	-	-	-	-	-	1,385,000	1,385,000
Interest and other fiscal charges	-	-	-	-	-	765,102	765,102
Total expenditures	<u>27,811,952</u>	<u>3,122,754</u>	<u>3,285,151</u>	<u>5,072,267</u>	<u>6,143,141</u>	<u>6,814,370</u>	<u>52,249,635</u>
Excess (deficiency) of revenues over expenditures							
	<u>1,994,510</u>	<u>1,024,540</u>	<u>2,075,696</u>	<u>(1,120,986)</u>	<u>(5,750,336)</u>	<u>(4,413,101)</u>	<u>(6,189,677)</u>
Other financing sources (uses):							
Transfers in	11,370,945	1,100,000	-	-	2,256,942	3,251,161	17,979,048
Transfers out	(10,891,849)	(957,000)	(1,743,757)	(115,100)	-	(2,332,875)	(16,040,581)
Sale of capital assets	30,635	-	-	-	-	-	30,635
Contribution of properties	-	-	-	-	570,241	-	570,241
Total other financing sources (uses)	<u>509,731</u>	<u>143,000</u>	<u>(1,743,757)</u>	<u>(115,100)</u>	<u>2,827,183</u>	<u>918,286</u>	<u>2,539,343</u>
Net change in fund balances	2,504,241	1,167,540	331,939	(1,236,086)	(2,923,153)	(3,494,815)	(3,650,334)
Fund balances, beginning of year, as restated	<u>27,875,303</u>	<u>6,169,564</u>	<u>1,655,260</u>	<u>8,171,606</u>	<u>12,736,483</u>	<u>17,139,974</u>	<u>73,748,190</u>
Fund balances, end of year	<u>\$ 30,379,544</u>	<u>\$ 7,337,104</u>	<u>\$ 1,987,199</u>	<u>\$ 6,935,520</u>	<u>\$ 9,813,330</u>	<u>\$ 13,645,159</u>	<u>\$ 70,097,856</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 YEAR ENDED SEPTEMBER 30, 2011

Net change in fund balances - total governmental funds	\$	(3,650,334)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
The Village's annual OPEB cost is not reported in the governmental funds.		17,605
<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	\$ 15,291,649	
Less current year depreciation	<u>(7,916,316)</u>	7,375,333
<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>		
Net book value of asset disposals		(1,497)
<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		1,385,000
<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		13,430
Change in compensated absences		<u>(346,383)</u>
Change in net assets of governmental activities	\$	<u><u>4,766,891</u></u>

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF FUND NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2011

	Utility System	Solid Waste	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,258,413	\$ 1,374,505	\$ 5,632,918
Investments	16,544,331	5,340,707	21,885,038
Receivables:			
Accounts, net of allowance for uncollectible amounts	1,429,001	52,093	1,481,094
Interest	27,726	7,661	35,387
Due from other governments	-	64,194	64,194
Inventories	177,259	-	177,259
Prepaid expenses	4,737	-	4,737
Restricted cash and cash equivalents	2,665,824	-	2,665,824
Total current assets	25,107,291	6,839,160	31,946,451
Noncurrent assets:			
Deferred charges	87,234	-	87,234
Net other postemployment benefit asset	84,771	5,557	90,328
Property, plant and equipment (net of accumulated depreciation)	125,996,134	19,932	126,016,066
Total noncurrent assets	126,168,139	25,489	126,193,628
Total assets	\$ 151,275,430	\$ 6,864,649	\$ 158,140,079
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 982,714	\$ 253,715	\$ 1,236,429
Contracts and retainage payable	692,155	-	692,155
Due to other funds	-	115,194	115,194
Due to other governments	8,167	1,759	9,926
Deposits	937,432	-	937,432
Compensated absences payable - current portion	72,725	4,350	77,075
Liabilities payable from restricted assets	2,665,824	-	2,665,824
Total current liabilities	5,359,017	375,018	5,734,035
Noncurrent liabilities:			
Advances from other funds	-	52,775	52,775
Compensated absences payable - net of current portion	88,885	5,316	94,201
Revenue refunding bonds payable - net of current portion	3,865,382	-	3,865,382
Total noncurrent liabilities	3,954,267	58,091	4,012,358
Total liabilities	9,313,284	433,109	9,746,393
NET ASSETS			
Invested in capital assets, net of related debt	119,595,753	19,932	119,615,685
Restricted for capital improvements	11,959,724	-	11,959,724
Unrestricted	10,406,669	6,411,608	16,818,277
Total net assets	\$ 141,962,146	\$ 6,431,540	\$ 148,393,686

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, 2011

	Utility System	Solid Waste	Total
Operating revenues:			
Charges for services	\$ 16,625,999	\$ -	\$ 16,625,999
Special assessments	-	3,391,105	3,391,105
Intergovernmental revenue	20,000	-	20,000
Franchise fees	-	252,502	252,502
Other	3,756	42,985	46,741
Total operating revenues	16,649,755	3,686,592	20,336,347
Operating expenses:			
Water services	3,242,643	-	3,242,643
Wastewater services	2,006,801	-	2,006,801
Laboratory	101,037	-	101,037
Water distribution	718,490	-	718,490
Customer service	748,489	-	748,489
General and administrative	856,059	-	856,059
Solid waste	-	3,173,820	3,173,820
Depreciation	5,174,775	2,027	5,176,802
Total operating expenses	12,848,294	3,175,847	16,024,141
Income from operations	3,801,461	510,745	4,312,206
Nonoperating revenues (expenses):			
Investment income	281,469	84,252	365,721
Gain on sale of assets	8,304	-	8,304
Interest expense	(261,649)	-	(261,649)
Operating grant	-	166,415	166,415
Amortization	(178,426)	-	(178,426)
Total nonoperating revenues (expenses)	(150,302)	250,667	100,365
Income before contributions and transfers	3,651,159	761,412	4,412,571
Capital contributions:			
Capacity charges	330,050	-	330,050
Meters	20,893	-	20,893
Transfers out	(1,567,900)	(370,567)	(1,938,467)
Change in net assets	2,434,202	390,845	2,825,047
Net assets, beginning of year	139,527,944	6,040,695	145,568,639
Net assets, end of year	\$ 141,962,146	\$ 6,431,540	\$ 148,393,686

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2011

	Utility System	Solid Waste	Total
Cash flows from operating activities:			
Receipts from customers	\$ 16,986,414	\$ 3,644,999	\$ 20,631,413
Payments to suppliers for goods and services	(4,170,641)	(3,013,026)	(7,183,667)
Payments to employees for services	(3,992,220)	(152,988)	(4,145,208)
Other operating revenues	21,504	42,527	64,031
Net cash provided by operating activities	8,845,057	521,512	9,366,569
Cash flows from noncapital financing activities:			
Operating grant received	-	147,151	147,151
Transfers to other funds	(1,567,900)	(370,567)	(1,938,467)
Net cash used in noncapital financing activities	(1,567,900)	(223,416)	(1,791,316)
Cash flows from capital and related financing activities:			
Capital contributions	350,943	-	350,943
Proceeds from sale of property, plant and equipment	8,304	-	8,304
Acquisition of property, plant and equipment	(14,307,674)	(17,378)	(14,325,052)
Repayment of advances from other funds	-	(125,567)	(125,567)
Principal paid on indebtedness	(2,420,000)	-	(2,420,000)
Interest paid on indebtedness	(319,551)	-	(319,551)
Net cash used in capital and related financing activities	(16,687,978)	(142,945)	(16,830,923)
Cash flows from investing activities:			
Interest received	275,697	68,553	344,250
Sale of investments	20,810,421	2,784,175	23,594,596
Purchase of investments	(13,028,042)	(3,278,599)	(16,306,641)
Net cash provided by (used in) investing activities	8,058,076	(425,871)	7,632,205
Net decrease in cash and cash equivalents	(1,352,745)	(270,720)	(1,623,465)
Cash and cash equivalents, beginning of year	8,276,982	1,645,225	9,922,207
Total cash and cash equivalents, end of year	\$ 6,924,237	\$ 1,374,505	\$ 8,298,742
Cash and cash equivalents			
Unrestricted	\$ 4,258,413	\$ 1,374,505	\$ 5,632,918
Restricted	2,665,824	-	2,665,824
Total cash and cash equivalents	\$ 6,924,237	\$ 1,374,505	\$ 8,298,742

(Continued)

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Continued)

YEAR ENDED SEPTEMBER 30, 2011

	Utility System	Solid Waste	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 3,801,461	\$ 510,745	\$ 4,312,206
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	5,174,775	2,027	5,176,802
Allowance for uncollectible accounts	101,000	-	101,000
OPEB expense	(182)	(7)	(189)
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	262,256	1,392	263,648
Due from other governments	-	(936)	(936)
Inventories	122	-	122
Increase (decrease) in:			
Accounts payable and accrued liabilities	(482,659)	1,831	(480,828)
Due to other governments	(2,252)	478	(1,774)
Deposits	(2,841)	-	(2,841)
Compensated absences payable	(6,623)	5,982	(641)
Total adjustments	5,043,596	10,767	5,054,363
Net cash provided by operating activities	\$ 8,845,057	\$ 521,512	\$ 9,366,569
Noncash investing, capital, and financing activities:			
Realized and unrealized gains on investments	\$ 45,347	\$ 19,383	\$ 64,730
Amortization of deferred charges	43,617	-	43,617
Amortization of premium on bonds	(27,793)	-	(27,793)
Amortization of advance refunding loss on bonds	162,602	-	162,602

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUND

SEPTEMBER 30, 2011

	Employee Retirement Healthcare <u>Trust</u>
ASSETS	
Investments	<u>\$ 827,133</u>
NET ASSETS	
Held in trust for other postemployment benefits	<u>\$ 827,133</u>

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED SEPTEMBER 30, 2011

	<u>Employee Retirement Healthcare Trust</u>
ADDITIONS:	
Increase in the fair value of investments	\$ 950
Retiree insurance contributions	<u>16,794</u>
Total additions	<u>17,744</u>
DECREASES:	
Retiree insurance payments	<u>16,794</u>
Change in net assets	950
Net assets held in trust for other postemployment benefits, beginning of year	<u>826,183</u>
Net assets held in trust for other postemployment benefits, end of year	<u><u>\$ 827,133</u></u>

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village of Wellington (“Wellington”) was incorporated December 31, 1995, pursuant to Chapter 95-496, Laws of Florida, and commenced operations on March 28, 1996. Wellington 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. Wellington’s Council (“Council”) is responsible for legislative and fiscal control of Wellington.

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 Wellington’s basic 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 (District) in Wellington’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, Wellington now provides those municipal services and the District has become a dependent district of Wellington. Because of the breadth of the services it already provided to residents, the District formed the backbone of Wellington. The District is governed by a five-member board of supervisors that is the same as the governing body of Wellington. Although the District is legally separate from Wellington, it is reported as if it were part of the primary government as a blended component unit of Wellington. The District is presented as a special revenue fund type – Surface Water Management Fund.

Based on the application of the criteria set forth by GASB, management has included in Wellington’s reporting entity the activities of Wellington Community Foundation (Foundation); a not-for-profit corporation that supports charitable initiatives throughout Wellington. The Foundation is governed by a five-member board of directors that is the same as the governing body of Wellington. The Foundation’s sole purpose is to raise funds for various Wellington projects and provide exclusive benefit to Wellington. Although the Foundation is legally separate from Wellington, it is reported as if it were part of the primary government as a blended component unit of the Village. The Foundation is presented as a special revenue fund type – Wellington Community Foundation.

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 Wellington and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, 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, Wellington 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 Wellington.

Wellington 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, 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 Wellington. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Gas Tax Capital – This capital projects fund accounts for gas tax revenues and expenditures related to road construction projects.

Capital Projects – This fund is used to segregate all financial activity applicable to governmental capital expenditures from governmental operating expenditures. These expenditures are funded by Wellington's General Fund, Recreation Impact Fees Fund, and Acme Improvement Fund through operating transfers and grant proceeds.

Wellington 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, Wellington 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 postemployment 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 Wellington, 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. Wellington 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 Wellington. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility system enterprise fund are charges to customers for sales and services. The principal operating revenues of the 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 Wellington's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

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

Wellington 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. Wellington'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 Wellington. 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. Wellington 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets Held for Resale

Assets held for resale represent residential properties acquired by Wellington pursuant to its Neighborhood Stabilization Program (NSP). The intent of Wellington is to rehabilitate and resell the properties to low income residents. The properties are reported at the lower of cost or estimated net realizable value. Proceeds from the sale of the properties are restricted to capital projects for NSP.

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 Wellington 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 Wellington's assets 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 cannot be determined from available records, estimated historical cost has been used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair value at the date of donation. The road network was valued based on current construction costs discounted by consumer price indices for highway construction.

Capital assets of the enterprise funds are capitalized in the fund in which they are utilized. The valuation basis for enterprise fund capital assets are the same as those used for general capital assets. Additionally, net interest cost is capitalized on enterprise fund projects during the construction period in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 835, *Interest*.

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 capital 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. Wellington 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. Wellington uses an asset management system to rate street condition and to quantify the results of maintenance efforts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Wellington'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 Wellington 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; Acme Improvement; and, Gas Tax Maintenance.

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.

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, and 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 \$47,061,352 of restricted net assets, of which \$2,431,454 is restricted by enabling legislation.

Fund Equity

The Governmental Accounting Standards Board issued statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. Wellington adopted GASB No. 54 for the fiscal year ended September 30, 2011. Accordingly, the governmental fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which Wellington is legally bound to

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

honor the specific purposes for which amounts in fund balance may be spent. The fund balance classifications are summarized as follows:

Nonspendable – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to remain intact.

Restricted – Restricted fund balances include amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or through enabling legislation.

Committed – Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by Wellington Council, Wellington's highest level of decision making authority, set in place prior to the end of the period. These amounts cannot be changed unless Council takes the same action to remove or change the constraint.

Assigned – Assigned fund balances include amounts that are constrained by Wellington's intent to be used for specific purposes, but are neither restricted or committed. Assignments of fund balances are made by Wellington management based upon the direction of Wellington Council.

Unassigned – Unassigned fund balances include amounts that are not assigned to other funds and have not been restricted, committed or assigned to specific purposes.

Wellington considers restricted fund balances to be spent when an expenditure is incurred for the restricted purpose. Wellington considers committed, assigned or unassigned fund balances to be spent when an expenditure is incurred for purposes for which amounts in any of those fund balance classifications could be used.

Wellington's minimum fund balance policy mandates the General Fund Unassigned Fund Balance, at year end, will range, at a minimum, between 25% and 29% of the following year's budgeted expenditures. In any fiscal year where Wellington is unable to fund the minimum fund balance as required in this section, Wellington will not budget any amount of unassigned fund balance for the purpose of balancing the budget. This minimum is confirmed each year as part of the budget process by Council action.

Wellington Council has committed fund balance as follows:

Rate Stabilization Reserve – Wellington established reserves to offset future rate increases as approved by Wellington's Council. This amount shall only be used in order to prevent increases to the millage rate to offset short-term economic conditions. Funds shall be released from the Rate Stabilization Reserve only upon Council Resolution. The amount in the Reserve is reviewed annually and established as part of the budget process.

Insurance Reserve – An Insurance Reserve was established to offset future premium increases to be funded from this reserve upon Council action. The amount of this reserve is reviewed and established annually as part of the budget process.

Disaster Contingency Fund – A Disaster Contingency Fund was established at \$3,000,000 to provide sufficient resources to ensure continued operations as well as to fund unplanned expenditures in the event of a hurricane, major storm, or other natural or man-made disaster. Funds will be authorized to be spent from the Disaster Contingency Fund upon Declaration of Emergency and Wellington Council approval.

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.

The long-term portion of advances between funds, as reported in the fund financial statements, is offset by a nonspendable fund balance 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. Wellington's Charter permits it to levy property taxes at a rate of up to 5 mills.

The millage rate assessed by Wellington for the 2010/2011 year was 2.50 (\$2.50 for each \$1,000 of assessed valuation). This levy was based upon an assessed valuation as of January 1, 2010, of approximately \$5.4 billion.

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1st following the year in which they are assessed.

Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1st following the tax year, certificates are offered for sale for all delinquent taxes on real property.

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificate may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2011, unpaid delinquent taxes are not material and have not been recorded by Wellington.

During 2007 the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in Florida. For the fiscal year ending September 30, 2011, the maximum tax levy allowed by a majority vote of the governing body is based on a percentage reduction applied to the prior year 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 2010. The law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a majority vote to adopt a rate equal to the prior year rolled-back millage rate, plus an adjustment for growth in per capita personal income; 2) a two-thirds vote to adopt a rate equal to the prior year adjusted millage rate plus 10%; or 3) any millage rate approved by unanimous vote or referendum. Future property tax growth is limited to the annual growth rate of per capita personal income, which is currently 0% to 1%, plus the value of new construction.

On January 29, 2008, Florida voters approved a constitutional amendment that changed the way in which property is assessed for ad valorem taxes. This further limited or reduced Wellington's property tax revenue.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements 14 and 34*, which modifies certain requirements for including of component units in the financial statement reporting entity. The requirements of this statement will be effective for Wellington for the fiscal year ending September 30, 2013.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into GASB authoritative literature certain accounting and financial reporting guidance included in pronouncements of the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA). The requirements of this statement will be effective for Wellington for the fiscal year ending September 30, 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows and deferred inflows of resources, which relate to the consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The requirements of this statement will be effective for Wellington for the fiscal year ending September 30, 2013.

Management has not completed its analysis of the effects, if any, of these GASB statements on Wellington's financial statements.

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

Wellington is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase agreements, certificates of deposit, Florida PRIME (formerly known as the Local Government Investment Pool (LGIP)), 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.

Wellington's cash and cash equivalents include cash on hand, time and demand deposits, cash held with a fiscal agent and money market mutual funds. Wellington 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. Cash and cash equivalents at September 30, 2011, include petty cash of \$3,425, deposits with financial institutions with a carrying value of \$17,441,333 and a bank balance of \$20,673,799, cash held with a fiscal agent of \$3,881,472 and U.S. Government money market mutual funds with a carrying value of \$2,538,666.

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

All of Wellington's bank 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 money market mutual fund deposits are uninsured and uncollateralized.

The State Board of Administration administers Florida PRIME pursuant to Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. 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. Florida PRIME 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.

On November 29, 2007, the Board of Trustees of the State Board of Administration (SBA) closed the LGIP 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 LGIP. On December 4, 2007, the Board of Trustees approved a restructuring plan for the LGIP.

The restructuring divided the LGIP into two separate pools, Florida PRIME and Fund B representing approximately 86% and 14%, respectively, of the original LGIP assets. Florida PRIME was designated as the ongoing fund consisting of only short-term, money market assets of the highest quality. On December 6, 2007, Florida PRIME re-opened to accept new deposits from participants and allow restricted withdrawals. Fund B retained all securities from the original LGIP that had defaulted, were in default or had extended payment terms or potentially elevated credit risk. Fund B is closed to deposits and withdrawals and is generally expected to hold all assets to their ultimate maturity and to distribute funds to participants as they become available. The Fund B investment is recorded at fair value based on the net asset value of the Fund B assets reported by the SBA. At September 30, 2011, the Fund B investments had a net asset value of \$304,363.

The ultimate realizable value and the date when Fund B investments will be available to Wellington cannot be determined at this time, however, it is the opinion of management, based upon consultation with the SBA, that the amount of loss, if any, and the limited availability of the funds will not adversely affect the services provided by Wellington. Additional information on the current status of Fund B may be obtained from the State Board of Administration.

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.

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Wellington’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. Wellington’s investment policy matches its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement or otherwise approved by Wellington’s Council, Wellington will not directly invest in securities maturing in more than 5 years. As of September 30, 2011 Florida PRIME has a weighted average maturity of 79.5 days, Fund B has a weighted average maturity of 4.82 years, and the investment in the Florida Municipal Investment Trust has a weighted average maturity of 1.6 years for the 1-3 Year High Quality Bond Fund and 3.55 years for the Intermediate High Quality Bond Fund. As of September 30, 2011, Wellington had the following additional investments in its internal investment pool:

Investment Type	Fair Value	Investment Maturities In Years	
		Less Than 1	1-5
U.S. Treasuries	\$ 21,671,322	\$ 5,112,062	\$ 16,559,260
U.S. Agency and Instrumentality securities	42,330,014	14,846,709	27,483,305
Commercial paper	7,498,123	7,498,123	-
Total	<u>\$ 71,499,459</u>	<u>\$ 27,456,894</u>	<u>\$ 44,042,565</u>

Credit Risk

Wellington’s policy is to limit investments to the safest types of securities, pre-qualify financial institutions, broker/dealers, intermediaries, and advisors with which Wellington 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 and external investment pools (other than U.S. Treasuries) were as follows:

Investment	Fair Value	Rating	Rating Organization
State Board of Administration (Fund B)	\$ 304,363	Not rated	N/A
U.S. government agencies and instrumentalities:			
Fannie Mae	15,643,965	AAA	S&P
Freddie Mac	13,396,046	AAA	S&P
Federal Home Loan Bank	13,290,003	AAA	S&P
Commercial paper	7,498,123	A	S&P
Florida Municipal Investment Trust			
1 - 3 year high quality bond fund	5,723,146	AAA	Fitch
Intermediate high quality bond fund	99,444	AAA	Fitch

Custodial Credit Risk

Custodial credit risk is defined as the risk that Wellington may not recover the securities held by another party in the event of a financial failure. Wellington’s investment policy for custodial credit risk requires all investment securities to be held in Wellington’s name by a third party safekeeping institution. The investments in money market mutual funds, the Local Government Investment Pool Fund B and the Florida Municipal Investment Trust are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3. All deposits with financial institutions and investments in U.S. Government and Agency and Instrumentality securities are considered fully insured or collateralized pursuant to the custodial credit risk categories of GASB Statement No. 3.

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. Wellington limits the amount that can be invested in any one issuer of Federal Agencies and Instrumentalities to 40% of the portfolio. Wellington was in compliance with this policy at year-end. At September 30, 2011, Wellington had more than 5% of its investments in the following:

Issuer	Fair Value	Percentage
Fannie Mae	\$ 15,643,965	20.2%
Freddie Mac	13,396,046	17.3%
Federal Home Loan Bank	13,290,003	17.1%

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable as of September 30, 2011, for individual major funds and aggregate nonmajor funds are as follows:

	General	Planning Zoning and Building	Acme Improvement	Gas Tax Capital	Capital Projects	Nonmajor Governmental Funds	Utility System	Solid Waste	Total
Utility taxes	\$ 355,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,514
Franchise taxes	335,942	-	-	-	-	-	-	-	335,942
Accounts	100,440	75,176	25,000	-	-	-	1,619,301	52,093	1,872,010
Interest	30,483	7,597	3,245	7,700	10,791	14,710	27,726	7,661	109,913
Gross receivables	822,379	82,773	28,245	7,700	10,791	14,710	1,647,027	59,754	2,673,379
Less allowance for uncollectible accounts	-	-	-	-	-	-	(190,300)	-	(190,300)
	<u>\$ 822,379</u>	<u>\$ 82,773</u>	<u>\$ 28,245</u>	<u>\$ 7,700</u>	<u>\$ 10,791</u>	<u>\$ 14,710</u>	<u>\$ 1,456,727</u>	<u>\$ 59,754</u>	<u>\$ 2,483,079</u>

NOTE 4. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments as of September 30, 2011, for individual major funds and aggregate nonmajor funds are as follows:

	General	Planning Zoning and Building	Acme Improvement	Gas Tax Capital	Capital Projects	Nonmajor Governmental Funds	Solid Waste	Total
Federal Government:								
Grants	\$ 24,306	\$ -	\$ -	\$ 606,558	\$ 72,776	\$ -	\$ -	\$ 703,640
State of Florida:								
State shared revenues	554,865	-	-	-	-	-	-	554,865
Communication services tax	231,280	-	-	-	-	-	-	231,280
Local option gas tax	-	-	-	35,954	-	76,822	-	112,776
Palm Beach County:								
County shared revenues	21,604	35,091	-	-	-	-	43,630	100,325
Palm Beach County Tax Collector	-	-	28,258	-	-	-	20,564	48,822
Pine Tree Water Control District	-	-	108,059	-	-	-	-	108,059
	<u>\$ 832,055</u>	<u>\$ 35,091</u>	<u>\$ 136,317</u>	<u>\$ 642,512</u>	<u>\$ 72,776</u>	<u>\$ 76,822</u>	<u>\$ 64,194</u>	<u>\$ 1,859,767</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 31, 2011 is as follows:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 19,703,294	\$ -	\$ -	\$ -	\$ 19,703,294
Construction in progress	33,528,268	14,542,837	(404,582)	(40,181,378)	7,485,145
Infrastructure	60,020,919	-	-	7,735,908	67,756,827
Total capital assets, not being depreciated	<u>113,252,481</u>	<u>14,542,837</u>	<u>(404,582)</u>	<u>(32,445,470)</u>	<u>94,945,266</u>
Capital assets, being depreciated:					
Buildings	14,714,513	-	-	11,495,348	26,209,861
Improvements	67,286,255	-	-	19,137,922	86,424,177
Machinery and equipment	17,615,380	1,153,394	(80,796)	1,812,200	20,500,178
Total capital assets, being depreciated	<u>99,616,148</u>	<u>1,153,394</u>	<u>(80,796)</u>	<u>32,445,470</u>	<u>133,134,216</u>
Less accumulated depreciation for:					
Buildings	(3,298,240)	(767,956)	-	-	(4,066,196)
Improvements	(35,097,407)	(5,672,308)	-	-	(40,769,715)
Machinery and equipment	(16,474,286)	(1,476,052)	79,299	-	(17,871,039)
Total accumulated depreciation	<u>(54,869,933)</u>	<u>(7,916,316)</u>	<u>79,299</u>	<u>-</u>	<u>(62,706,950)</u>
Total capital assets, being depreciated, net	<u>44,746,215</u>	<u>(6,762,922)</u>	<u>(1,497)</u>	<u>32,445,470</u>	<u>70,427,266</u>
Governmental activities capital assets, net	<u>\$ 157,998,696</u>	<u>\$ 7,779,915</u>	<u>\$ (406,079)</u>	<u>\$ -</u>	<u>\$ 165,372,532</u>

NOTE 5. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 8,996,705	\$ -	\$ -	\$ -	\$ 8,996,705
Construction in progress	12,468,908	14,017,514	(36,349)	(1,920,039)	24,530,034
Total capital assets, not being depreciated	<u>21,465,613</u>	<u>14,017,514</u>	<u>(36,349)</u>	<u>(1,920,039)</u>	<u>33,526,739</u>
Capital assets, being depreciated:					
Buildings	3,363,187	-	-	1,310,840	4,674,027
Land improvements	3,589,290	-	-	225,022	3,814,312
Furniture, fixtures, equipment and vehicles	3,579,970	351,367	(2,576)	12,090	3,940,851
Meters	4,790,127	-	-	-	4,790,127
Major equipment	9,655,618	35,190	-	61,921	9,752,729
Water and wastewater plant	45,995,995	-	-	304,935	46,300,930
Wells	11,572,286	-	-	-	11,572,286
Telemetry	479,020	-	-	-	479,020
Distribution lines	81,504,489	-	-	5,231	81,509,720
Total capital assets, being depreciated	<u>164,529,982</u>	<u>386,557</u>	<u>(2,576)</u>	<u>1,920,039</u>	<u>166,834,002</u>
Less accumulated depreciation for:					
Buildings	(862,772)	(117,005)	-	-	(979,777)
Land improvements	(1,342,126)	(354,159)	-	-	(1,696,285)
Furniture, fixtures, equipment and vehicles	(3,304,467)	(199,284)	2,576	-	(3,501,175)
Meters	(1,121,395)	(479,131)	-	-	(1,600,526)
Major equipment	(8,656,365)	(130,171)	-	-	(8,786,536)
Water and wastewater plant	(16,052,188)	(1,474,138)	-	-	(17,526,326)
Wells	(6,806,852)	(380,753)	-	-	(7,187,605)
Telemetry	(473,078)	(4,325)	-	-	(477,403)
Distribution lines	(30,551,206)	(2,037,836)	-	-	(32,589,042)
Total accumulated depreciation	<u>(69,170,449)</u>	<u>(5,176,802)</u>	<u>2,576</u>	<u>-</u>	<u>(74,344,675)</u>
Total capital assets, being depreciated, net	<u>95,359,533</u>	<u>(4,790,245)</u>	<u>-</u>	<u>1,920,039</u>	<u>92,489,327</u>
Business-type activities capital assets, net	<u>\$ 116,825,146</u>	<u>\$ 9,227,269</u>	<u>\$ (36,349)</u>	<u>\$ -</u>	<u>\$ 126,016,066</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 839,346
Planning and development	77,444
Engineering and public works	573,804
Surface water management	3,480,835
Transportation	324,930
Culture and recreation	2,619,957
Total depreciation expense - governmental activities	<u>\$ 7,916,316</u>
Business-type activities:	
Water utility	\$ 5,174,775
Solid waste	2,027
Total depreciation expense - business-type activities	<u>\$ 5,176,802</u>

NOTE 6. NONCURRENT LIABILITIES

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended September 30, 2011, was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Public Service Tax Revenue					
Refunding Bonds, Series 2005	\$ 9,115,000	\$ -	\$ (870,000)	\$ 8,245,000	\$ 905,000
Florida Municipal Loan Council:					
Series 2001A	3,965,000	-	(250,000)	3,715,000	260,000
Series 2002C	4,680,000	-	(265,000)	4,415,000	280,000
Less deferred amount on refunding	(373,061)	-	41,838	(331,223)	-
Plus unamortized bond premium	<u>366,539</u>	-	<u>(31,231)</u>	<u>335,308</u>	-
Total Bonds Payable, net	17,753,478	-	(1,374,393)	16,379,085	1,445,000
Compensated absences payable	<u>1,124,991</u>	<u>1,188,891</u>	<u>(842,508)</u>	<u>1,471,374</u>	<u>662,118</u>
Total	<u>\$ 18,878,469</u>	<u>\$ 1,188,891</u>	<u>\$ (2,216,901)</u>	<u>\$ 17,850,459</u>	<u>\$ 2,107,118</u>

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

In May 2005, Wellington 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 \$905,000 to \$1,165,000 with the final payment due September 1, 2019. At September 30, 2011, the outstanding balance was \$8,245,000.

Future debt service requirements to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2012	\$ 905,000	\$ 307,539	\$ 1,212,539
2013	940,000	273,782	1,213,782
2014	970,000	238,720	1,208,720
2015	1,005,000	202,539	1,207,539
2016	1,045,000	165,053	1,210,053
2017 - 2019	<u>3,380,000</u>	<u>255,132</u>	<u>3,635,132</u>
Total Public Service Tax Revenue Refunding Bonds, Series 2005	<u>\$ 8,245,000</u>	<u>\$ 1,442,765</u>	<u>\$ 9,687,765</u>

\$5,605,000 Florida Municipal Loan Council

In November 2001, Wellington entered into a loan agreement with the Florida Municipal Loan Council for \$5,605,000 (Series 2001A). Proceeds from the loan were 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. The remaining principal is payable in annual installments of \$260,000 to \$425,000 with the final payment due in November 2021. At September 30, 2011, the outstanding balance was \$3,715,000.

NOTE 6. NONCURRENT LIABILITIES (Continued)

Changes in Noncurrent 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:			
2012	\$ 260,000	\$ 181,075	\$ 441,075
2013	275,000	167,700	442,700
2014	285,000	153,344	438,344
2015	300,000	137,988	437,988
2016	315,000	121,844	436,844
2017 - 2021	1,855,000	338,331	2,193,331
2022	425,000	10,094	435,094
Total Loan Payable, Series 2001A	<u>\$ 3,715,000</u>	<u>\$ 1,110,376</u>	<u>\$ 4,825,376</u>

\$6,290,000 Florida Municipal Loan Council

In November 2002, Wellington entered into a loan agreement with the Florida Municipal Loan Council for \$6,290,000 (Series 2002C). Proceeds from the loan were 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. The remaining principal is payable in annual installments of \$280,000 to \$480,000 with the final payment due in November 2022. At September 30, 2011, the outstanding balance was \$4,415,000.

Future debt service requirements to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2012	\$ 280,000	\$ 219,063	\$ 499,063
2013	290,000	207,663	497,663
2014	300,000	193,988	493,988
2015	320,000	177,713	497,713
2016	335,000	160,519	495,519
2017 - 2021	1,955,000	513,056	2,468,056
2022 - 2023	935,000	49,744	984,744
Total Loan Payable, Series 2002C	<u>\$ 4,415,000</u>	<u>\$ 1,521,746</u>	<u>\$ 5,936,746</u>

Debt Compliance

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

NOTE 6. NONCURRENT LIABILITIES (Continued)

Changes in Noncurrent Liabilities (Continued)

Governmental Activities (Continued)

Pledged Revenue

Wellington has pledged future public service tax revenues to repay \$9,995,000 in Public Service Tax Revenue Refunding Bonds, Series 2005. Proceeds of the 2005 bonds were used to refund a portion of the Public Service Tax Revenue Bonds, Series 1999. The bonds are payable solely from public service tax revenues and are payable through 2019. Annual principal and interest payments on the bonds are expected to require less than 19% of annual public service tax revenues. The total principal and interest remaining to be paid on the Public Service Tax Revenue Refunding Bonds, Series 2005, is \$9,687,765. Total principal and interest paid for the current year and total public service tax revenues were \$1,209,990 and \$9,922,110, respectively.

Changes in Noncurrent Liabilities

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Utility System Revenue Refunding and Improvement Bonds	\$ 9,090,000	\$ -	\$ (2,420,000)	\$ 6,670,000	\$ 2,535,000
Plus unamortized bond premium	83,378	-	(27,794)	55,584	-
Less unamortized refunding loss	(487,804)	-	162,602	(325,202)	-
Total Bonds Payable	8,685,574	-	(2,285,192)	6,400,382	2,535,000
Compensated absences payable	171,917	152,031	(152,672)	171,276	77,075
Total	<u>\$ 8,857,491</u>	<u>\$ 152,031</u>	<u>\$ (2,437,864)</u>	<u>\$ 6,571,658</u>	<u>\$ 2,612,075</u>

\$22,355,000 Utility System Revenue Refunding and Improvement Bonds

In August 2003, Wellington 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. The remaining 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 Wellington, 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, 2011, the outstanding balance was \$6,670,000.

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

	Principal	Interest	Total
Year Ending September 30:			
2012	\$ 2,535,000	\$ 210,889	\$ 2,745,889
2013	2,635,000	110,065	2,745,065
2014	<u>1,500,000</u>	<u>30,000</u>	<u>1,530,000</u>
Total Utility System Revenue Refunding and Improvement Bonds, Series 2003	<u>\$ 6,670,000</u>	<u>\$ 350,954</u>	<u>\$ 7,020,954</u>

NOTE 6. NONCURRENT LIABILITIES (Continued)

Business-type Activities (Continued)

Federal Arbitrage Regulations

Wellington 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.

Pledged Revenue

Wellington has pledged future water and sewer revenues, net of specified operating expenses, to repay \$22,355,000 in Utility System Revenue Refunding and Improvement Bonds issued in August 2003. Proceeds from the bonds provided funds to refund all of the Utility System Revenue Refunding Bonds, Series 1993 and finance certain capital expenditures related to the water and sewer system. The bonds are payable solely from water and sewer net revenues and are payable through 2014. Annual principal and interest payments on the bonds are expected to require less than 43% of annual net revenues. The total principal and interest remaining to be paid on the bonds as of September 30, 2011 is \$7,020,954. Total principal and interest paid for the current year and total water and sewer net revenues were \$2,739,551 and \$8,976,236, respectively.

Interest Expense

Total interest costs incurred and paid on all Wellington debt for the year ended September 30, 2011 totaled \$1,023,925 and \$1,215,476, respectively.

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2011 is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Solid Waste	\$ 115,194
Capital Projects	Nonmajor Funds	1,000

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

Advances from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Solid Waste	\$ 52,775

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

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

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, 2011 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 11,370,945	\$ 10,891,849
Planning, Zoning and Building	1,100,000	957,000
Acme Improvement	-	1,743,757
Gas Tax Capital	-	115,100
Capital Projects	2,256,942	-
Nonmajor governmental funds	3,251,161	2,332,875
Utility System	-	1,567,900
Solid Waste	-	370,567
Total	<u>\$ 17,979,048</u>	<u>\$ 17,979,048</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

Wellington 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, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399-1560.

Plan members were not required to contribute to the System until July 1, 2011, at which time they were required to contribute 3%. Wellington is required to contribute at an actuarially determined rate, which was 10.77% for the period October 1, 2010 through June 30, 2011 and 4.91% for the period July 1, 2011 through September 30, 2011. Contributions to FRS for the years ended September 30, 2011, 2010, and 2009 were \$1,364,766, \$1,400,720, and \$1,389,523, respectively, equal to 100% of the required contributions for each year.

NOTE 9. RISK MANAGEMENT

Wellington 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 Wellington carries commercial insurance. Specifically, Wellington purchases commercial insurance for property, medical benefits, worker's compensation, general liability, automobile liability, errors and omissions, and directors and officers liability. Wellington 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 10. CONTINGENCIES

There are various claims and legal actions pending against Wellington 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 Wellington's attorneys that resolution of these matters will not have a material adverse effect on the financial condition of Wellington.

NOTE 11. COMMITMENTS

Facilities Management and Information Technology

An Application Service Provider Agreement was executed during 2009 which provides for the use of the SunGard Public Sector, Inc. software package. According to the agreement, Wellington will pay SunGard Public Sector, Inc. \$247,200 per year from 2012-2014. The total amount of the contract remaining is \$741,600. For the year ended September 30, 2011, amounts were remitted pursuant to this agreement.

Agreement for Police Services

During 2010, Wellington entered into an agreement with the Palm Beach County Sheriff's Office for the provision of professional police services through September 30, 2011. 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 Wellington's budget. Pursuant to the agreement, the Sheriff will assign personnel to provide law enforcement coverage within Wellington. Amounts paid pursuant to this agreement were \$7,578,981 for the year ended September 30, 2011. Amounts to be paid pursuant to this agreement in fiscal year 2012 total \$7,578,981.

Solid Waste Collection and Recycling

During the year ended September 30, 2008, the contract for waste and recycling collection services was bid. The bid was awarded to Waste Management, Inc. at a contract cost totaling \$3,008,790 for the year ended September 30, 2011 for residential services. The agreement is for seven years and expires on September 30, 2015. There is one renewal option in this agreement for an additional seven year period. 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 Wellington for rate adjustments on the basis of extraordinary and unusual changes in the cost of operations. Amounts to be paid pursuant to this agreement in fiscal year 2012 total \$3,127,938. According to the agreement, future year payments to Waste Management, Inc. will be adjusted by a yearly CPI index.

NOTE 11. COMMITMENTS (Continued)

Wastewater Treatment Facility Expansion and Improvements

Wellington has contracted with Wharton Smith, Inc. for the construction of additional treatment, reuse and biosolids processing facilities at the wastewater treatment facility. This project will increase the capacity of the wastewater treatment facility from 4.75 MGD to 6.50 MGD. In addition, the project will allow Wellington to comply with current and pending regulatory requirements mandated by the Florida Department of Environmental Protection and strengthen odor control. A contract has been awarded in the amount of approximately \$15 million with an anticipated completion date during FY 2012 and is being accounted for in the Utility System Fund. As of September 30, 2011, cumulative expenditures total \$13.8 million.

Southshore Boulevard Improvements

Wellington has contracted with H&J Contracting, Inc. for the expansion of the existing roadway to a two lane roadway with a median from Pierson Road to Lake Worth Road. A contract has been awarded in the amount of approximately \$6.5 million. The project is to meet traffic demands and level of service standards in the equestrian area and is to be completed in 2012. As of September 30, 2011, cumulative expenditures of \$6 million have been expended.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description: On September 28, 2007, Wellington 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. Wellington 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 14 retirees eligible to receive benefits as of September 30, 2011.

Funding Policy: Wellington Council is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. Wellington Council also establishes the contribution requirements of plan members and Wellington. These contributions are neither mandated nor guaranteed. Except for the former Village Manager whose premiums are paid in full by Wellington, 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. Wellington does not subsidize any member premiums. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$689 to a maximum of \$2,058.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost: The annual other postemployment benefit (OPEB) cost for the fiscal year was (\$1,000), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The 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, 2011 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
9/30/2009	\$ 50,000	0%	\$ 605,969
9/30/2010	7,000	1529%	598,969
9/30/2011	(1,000)	1679%	616,763
Annual required contribution			\$ (20,000)
Interest on OPEB obligation			(42,000)
Adjustment to annual required contribution			61,000
Annual OPEB cost			(1,000)
Contribution made			(16,794)
Change in net OPEB asset			(17,794)
Net OPEB liability (asset), beginning of year			(598,969)
Net OPEB liability (asset), end of year			\$ (616,763)

The annual required contributions for 2011 and 2010 were \$20,000 and \$13,000, respectively, of which Wellington made contributions of \$16,794 and \$107,000, respectively.

Funded Status and Funding Progress: The following schedule of funding progress is presented based upon available information.

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) / (2)	(4) Covered Payroll	UAAL As % of Covered Payroll (3) / (4)
July 1, 2008	\$ 735,000	\$ 503,000	\$ (232,000)	146.1%	\$ 11,641,000	(2.0)%
October 1, 2010	826,000	536,000	(290,000)	154.1%	13,045,000	(2.2)%

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. The schedule of funding progress shown above, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions: 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 and 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 actuarial valuation for the Plan as of October 1, 2010, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after ten years. The investment return included a 3% inflation assumption. The actuarial value of assets will be determined using fair value. The UAAL will be amortized as a level dollar payment on an open basis. The remaining amortization period is fifteen years.

The assumptions above, which were included in the actuarial valuation as of October 1, 2010, were modified from the previous actuarial valuation for the plan. The original assumptions in the July 1, 2008 actuarial valuation included an investment rate of return of 7.5%, an annual health-care cost trend rate of 9%, and a 5% inflation assumption. In addition, the implied subsidy and the retiree participation rate was reduced. The change in these assumptions, plus actual retiree data, resulted in a substantially lower annual OPEB cost for 2010 and 2011.

NOTE 13. ADOPTION OF GASB 54 AND RESTATEMENT OF BEGINNING FUND BALANCE

For 2011, Wellington was required to adopt GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. In adopting this new Statement, Wellington was required to restate the beginning fund balance of the General Fund to include the fund balance of the Recreation Programs Fund, which was previously reported as a special revenue fund. Accordingly, the General Fund fund balance at October 1, 2010 increased from \$24,480,053 to \$27,875,303.

NOTE 14. SUBSEQUENT EVENT

On December 5, 2011 Wellington defeased outstanding debt related to the Florida Municipal Loan Council Series 2001A and 2002C bonds in the amount of \$3,455,000 and \$4,135,000, respectively, from available cash and investments. The debt is considered defeased and the liabilities have been removed.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules:

General Fund

Special Revenue Funds:

Planning, Zoning and Building

Acme Improvement

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2011

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:						
Ad valorem taxes	\$ 12,817,621	\$ -	\$ -	\$ 12,817,621	\$ 12,876,240	\$ 58,619
Franchise fees	3,400,000	-	-	3,400,000	3,266,018	(133,982)
Utility taxes	3,238,000	-	-	3,238,000	3,863,992	625,992
Public services tax	2,800,000	-	-	2,800,000	2,792,100	(7,900)
Licenses and permits	100,000	-	-	100,000	322,604	222,604
Intergovernmental	3,510,000	-	16,439	3,526,439	4,304,872	778,433
Charges for services	1,359,330	-	-	1,359,330	1,576,122	216,792
Fines and forfeitures	90,000	-	-	90,000	102,907	12,907
Investment income	460,000	-	-	460,000	454,293	(5,707)
Miscellaneous	209,600	-	-	209,600	247,314	37,714
Total revenues	<u>27,984,551</u>	<u>-</u>	<u>16,439</u>	<u>28,000,990</u>	<u>29,806,462</u>	<u>1,805,472</u>

(Continued)

See note to budgetary comparison schedules

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE (Continued)

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2011

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures:						
Current:						
General government:						
Village council	\$ 251,137	\$ -	\$ 25,450	\$ 276,587	\$ 274,585	\$ 2,002
Village clerk	1,033,093	3,000	117,450	1,153,543	1,120,488	33,055
Village manager	1,346,571	-	97,250	1,443,821	1,438,570	5,251
Communications	306,260	-	(12,750)	293,510	287,808	5,702
Customer service	137,364	-	11,650	149,014	121,148	27,866
Financial services	2,169,939	625	(25,685)	2,144,879	1,987,719	157,160
Wellington 2060	937,663	2,277	121,215	1,061,155	948,796	112,359
Human resources	419,007	6,938	(900)	425,045	412,311	12,734
Risk management	1,119,669	2,500	33,550	1,155,719	791,989	363,730
Legal	450,000	75,721	(50,000)	475,721	270,019	205,702
Information technology	1,848,719	346,687	(281,962)	1,913,444	1,881,330	32,114
Construction and engineering services	179,595	-	(124,515)	55,080	52,308	2,772
Other	613,443	-	(343,830)	269,613	191,335	78,278
Total general government	<u>10,812,460</u>	<u>437,748</u>	<u>(433,077)</u>	<u>10,817,131</u>	<u>9,778,406</u>	<u>1,038,725</u>
Public safety: Law enforcement	<u>7,488,278</u>	<u>-</u>	<u>-</u>	<u>7,488,278</u>	<u>7,461,621</u>	<u>26,657</u>
Physical environment:						
Public works	3,875,052	13,973	(14,120)	3,874,905	3,631,535	243,370
Nuisance abatement	191,074	-	(31,250)	159,824	147,173	12,651
Community and neighborhood services	1,050,146	-	(91,987)	958,159	823,049	135,110
Safe neighborhoods code compliance	133,474	15,566	(10,966)	138,074	130,173	7,901
Emergency operations	28,500	-	-	28,500	16,986	11,514
Aquatics and sports fields	2,251,477	43,634	916	2,296,027	2,237,909	58,118
Total physical environment	<u>7,529,723</u>	<u>73,173</u>	<u>(147,407)</u>	<u>7,455,489</u>	<u>6,986,825</u>	<u>468,664</u>
Culture and recreation:						
Parks and recreation administration	398,028	1,617	76,883	476,528	381,209	95,319
Recreation programs	347,216	-	58,600	405,816	396,587	9,229
Athletic programs	1,300,169	-	(11,720)	1,288,449	1,154,784	133,665
Tennis program	92,750	-	-	92,750	98,428	(5,678)
Aquatics	591,372	3,234	5,266	599,872	575,048	24,824
Cultural and recreational facilities	260,706	3,234	77,686	341,626	330,420	11,206
Total culture and recreation	<u>2,990,241</u>	<u>8,085</u>	<u>206,715</u>	<u>3,205,041</u>	<u>2,936,476</u>	<u>268,565</u>
Capital outlay	<u>493,390</u>	<u>-</u>	<u>447,433</u>	<u>940,823</u>	<u>648,624</u>	<u>292,199</u>
Total expenditures	<u>29,314,092</u>	<u>519,006</u>	<u>73,664</u>	<u>29,906,762</u>	<u>27,811,952</u>	<u>2,094,810</u>
Excess (deficiency) of revenues over expenditures	<u>(1,329,541)</u>	<u>(519,006)</u>	<u>(57,225)</u>	<u>(1,905,772)</u>	<u>1,994,510</u>	<u>3,900,282</u>
Other financing sources (uses):						
Transfers in	11,687,345	-	-	11,687,345	11,370,945	(316,400)
Transfers out	(10,891,849)	-	-	(10,891,849)	(10,891,849)	-
Sale of capital assets	-	-	-	-	30,635	30,635
Total other financing sources	<u>795,496</u>	<u>-</u>	<u>-</u>	<u>795,496</u>	<u>509,731</u>	<u>(285,765)</u>
Net change in fund balances	(534,045)	(519,006)	(375,225)	(1,110,276)	2,504,241	3,614,517
Fund balances, beginning of year	<u>27,875,303</u>	<u>519,006</u>	<u>375,225</u>	<u>27,875,303</u>	<u>27,875,303</u>	<u>-</u>
Fund balances, end of year	<u>\$ 27,341,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,765,027</u>	<u>\$ 30,379,544</u>	<u>\$ 3,614,517</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, 2011

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:						
Licenses and permits	\$ 2,016,500	\$ -	\$ -	\$ 2,016,500	\$ 3,375,629	\$ 1,359,129
Fines and forfeitures	265,000	-	-	265,000	623,322	358,322
Investment income	94,000	-	-	94,000	81,954	(12,046)
Miscellaneous	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>66,389</u>	<u>41,389</u>
Total revenues	<u>2,400,500</u>	<u>-</u>	<u>-</u>	<u>2,400,500</u>	<u>4,147,294</u>	<u>1,746,794</u>
Expenditures:						
Current:						
Physical environment:						
Planning, zoning and building administration	184,812	-	2,333	187,145	173,709	13,436
Planning & zoning	497,419	28,114	(35,114)	490,419	464,872	25,547
Code compliance	748,785	3,234	(32,234)	719,785	642,173	77,612
Building	<u>1,692,329</u>	<u>17,381</u>	<u>11,286</u>	<u>1,720,996</u>	<u>1,730,719</u>	<u>(9,723)</u>
Total physical environment	<u>3,123,345</u>	<u>48,729</u>	<u>(53,729)</u>	<u>3,118,345</u>	<u>3,011,473</u>	<u>106,872</u>
Capital outlay	<u>161,784</u>	<u>-</u>	<u>48,729</u>	<u>210,513</u>	<u>111,281</u>	<u>99,232</u>
Total expenditures	<u>3,285,129</u>	<u>48,729</u>	<u>(5,000)</u>	<u>3,328,858</u>	<u>3,122,754</u>	<u>206,104</u>
Excess (deficiency) of revenues over expenditures	<u>(884,629)</u>	<u>(48,729)</u>	<u>5,000</u>	<u>(928,358)</u>	<u>1,024,540</u>	<u>1,952,898</u>
Other financing sources (uses):						
Transfers in	1,100,000	-	-	1,100,000	1,100,000	-
Transfers out	<u>(970,000)</u>	<u>-</u>	<u>-</u>	<u>(970,000)</u>	<u>(957,000)</u>	<u>13,000</u>
Total other financing sources (uses)	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>130,000</u>	<u>143,000</u>	<u>13,000</u>
Net change in fund balances	(754,629)	(48,729)	5,000	(798,358)	1,167,540	1,965,898
Fund balances, beginning of year	<u>6,169,564</u>	<u>48,729</u>	<u>(5,000)</u>	<u>6,169,564</u>	<u>6,169,564</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,414,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,371,206</u>	<u>\$ 7,337,104</u>	<u>\$ 1,965,898</u>

See note to budgetary comparison schedules

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

ACME IMPROVEMENT - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2011

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:						
Special assessments	\$ 4,895,000	\$ -	\$ -	\$ 4,895,000	\$ 4,787,957	\$ (107,043)
Charges for services	335,750	-	-	335,750	366,789	31,039
Investment income	41,000	-	-	41,000	44,239	3,239
Miscellaneous	20,000	-	50,000	70,000	161,862	91,862
Total revenues	<u>5,291,750</u>	<u>-</u>	<u>50,000</u>	<u>5,341,750</u>	<u>5,360,847</u>	<u>19,097</u>
Expenditures:						
Current:						
Physical environment:						
Environmental services	678,116	24,865	(28,965)	674,016	656,453	17,563
Neighborhood parks	419,827	-	(78,165)	341,662	322,734	18,928
Surface water management	2,065,616	-	125,630	2,191,246	1,942,464	248,782
Total physical environment	<u>3,163,559</u>	<u>24,865</u>	<u>18,500</u>	<u>3,206,924</u>	<u>2,921,651</u>	<u>285,273</u>
Capital outlay	323,250	-	44,500	367,750	363,500	4,250
Total expenditures	<u>3,486,809</u>	<u>24,865</u>	<u>63,000</u>	<u>3,574,674</u>	<u>3,285,151</u>	<u>289,523</u>
Excess (deficiency) of revenues over expenditures	<u>1,804,941</u>	<u>(24,865)</u>	<u>(13,000)</u>	<u>1,767,076</u>	<u>2,075,696</u>	<u>308,620</u>
Other financing uses:						
Transfers out	(1,934,407)	-	-	(1,934,407)	(1,743,757)	190,650
Total other financing uses	<u>(1,934,407)</u>	<u>-</u>	<u>-</u>	<u>(1,934,407)</u>	<u>(1,743,757)</u>	<u>190,650</u>
Net change in fund balances	(129,466)	(24,865)	(13,000)	(167,331)	331,939	499,270
Fund balances, beginning of year	<u>1,655,260</u>	<u>24,865</u>	<u>13,000</u>	<u>1,655,260</u>	<u>1,655,260</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,525,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,487,929</u>	<u>\$ 1,987,199</u>	<u>\$ 499,270</u>

See note to budgetary comparison schedules

VILLAGE OF WELLINGTON, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2011

NOTE 1. 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, capital projects and debt service funds. The procedures for establishing the budgetary data are as follows:

- ❖ Prior to September 1, Wellington 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. The Wellington Community Foundation has not adopted an operating budget for the current fiscal year.
- ❖ Public hearings are conducted to obtain taxpayer comments.
- ❖ Wellington 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 a fund must be approved by the Council. Changes within a fund which do not affect total fund expenditures may be approved at the administrative level. Accordingly, the legal level of control is at the fund level.

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Wellington also adopts a nonappropriated operating budget for the enterprise funds 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, 2011, several supplementary appropriations were necessary. The supplementary appropriations increased the general fund budget by \$73,664 and the major special revenue funds budgets by \$58,000. 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, 2011

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

Percentage of lane miles in good or better condition

Overall System:	
2009	100%
2010	100%
2011	100%

Percentage of lane miles in substandard condition

Overall System:	
2009	0%
2010	0%
2011	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	835,654	438,776	(396,878)
2008	726,050	652,505	(73,545)
2009	2,168,749	1,219,259	(949,490)
2010	2,194,383	2,067,202	(127,181)
2011	<u>2,261,961</u>	<u>1,914,271</u>	<u>(347,690)</u>
Total	<u>\$ 11,189,142</u>	<u>\$ 9,453,027</u>	<u>\$ (1,736,115)</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 Wellington'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, Wellington is required to report at least one complete condition assessment at transition using the modified approach. The condition assessment was completed and documented that the eligible infrastructure assets are being preserved at or above the condition level established. Future assessments will be completed on a cyclical basis (one-third of all the streets in the network every year for three years).

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



OTHER SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Wellington Community Foundation – Accounts for revenues and expenditures related to the Wellington Community Foundation, a blended component unit of Wellington. The Foundation has not adopted an operating budget for the current fiscal year.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted for capital expenditures.

Recreation Impact Fees Fund – Accounts for impact fee revenues and expenditures for recreation 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. Wellington maintains one debt service fund for the repayment of revenue bonds.

VILLAGE OF WELLINGTON, FLORIDA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	Special Revenue Funds		Capital Project Funds			Total Nonmajor Funds
	Gas Tax Maintenance	Wellington Community Foundation	Recreation Impact Fees	Road Impact Fees	Debt Service Fund	
ASSETS						
Cash and cash equivalents	\$ 333,044	\$ 1,766	\$ 1,606,271	\$ 694,372	\$ 15,397	\$ 2,650,850
Investments	1,294,057	-	6,241,246	2,698,016	59,827	10,293,146
Accrued interest receivable	1,388	-	8,347	4,975	-	14,710
Due from other governments	76,822	-	-	-	-	76,822
Restricted cash and cash equivalents	-	-	-	1,215,648	-	1,215,648
Total assets	\$ 1,705,311	\$ 1,766	\$ 7,855,864	\$ 4,613,011	\$ 75,224	\$ 14,251,176
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 58,198	\$ -	\$ 71,204	\$ 196,837	\$ -	\$ 326,239
Retainage payable	-	-	-	278,778	-	278,778
Due to other funds	-	1,000	-	-	-	1,000
Total liabilities	58,198	1,000	71,204	475,615	-	606,017
Fund balances:						
Restricted for:						
Capital projects	-	-	3,809,842	266,659	-	4,076,501
Road maintenance	1,647,113	-	-	-	-	1,647,113
Wellington community foundation	-	766	-	-	-	766
Committed for debt service	-	-	3,974,818	3,870,737	75,224	7,920,779
Total fund balances	1,647,113	766	7,784,660	4,137,396	75,224	13,645,159
Total liabilities and fund balances	\$ 1,705,311	\$ 1,766	\$ 7,855,864	\$ 4,613,011	\$ 75,224	\$ 14,251,176

VILLAGE OF WELLINGTON, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2011

	<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>		<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Gas Tax Maintenance</u>	<u>Wellington Community Foundation</u>	<u>Recreation Impact Fees</u>	<u>Road Impact Fees</u>		
Revenues:						
Impact fees	\$ -	\$ -	\$ 647,625	\$ 409,993	\$ -	\$ 1,057,618
Intergovernmental revenue	1,135,643	-	-	-	-	1,135,643
Investment income	14,799	122	81,691	52,279	-	148,891
Miscellaneous	500	58,417	200	-	-	59,117
Total revenues	<u>1,150,942</u>	<u>58,539</u>	<u>729,516</u>	<u>462,272</u>	<u>-</u>	<u>2,401,269</u>
Expenditures:						
Current:						
Transportation	1,511,575	-	-	-	-	1,511,575
Culture and recreation	-	105,223	-	-	-	105,223
Capital outlay	23,346	-	203,543	2,820,581	-	3,047,470
Debt service:						
Principal	-	-	-	-	1,385,000	1,385,000
Interest and other charges	-	-	-	-	765,102	765,102
Total expenditures	<u>1,534,921</u>	<u>105,223</u>	<u>203,543</u>	<u>2,820,581</u>	<u>2,150,102</u>	<u>6,814,370</u>
Excess (deficiency) of revenues over expenditures	<u>(383,979)</u>	<u>(46,684)</u>	<u>525,973</u>	<u>(2,358,309)</u>	<u>(2,150,102)</u>	<u>(4,413,101)</u>
Other financing sources (uses):						
Transfers in	1,100,961	-	-	-	2,150,200	3,251,161
Transfers out	(379,350)	-	(1,466,200)	(487,325)	-	(2,332,875)
Total other financing sources (uses)	<u>721,611</u>	<u>-</u>	<u>(1,466,200)</u>	<u>(487,325)</u>	<u>2,150,200</u>	<u>918,286</u>
Net change in fund balances	337,632	(46,684)	(940,227)	(2,845,634)	98	(3,494,815)
Fund balances, beginning of year	<u>1,309,481</u>	<u>47,450</u>	<u>8,724,887</u>	<u>6,983,030</u>	<u>75,126</u>	<u>17,139,974</u>
Fund balances, end of year	<u>\$ 1,647,113</u>	<u>\$ 766</u>	<u>\$ 7,784,660</u>	<u>\$ 4,137,396</u>	<u>\$ 75,224</u>	<u>\$ 13,645,159</u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GAS TAX MAINTENANCE - SPECIAL REVENUE FUND
 YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental revenue	\$ 1,045,000	\$ 1,045,000	\$ 1,135,643	\$ 90,643
Investment income	16,000	16,000	14,799	(1,201)
Miscellaneous	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
Total revenues	<u>1,061,000</u>	<u>1,061,000</u>	<u>1,150,942</u>	<u>89,942</u>
Expenditures:				
Current:				
Transportation	1,575,677	1,665,677	1,511,575	154,102
Capital outlay	<u>16,284</u>	<u>26,284</u>	<u>23,346</u>	<u>2,938</u>
Total expenditures	<u>1,591,961</u>	<u>1,691,961</u>	<u>1,534,921</u>	<u>157,040</u>
Excess (deficiency) of revenues over expenditures	<u>(530,961)</u>	<u>(630,961)</u>	<u>(383,979)</u>	<u>246,982</u>
Other financing sources (uses):				
Transfers in	1,100,961	1,100,961	1,100,961	-
Transfers out	<u>(570,000)</u>	<u>(570,000)</u>	<u>(379,350)</u>	<u>190,650</u>
Total other financing sources	<u>530,961</u>	<u>530,961</u>	<u>721,611</u>	<u>190,650</u>
Net change in fund balances	-	(100,000)	337,632	437,632
Fund balances, beginning of year	<u>1,309,481</u>	<u>1,309,481</u>	<u>1,309,481</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,309,481</u>	<u>\$ 1,209,481</u>	<u>\$ 1,647,113</u>	<u>\$ 437,632</u>

VILLAGE OF WELLINGTON, FLORIDA

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

WELLINGTON COMMUNITY FOUNDATION - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment income	\$ -	\$ -	\$ 122	\$ 122
Miscellaneous	<u>-</u>	<u>-</u>	<u>58,417</u>	<u>58,417</u>
Total revenues	<u>-</u>	<u>-</u>	<u>58,539</u>	<u>58,539</u>
Expenditures:				
Current:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>105,223</u>	<u>(105,223)</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(46,684)</u>	<u>(46,684)</u>
Net change in fund balances	-	-	(46,684)	(46,684)
Fund balances, beginning of year	<u>47,450</u>	<u>47,450</u>	<u>47,450</u>	<u>-</u>
Fund balances, end of year	<u>\$ 47,450</u>	<u>\$ 47,450</u>	<u>\$ 766</u>	<u>\$ (46,684)</u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RECREATION IMPACT FEES - CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Impact fees	\$ 326,756	\$ 326,756	\$ 647,625	\$ 320,869
Investment income	149,000	149,000	81,691	(67,309)
Miscellaneous	<u>300,000</u>	<u>300,000</u>	<u>200</u>	<u>(299,800)</u>
Total revenues	<u>775,756</u>	<u>775,756</u>	<u>729,516</u>	<u>(46,240)</u>
Expenditures:				
Capital outlay	<u>700,000</u>	<u>672,974</u>	<u>203,543</u>	<u>469,431</u>
Excess of revenues over expenditures	75,756	102,782	525,973	423,191
Other financing uses:				
Transfers out	<u>(1,466,200)</u>	<u>(1,466,200)</u>	<u>(1,466,200)</u>	<u>-</u>
Total other financing uses	<u>(1,466,200)</u>	<u>(1,466,200)</u>	<u>(1,466,200)</u>	<u>-</u>
Net change in fund balances	(1,390,444)	(1,363,418)	(940,227)	423,191
Fund balances, beginning of year	<u>8,724,887</u>	<u>8,724,887</u>	<u>8,724,887</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,334,443</u>	<u>\$ 7,361,469</u>	<u>\$ 7,784,660</u>	<u>\$ 423,191</u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD IMPACT FEES - CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Impact fees	\$ 110,683	\$ 110,683	\$ 409,993	\$ 299,310
Investment income	<u>87,000</u>	<u>87,000</u>	<u>52,279</u>	<u>(34,721)</u>
Total revenues	<u>197,683</u>	<u>197,683</u>	<u>462,272</u>	<u>264,589</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>3,223,633</u>	<u>2,820,581</u>	<u>403,052</u>
Excess (deficiency) of revenues over expenditures	197,683	(3,025,950)	(2,358,309)	667,641
Other financing uses:				
Transfers out	<u>(487,325)</u>	<u>(487,325)</u>	<u>(487,325)</u>	<u>-</u>
Total other financing uses	<u>(487,325)</u>	<u>(487,325)</u>	<u>(487,325)</u>	<u>-</u>
Net change in fund balances	(289,642)	(3,513,275)	(2,845,634)	667,641
Fund balances, beginning of year	<u>6,983,030</u>	<u>6,983,030</u>	<u>6,983,030</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,693,388</u>	<u>\$ 3,469,755</u>	<u>\$ 4,137,396</u>	<u>\$ 667,641</u>

VILLAGE OF WELLINGTON, FLORIDA

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

DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	1,385,000	1,385,000	1,385,000	-
Interest and other fiscal charges	<u>765,200</u>	<u>765,200</u>	<u>765,102</u>	<u>98</u>
Total expenditures	<u>2,150,200</u>	<u>2,150,200</u>	<u>2,150,102</u>	<u>98</u>
Excess (deficiency) of revenues over expenditures	(2,150,200)	(2,150,200)	(2,150,102)	98
Other financing sources:				
Transfers in	<u>2,150,200</u>	<u>2,150,200</u>	<u>2,150,200</u>	<u>-</u>
Total other financing sources	<u>2,150,200</u>	<u>2,150,200</u>	<u>2,150,200</u>	<u>-</u>
Net change in fund balances	-	-	98	98
Fund balances, beginning of year	<u>75,126</u>	<u>75,126</u>	<u>75,126</u>	<u>-</u>
Fund balances, end of year	<u>\$ 75,126</u>	<u>\$ 75,126</u>	<u>\$ 75,224</u>	<u>\$ 98</u>

BUDGETARY COMPARISON SCHEDULES

MAJOR CAPITAL PROJECTS FUNDS

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

Capital Projects Fund – Accounts for general government capital expenditures.

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GAS TAX CAPITAL - CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 642,000	\$ 3,079,500	\$ 3,829,281	\$ 749,781
Investment income	112,000	112,000	74,837	(37,163)
Miscellaneous	<u>-</u>	<u>-</u>	<u>47,163</u>	<u>47,163</u>
Total revenues	<u>754,000</u>	<u>3,191,500</u>	<u>3,951,281</u>	<u>759,781</u>
Expenditures:				
Capital outlay	<u>1,710,000</u>	<u>5,903,708</u>	<u>5,072,267</u>	<u>831,441</u>
Excess (deficiency) of revenues over expenditures	<u>(956,000)</u>	<u>(2,712,208)</u>	<u>(1,120,986)</u>	<u>1,591,222</u>
Other financing uses:				
Transfers out	<u>(115,100)</u>	<u>(115,100)</u>	<u>(115,100)</u>	<u>-</u>
Total other financing uses	<u>(115,100)</u>	<u>(115,100)</u>	<u>(115,100)</u>	<u>-</u>
Net change in fund balances	(1,071,100)	(2,827,308)	(1,236,086)	1,591,222
Fund balances, beginning of year	<u>8,171,606</u>	<u>8,171,606</u>	<u>8,171,606</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,100,506</u>	<u>\$ 5,344,298</u>	<u>\$ 6,935,520</u>	<u>\$ 1,591,222</u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CAPITAL PROJECTS FUND YEAR ENDED SEPTEMBER 30, 2011

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ -	\$ 2,094,618	\$ 259,876	\$ (1,834,742)
Investment income	83,000	83,000	30,602	(52,398)
Miscellaneous	-	89,220	102,327	13,107
Total revenues	83,000	2,266,838	392,805	(1,874,033)
Expenditures:				
Capital outlay:				
Safe neighborhoods	250,000	291,717	204,268	87,449
Surface water management	954,407	1,319,805	1,205,205	114,600
SWAT	150,000	1,860,375	265,543	1,594,832
Strategic planning & economic development	-	681,069	653,762	27,307
Landscape capital	-	42,204	42,204	-
Operations	185,535	3,865,930	3,648,502	217,428
Community center	-	13,375	733	12,642
Parks and recreation	800,000	955,880	122,924	832,956
Total expenditures	2,339,942	9,030,355	6,143,141	2,887,214
Excess (deficiency) of revenues over expenditures	(2,256,942)	(6,763,517)	(5,750,336)	1,013,181
Other financing sources:				
Transfers in	2,256,942	2,256,942	2,256,942	-
Contribution of properties	-	-	570,241	570,241
Total other financing sources	2,256,942	2,256,942	2,827,183	570,241
Net change in fund balances	-	(4,506,575)	(2,923,153)	1,583,422
Fund balances, beginning of year	12,736,483	12,736,483	12,736,483	-
Fund balances, end of year	\$ 12,736,483	\$ 8,229,908	\$ 9,813,330	\$ 1,583,422

STATISTICAL SECTION

This part 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 Wellington's overall financial health.

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<i>These schedules contain trend information to help the reader understand how Wellington's financial performance and well-being have changed over time. These schedules include:</i>	
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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 NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2003	2004	2005
Governmental activities:			
Invested in capital assets, net of related debt	\$ 84,456,045	\$ 82,441,223	\$ 87,127,009
Restricted	25,190,120	28,588,134	31,215,236
Unrestricted	<u>8,908,406</u>	<u>17,165,777</u>	<u>20,093,412</u>
Total governmental activities net assets	<u>118,554,571</u>	<u>128,195,134</u>	<u>138,435,657</u>
Business-type activities:			
Invested in capital assets, net of related debt	61,103,841	63,977,950	67,896,249
Restricted	22,753,650	35,173,687	48,595,838
Unrestricted	<u>30,396,608</u>	<u>22,308,368</u>	<u>9,074,416</u>
Total business-type activities net assets	<u>114,254,099</u>	<u>121,460,005</u>	<u>125,566,503</u>
Total government:			
Invested in capital assets, net of related debt	145,559,886	146,419,173	155,023,258
Restricted	47,943,770	63,761,821	79,811,074
Unrestricted	<u>39,305,014</u>	<u>39,474,145</u>	<u>29,167,828</u>
Total government net assets	<u>\$ 232,808,670</u>	<u>\$ 249,655,139</u>	<u>\$ 264,002,160</u>

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 93,261,010	\$ 102,900,650	\$ 105,313,318	\$ 114,279,239	\$ 140,245,218	\$ 148,993,447
35,387,426	31,349,198	50,931,320	50,325,250	43,881,398	35,101,628
<u>19,920,739</u>	<u>33,216,768</u>	<u>25,448,440</u>	<u>32,332,563</u>	<u>29,210,936</u>	<u>34,009,368</u>
<u>148,569,175</u>	<u>167,466,616</u>	<u>181,693,078</u>	<u>196,937,052</u>	<u>213,337,552</u>	<u>218,104,443</u>
72,761,237	80,708,481	96,014,639	99,398,303	108,139,572	119,615,685
30,963,300	33,665,075	8,742,086	21,642,000	16,090,694	11,959,724
<u>34,588,893</u>	<u>29,172,362</u>	<u>39,994,834</u>	<u>20,153,787</u>	<u>21,338,373</u>	<u>16,818,277</u>
<u>138,313,430</u>	<u>143,545,918</u>	<u>144,751,559</u>	<u>141,194,090</u>	<u>145,568,639</u>	<u>148,393,686</u>
166,022,247	183,609,131	201,327,957	213,677,542	248,384,790	268,609,132
66,350,726	65,014,273	59,673,406	71,967,250	59,972,092	47,061,352
<u>54,509,632</u>	<u>62,389,130</u>	<u>65,443,274</u>	<u>52,486,350</u>	<u>50,549,309</u>	<u>50,827,645</u>
<u>\$ 286,882,605</u>	<u>\$ 311,012,534</u>	<u>\$ 326,444,637</u>	<u>\$ 338,131,142</u>	<u>\$ 358,906,191</u>	<u>\$ 366,498,129</u>

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET ASSETS LAST NINE FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2003	2004	2005
Expenses:			
Governmental activities:			
General government	\$ 6,783,423	\$ 7,260,676	\$ 8,214,967
Public safety	3,820,632	4,634,172	5,031,954
Planning and development	3,082,967	3,396,474	4,091,661
Engineering and public works	3,512,188	3,765,102	5,102,076
Surface water management	1,239,037	1,264,735	1,582,326
Transportation	2,778,554	2,936,346	2,658,572
Culture and recreation	6,064,085	6,564,874	8,501,932
Interest on long-term debt	1,188,924	1,184,013	1,027,675
	<u>28,469,810</u>	<u>31,006,392</u>	<u>36,211,163</u>
Indirect expense allocation	(1,811,147)	(1,498,361)	(2,235,957)
Total governmental activities	<u>26,658,663</u>	<u>29,508,031</u>	<u>33,975,206</u>
Business-type activities:			
Utility system	10,278,556	11,465,865	10,945,930
Solid waste	1,573,480	4,006,221	6,238,214
	<u>11,852,036</u>	<u>15,472,086</u>	<u>17,184,144</u>
Indirect expense allocation	1,811,147	1,498,361	2,235,957
Total business-type activities	<u>13,663,183</u>	<u>16,970,447</u>	<u>19,420,101</u>
Total government expenses	<u>\$ 40,321,846</u>	<u>\$ 46,478,478</u>	<u>\$ 53,395,307</u>
Program revenues:			
Governmental activities:			
Charges for services:			
General government	\$ 330,233	\$ 238,627	\$ -
Public safety	300,308	275,880	285,956
Planning and development	5,633,693	5,505,353	6,374,037
Engineering and public works	-	-	344,956
Surface water management	3,105,826	3,098,084	3,126,587
Transportation	694,122	760,992	1,465,267
Culture and recreation	3,470,319	6,039,520	5,683,900
Operating grants and contributions	2,126,925	1,206,275	1,943,719
Capital grants and contributions	1,237,268	962,437	10,639
Total governmental activities	<u>16,898,694</u>	<u>18,087,168</u>	<u>19,235,061</u>
program revenues:	<u>16,898,694</u>	<u>18,087,168</u>	<u>19,235,061</u>
Business-type activities:			
Charges for services:			
Utility system	12,636,193	13,348,053	13,642,693
Solid waste	1,969,284	2,196,596	2,480,804
Operating grants and contributions	-	1,113,196	1,305,602
Capital grants and contributions	15,299,995	5,973,688	2,836,718
Total business-type activities	<u>29,905,472</u>	<u>22,631,533</u>	<u>20,265,817</u>
program revenues	<u>29,905,472</u>	<u>22,631,533</u>	<u>20,265,817</u>
Total program revenues	<u>\$ 46,804,166</u>	<u>\$ 40,718,701</u>	<u>\$ 39,500,878</u>

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 9,293,043	\$ 10,385,722	\$ 9,819,425	\$ 9,203,136	\$ 10,291,524	\$ 10,834,479
5,099,928	5,719,752	6,457,703	6,986,980	7,386,470	7,461,621
4,216,156	4,196,096	3,883,055	3,505,764	2,561,247	3,043,497
6,143,913	5,916,475	6,175,334	7,901,374	8,504,675	7,772,874
1,693,334	1,994,542	2,377,394	3,023,475	4,323,388	6,418,491
3,756,901	2,702,582	2,813,499	2,629,113	2,333,704	1,815,080
9,881,157	10,010,036	9,425,290	8,421,140	5,107,602	5,722,589
1,048,372	983,376	936,748	882,802	822,027	762,276
41,132,804	41,908,581	41,888,448	42,553,784	41,330,637	43,830,907
(2,250,000)	(2,223,268)	(5,453,586)	(3,643,904)	(1,831,073)	(1,938,467)
38,882,804	39,685,313	36,434,862	38,909,880	39,499,564	41,892,440
11,082,245	11,747,934	12,089,449	16,051,971	12,915,882	13,288,369
8,407,711	2,145,953	2,228,903	5,837,492	3,129,986	3,175,847
19,489,956	13,893,887	14,318,352	21,889,463	16,045,868	16,464,216
2,250,000	2,223,268	5,453,586	3,643,904	1,831,073	1,938,467
21,739,956	16,117,155	19,771,938	25,533,367	17,876,941	18,402,683
\$ 60,622,760	\$ 55,802,468	\$ 56,206,800	\$ 64,443,247	\$ 57,376,505	\$ 60,295,123
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
263,345	247,497	308,626	391,333	380,068	388,311
4,632,493	3,835,891	3,262,929	3,090,636	3,439,374	4,098,700
612,905	788,135	289,984	82,541	-	14,031
3,144,338	3,157,024	3,865,813	3,831,805	4,536,675	5,154,746
1,044,306	668,750	334,597	102,042	118,893	409,993
3,195,745	2,548,536	2,256,172	1,732,729	1,710,091	2,208,716
3,102,633	3,902,464	2,057,158	2,696,528	1,559,255	1,527,840
45,447	5,368,533	2,590,188	6,344,784	12,217,514	3,897,603
16,041,212	20,516,830	14,965,467	18,272,398	23,961,870	17,699,940
13,799,601	13,459,355	13,129,276	14,502,578	15,094,014	16,649,755
4,833,697	2,834,369	3,018,730	3,690,053	3,689,852	3,686,592
8,037,716	778,676	1,522,575	-	1,503,794	166,415
3,990,421	713,453	1,068,875	2,093,940	1,347,655	350,943
30,661,435	17,785,853	18,739,456	20,286,571	21,635,315	20,853,705
\$ 46,702,647	\$ 38,302,683	\$ 33,704,923	\$ 38,558,969	\$ 45,597,185	\$ 38,553,645

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET ASSETS (Continued)

LAST NINE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2003	2004	2005
Net (expense) revenue:			
Governmental activities	\$ (9,759,969)	\$ (11,420,863)	\$ (14,740,145)
Business-type activities	<u>16,242,289</u>	<u>5,661,086</u>	<u>845,716</u>
Total net (expense) revenue	<u>\$ 6,482,320</u>	<u>\$ (5,759,777)</u>	<u>\$ (13,894,429)</u>
General revenues:			
Governmental activities:			
Taxes:			
Property taxes	\$ 7,419,620	\$ 9,276,804	\$ 11,305,840
Franchise fees	2,074,904	2,379,764	2,744,351
Utility taxes	4,599,232	4,863,526	5,493,444
Sales tax	2,913,541	3,235,206	3,691,449
Grants and contributions not restricted to specific programs	448,180	504,157	1,124,386
Investment earnings	781,265	562,948	1,054,412
Gain on sale of capital asset	-	416,983	119,566
Other	1,018,405	797,038	1,628,765
Transfers	<u>(100,000)</u>	<u>(975,000)</u>	<u>(2,181,545)</u>
Total governmental activities	<u>19,155,147</u>	<u>21,061,426</u>	<u>24,980,668</u>
Business-type activities:			
Investment earnings	1,001,488	569,820	1,131,842
Gain on disposal of assets	92,557	-	(52,605)
Transfers	<u>100,000</u>	<u>975,000</u>	<u>2,181,545</u>
Total business-type activities	<u>1,194,045</u>	<u>1,544,820</u>	<u>3,260,782</u>
Total general revenues	<u>\$ 20,349,192</u>	<u>\$ 22,606,246</u>	<u>\$ 28,241,450</u>
Change in net assets:			
Governmental activities	\$ 9,395,178	\$ 9,640,563	\$ 10,240,523
Business-type activities	<u>17,436,334</u>	<u>7,205,906</u>	<u>4,106,498</u>
Total change in net assets	<u>\$ 26,831,512</u>	<u>\$ 16,846,469</u>	<u>\$ 14,347,021</u>

Fiscal Year

2006	2007	2008	2009	2010	2011
\$ (22,841,592)	\$ (19,168,483)	\$ (21,469,395)	\$ (20,637,482)	\$ (15,537,694)	\$ (24,192,500)
8,921,479	1,668,698	(1,032,482)	(5,246,796)	3,758,374	2,451,022
<u>\$ (13,920,113)</u>	<u>\$ (17,499,785)</u>	<u>\$ (22,501,877)</u>	<u>\$ (25,884,278)</u>	<u>\$ (11,779,320)</u>	<u>\$ (21,741,478)</u>
\$ 14,618,529	\$ 18,591,345	\$ 17,412,203	\$ 16,049,186	\$ 14,459,669	\$ 12,876,240
3,430,912	3,512,575	3,492,742	3,594,701	3,298,051	3,266,018
6,044,216	6,130,417	6,184,787	6,634,632	6,771,127	6,656,092
3,935,555	3,957,168	3,837,153	3,382,611	3,400,224	3,538,673
1,206,534	1,604,210	1,231,994	1,288,129	1,336,641	1,194,213
2,494,561	3,644,017	2,910,930	3,401,293	1,335,770	834,816
-	-	-	-	482,601	29,138
2,828,287	626,192	626,048	534,529	854,111	564,201
-	-	-	-	-	-
<u>34,558,594</u>	<u>38,065,924</u>	<u>35,695,857</u>	<u>34,885,081</u>	<u>31,938,194</u>	<u>28,959,391</u>
2,637,429	3,563,790	2,238,123	1,689,327	616,175	365,721
445,816	-	-	-	-	8,304
-	-	-	-	-	-
<u>3,083,245</u>	<u>3,563,790</u>	<u>2,238,123</u>	<u>1,689,327</u>	<u>616,175</u>	<u>374,025</u>
<u>\$ 37,641,839</u>	<u>\$ 41,629,714</u>	<u>\$ 37,933,980</u>	<u>\$ 36,574,408</u>	<u>\$ 32,554,369</u>	<u>\$ 29,333,416</u>
\$ 11,717,002	\$ 18,897,441	\$ 14,226,462	\$ 14,247,599	\$ 16,400,500	\$ 4,766,891
12,004,724	5,232,488	1,205,641	(3,557,469)	4,374,549	2,825,047
<u>\$ 23,721,726</u>	<u>\$ 24,129,929</u>	<u>\$ 15,432,103</u>	<u>\$ 10,690,130</u>	<u>\$ 20,775,049</u>	<u>\$ 7,591,938</u>

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

	Fiscal Year		
	2003	2004	2005
General fund:			
Reserved	\$ 1,009,210	\$ 5,721,818	\$ 4,701,922
Unreserved	17,025,472	12,216,791	12,831,399
 Nonspendable:			
Inventory	-	-	-
Prepaid expenditures	-	-	-
Long-term advance	-	-	-
Restricted for:			
Contracts	-	-	-
Capital projects	-	-	-
Committed for:			
Debt service	-	-	-
Rate stabilization	-	-	-
Insurance	-	-	-
Disaster recovery	-	-	-
Subsequent year capital expenditures	-	-	-
Subsequent year operating expenditures	-	-	-
Unassigned	-	-	-
Total general fund	18,034,682	17,938,609	17,533,321
 All other governmental funds:			
Reserved	24,375,094	23,384,127	26,593,673
Unreserved, reported in:			
Special revenue funds	3,275,014	5,170,854	7,992,828
 Nonspendable:			
Prepaid expenditures	-	-	-
Restricted for:			
Capital projects	-	-	-
Surface water management	-	-	-
Building	-	-	-
Planning and zoning	-	-	-
Road maintenance	-	-	-
Wellington community foundation	-	-	-
Committed for debt service	-	-	-
Total all other governmental funds	27,650,108	28,554,981	34,586,501
Total governmental funds	\$ 45,684,790	\$ 46,493,590	\$ 52,119,822

Note: GASB Statement No. 54 was adopted for FY2011, resulting in the reclassification of Governmental Funds fund balances.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 4,422,049	\$ 5,222,484	\$ 918,193	\$ 646,625	\$ 720,464	\$ -
13,010,430	24,344,604	21,717,188	23,577,651	23,759,589	-
-	-	-	-	-	186,739
-	-	-	-	-	12,088
-	-	-	-	-	167,969
-	-	-	-	-	1,201,681
-	-	-	-	-	24,824
-	-	-	-	-	2,268,107
-	-	-	-	-	3,000,000
-	-	-	-	-	540,000
-	-	-	-	-	3,000,000
-	-	-	-	-	5,200,000
-	-	-	-	-	643,000
-	-	-	-	-	14,135,136
<u>17,432,479</u>	<u>29,567,088</u>	<u>22,635,381</u>	<u>24,224,276</u>	<u>24,480,053</u>	<u>30,379,544</u>
36,074,651	31,256,900	49,680,929	49,378,996	42,645,511	-
2,862,045	4,320,374	4,737,308	9,574,791	6,622,626	-
-	-	-	-	-	158,321
-	-	-	-	-	20,272,900
-	-	-	-	-	1,844,878
-	-	-	-	-	2,431,454
-	-	-	-	-	4,905,650
-	-	-	-	-	1,647,113
-	-	-	-	-	766
-	-	-	-	-	8,457,230
<u>38,936,696</u>	<u>35,577,274</u>	<u>54,418,237</u>	<u>58,953,787</u>	<u>49,268,137</u>	<u>39,718,312</u>
<u>\$ 56,369,175</u>	<u>\$ 65,144,362</u>	<u>\$ 77,053,618</u>	<u>\$ 83,178,063</u>	<u>\$ 73,748,190</u>	<u>\$ 70,097,856</u>

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

	Fiscal Year		
	2003	2004	2005
Revenues:			
Ad valorem taxes	\$ 7,419,620	\$ 9,276,804	\$ 11,305,840
Franchise fees	2,074,904	2,379,764	2,744,351
Utility taxes	4,599,232	4,863,526	5,493,443
Special assessments	2,827,160	2,824,179	2,827,653
Impact fees	2,439,987	3,631,777	5,190,651
Licenses and permits	5,715,589	5,600,787	6,608,264
Intergovernmental revenue	6,737,315	5,922,997	6,770,194
Charges for services	2,251,457	2,285,833	2,199,144
Fines and forfeitures	300,308	275,880	403,526
Investment income	781,265	562,948	1,054,410
Miscellaneous	1,007,004	782,116	1,680,232
Total revenues	<u>36,153,841</u>	<u>38,406,611</u>	<u>46,277,708</u>
Expenditures:			
Current:			
General government	5,995,634	6,765,480	7,733,680
Public safety	3,820,632	4,634,172	5,031,954
Physical environment	6,918,191	7,716,972	9,076,637
Transportation	1,539,299	1,510,342	1,614,248
Culture and recreation	4,098,834	4,426,043	6,044,649
Capital outlay	11,163,250	11,756,471	9,337,123
Debt service:			
Principal retirement	760,000	985,000	1,110,000
Interest and other fiscal charges	1,098,371	1,222,401	1,125,985
Total expenditures	<u>35,394,211</u>	<u>39,016,881</u>	<u>41,074,276</u>
Excess (deficiency) of revenues over expenditures	<u>759,630</u>	<u>(610,270)</u>	<u>5,203,432</u>
Other financing sources (uses):			
Transfers in	12,415,248	22,539,411	26,800,713
Transfers out	(10,704,101)	(22,016,050)	(26,746,301)
Bond proceeds	6,520,578	-	9,995,000
Payment to refunded bond escrow agent	-	-	(9,931,197)
Sale of capital assets	35,717	895,709	304,585
Contribution of properties	-	-	-
Total other financing sources (uses)	<u>8,267,442</u>	<u>1,419,070</u>	<u>422,800</u>
Net change in fund balances	<u>\$ 9,027,072</u>	<u>\$ 808,800</u>	<u>\$ 5,626,232</u>
Debt service as a percentage of non-capital expenditures	7.27%	7.73%	6.76%

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 14,618,529	\$ 18,591,345	\$ 17,412,203	\$ 16,049,186	\$ 14,459,669	\$ 12,876,240
3,430,912	3,512,575	3,492,742	3,594,701	3,298,051	3,266,018
6,044,216	6,130,417	6,184,787	6,634,632	6,771,127	6,656,092
2,847,120	2,862,096	3,572,397	3,549,190	4,193,890	4,787,957
2,334,864	1,280,370	676,741	356,648	479,118	1,057,618
5,262,986	4,132,615	3,276,635	2,963,269	3,314,643	3,698,233
8,290,170	14,832,375	9,716,493	13,507,676	18,247,748	9,529,672
2,069,176	2,223,313	2,145,313	1,766,751	1,710,416	1,942,911
258,301	747,439	613,082	540,967	447,439	726,229
2,494,561	3,644,017	2,910,930	3,401,293	1,335,770	834,816
2,948,972	626,192	660,002	793,166	1,159,591	684,172
<u>50,599,807</u>	<u>58,582,754</u>	<u>50,661,325</u>	<u>53,157,479</u>	<u>55,417,462</u>	<u>46,059,958</u>
8,588,524	9,928,265	9,228,588	8,776,393	9,931,835	9,778,406
5,099,928	5,719,752	6,457,703	6,986,980	7,386,470	7,461,621
10,493,497	10,437,973	10,379,479	11,443,114	12,172,833	12,919,949
1,678,057	1,392,802	1,453,173	1,526,599	1,399,144	1,511,575
7,012,595	7,334,738	7,035,024	6,016,607	2,872,983	3,041,699
13,630,058	15,073,268	7,500,174	13,773,712	31,637,022	15,386,283
1,115,000	1,170,000	1,215,000	1,270,000	1,325,000	1,385,000
<u>1,041,979</u>	<u>987,385</u>	<u>936,915</u>	<u>883,533</u>	<u>824,483</u>	<u>765,102</u>
<u>48,659,638</u>	<u>52,044,183</u>	<u>44,206,056</u>	<u>50,676,938</u>	<u>67,549,770</u>	<u>52,249,635</u>
<u>1,940,169</u>	<u>6,538,571</u>	<u>6,455,269</u>	<u>2,480,541</u>	<u>(12,132,308)</u>	<u>(6,189,677)</u>
23,552,453	28,615,829	64,196,121	29,451,290	20,093,367	17,979,048
(21,302,453)	(26,392,561)	(58,742,535)	(25,807,386)	(18,262,294)	(16,040,581)
-	-	-	-	-	-
-	-	-	-	-	-
59,184	13,348	400	-	871,362	30,635
-	-	-	-	-	570,241
<u>2,309,184</u>	<u>2,236,616</u>	<u>5,453,986</u>	<u>3,643,904</u>	<u>2,702,435</u>	<u>2,539,343</u>
<u>\$ 4,249,353</u>	<u>\$ 8,775,187</u>	<u>\$ 11,909,255</u>	<u>\$ 6,124,445</u>	<u>\$ (9,429,873)</u>	<u>\$ (3,650,334)</u>
5.89%	5.71%	5.74%	5.75%	5.94%	5.82%

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				
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	
2008	6,493,225,855	649,188,244	64,425,012	376,943,187	222,576,413	7,806,358,711	2.34	
2009	6,045,508,619	675,537,691	67,877,389	373,935,182	198,237,894	7,361,096,775	2.34	
2010	4,736,001,049	665,267,744	109,364,258	345,592,130	221,937,048	6,078,162,229	2.50	
2011	4,260,847,088	512,704,843	103,080,658	315,178,556	205,081,937	5,396,893,082	2.50	

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 (2)	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	
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	20.96
2008	2007	2.34	7.36	6.76	0.89	0.54	0.62	0.58	0.03	19.12
2009	2008	2.34	7.25	6.92	1.00	0.54	0.62	0.60	0.04	19.31
2010	2009	2.50	7.98	8.02	1.15	0.55	0.62	0.69	0.04	21.55
2011	2010	2.50	8.01	8.45	1.15	0.61	0.62	0.75	0.04	22.13

Source: Wellington's Office of Financial Management and Budget and Palm Beach County Property Appraiser's Office

Note: All millage rates are based on \$1 for every \$1,000 of assessed value. Wellington has a 5 mill limit as specified in its Charter.

- (1) Overlapping rates are those of local and county governments that apply to property owners within Wellington. Not all overlapping rates apply to all 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).
- (2) The only component of Wellington's direct rate is its operating millage. Wellington does not have a debt service component.

VILLAGE OF WELLINGTON, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	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	\$ 125,374,070	1	2.32%			
City National Bank of Florida TR	39,804,952	2	0.74%			
Polo Lakes Apartments LLC	37,457,242	3	0.69%	\$ 30,829,533	1	1.08%
Universal Health Realty Income	26,942,118	4	0.50%			
Autc Polo Chase Florida LLC	26,855,370	5	0.50%			
Shoppes at Isla Verde Ltd.	21,681,311	6	0.40%			
Centre at Wellington Green Ltd.	19,820,555	7	0.37%			
TCRDAD Wellington Ltd. Partnership	19,232,864	8	0.36%	13,312,680	7	
FWI 16, LLC	16,515,686	9	0.31%			
Fig Development, LLC	15,276,048	10	0.28%			0.00%
Palm Beach Polo Inc.				19,345,592	2	0.68%
RRC FL Six, Inc.				17,400,000	3	0.61%
Courtyard Shops Associates, Inc.				15,500,897	4	0.54%
IMT LB South Florida				14,996,500	5	0.53%
Palm Beach Polo Holdings Inc.				13,394,565	6	0.47%
Jadov Ley Investments LLC				10,992,240	8	0.39%
Bainbridge WCP LTD				10,944,677	9	0.38%
Lennar Land Partnership				8,948,233	10	0.31%
	<u>\$ 348,960,216</u>		<u>6.47%</u>	<u>\$ 155,664,917</u>		<u>4.99%</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
2002	\$ 5,987,887	\$ 5,974,509	99.78%	\$ 13,378	\$ 5,987,887	100.00%
2003	7,443,394	7,410,842	99.56%	(8,230)	7,402,612	99.45%
2004	9,332,211	9,272,110	99.36%	5,840	9,277,950	99.42%
2005	11,805,991	11,305,840	95.76%	7,734	11,313,574	95.83%
2006	15,178,523	14,618,529	96.31%	36,913	14,655,442	96.55%
2007	19,256,493	18,591,345	96.55%	103,999	18,695,344	97.09%
2008	18,270,635	17,412,203	95.30%	88,560	17,500,763	95.79%
2009	16,864,233	16,049,186	95.17%	121,431	16,170,617	95.89%
2010	15,195,405	14,361,389	94.51%	356,513	14,717,902	96.86%
2011	13,492,233	12,414,291	92.01%	-	12,414,291	92.01%

Sources: Wellington's Office of Financial Management and Budget 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 Revenue Bonds	Business-Type Activities Revenue Bonds	Total	Percent of Personal Income (1)	Per Capita (1)
2002	\$ 19,760,000	\$ 23,810,000	\$ 43,570,000	81.96%	\$ 1,030
2003	25,290,000	22,355,000	47,645,000	88.09%	1,031
2004	24,305,000	22,355,000	46,660,000	76.79%	943
2005	23,855,000	20,255,000	44,110,000	67.56%	871
2006	22,740,000	18,115,000	40,855,000	56.96%	735
2007	21,570,000	15,930,000	37,500,000	50.06%	679
2008	20,355,000	13,705,000	34,060,000	45.97%	618
2009	19,085,000	11,425,000	30,510,000	n/a	555
2010	17,760,000	9,090,000	26,850,000	n/a	475
2011	16,375,000	6,670,000	23,045,000	n/a	406

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, 2011

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	\$ 226,545,000	4.330%	\$ 9,809,399
Palm Beach County School Board	37,215,000	4.330%	1,611,410
Other debt:			
Palm Beach County	848,086,273	4.330%	36,722,136
Palm Beach County School Board	1,895,708,000	4.330%	<u>82,084,156</u>
Subtotal, Overlapping Debt			130,227,101
Village of Wellington Direct Debt			<u>16,375,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 146,602,101</u></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
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year Ended 09/30	Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service			Public Service Taxes (1)	Debt Service		
		Excluding Depreciation		Principal	Interest	Coverage		Principal	Interest	Coverage
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
2008	13,129,276	7,273,946	5,855,330	2,225,000	517,349	2.14	9,677,529	765,000	445,065	8.00
2009	14,502,578	8,262,523	6,240,055	2,280,000	457,499	2.28	10,229,333	800,000	411,167	8.45
2010	15,094,014	7,179,471	7,914,543	2,335,000	377,449	2.92	10,069,178	835,000	374,246	8.33
2011	16,649,755	7,673,519	8,976,236	2,420,000	319,551	3.28	9,922,110	870,000	339,990	8.20

Source: Wellington's Office of Financial Management and Budget

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

VILLAGE OF WELLINGTON, FLORIDA

DEBT COMPLIANCE

SEPTEMBER 30, 2011

	<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%	5.78%
Contribution to CIP from general governmental capital and debt service:	\$ 5,150,496	\$2,798,824
Weighted average maturity of all debt programs:		
Governmental	15 years	9 years
Enterprise	20 years	4 years
General government debt per capita:	\$ 850	\$ 289
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%	44%
Revenue bond coverage		
As a percentage of maximum annual debt service	110.00%	361.34%
As a percentage of average annual debt service	125.00%	423.96%

Source: Wellington's Office of Financial Management and Budget

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)
2002	42,319	10,878	\$ 53,158,991	\$ 44,832	3.5%
2003	46,208	13,193	54,088,022	44,740	3.3%
2004	49,483	14,312	60,762,224	48,994	3.0%
2005	50,666	13,459	65,287,476	51,694	3.0%
2006	55,564	13,315	71,721,487	56,665	3.7%
2007	55,259	13,586	74,917,140	59,240	4.7%
2008	55,076	13,767	74,099,427	58,358	7.4%
2009	55,010	13,924	n/a	n/a	11.7%
2010	56,508	13,689	n/a	n/a	12.3%
2011	56,752	13,803	n/a	n/a	10.9%

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. Personal income and per capita personal income were not available after 2008.

Note 2: Palm Beach County figures were used for total personal income and unemployment rate, as 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	2011			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School District	21,495	1	3.87%	18,677	1	3.44%
Palm Beach County	11,381	2	2.05%	9,000	2	1.66%
Tenet Healthcare Corp.	6,100	3	1.10%	3,040	6	0.56%
Florida Power & Light	3,632	4	0.65%	2,800	8	0.52%
G4S (Wackenhut)	3,000	5	0.54%			
Hospital Corporation of America (HCA)	2,714	6	0.49%			
Florida Atlantic University	2,706	7	0.49%			
Bethesda Memorial Hospital	2,391	8	0.43%			
Office Depot	2,250	9	0.41%			
Boca Raton Regional Hospital	2,250	10	0.41%			
Florida State Government				8,705	3	1.60%
Federal Government				5,660	4	1.04%
Columbia Palm Beach Health Care System				4,000	5	0.74%
US Sugar				3,000	7	0.55%
Boca Raton Resort and Club				2,380	9	0.44%
Florida Crystals				2,000	10	0.37%
	57,919		10.44%	59,262		10.92%

Source: Business Development Board of Palm Beach County

Note: Wellington 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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Number of Employees:										
General government	39.3	38.8	35.3	44.3	48.3	53.3	50.3	50.3	59.2	58.0
Culture and recreation	45.6	50.3	53.9	59.2	60.4	52.4	45.4	19.4	15.4	18.0
Planning and development	41.3	36.0	41.0	47.8	48.8	51.8	39.0	42.0	42.6	38.0
Engineering and public works	63.8	68.2	69.2	68.5	77.5	88.5	91.8	115.0	102.0	95.0
Utility system	47.0	49.0	49.0	45.0	44.0	46.0	47.0	52.0	44.0	46.0
Solid waste	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
 Total Number of Employees	<u>239.0</u>	<u>244.3</u>	<u>250.4</u>	<u>267.8</u>	<u>282.0</u>	<u>295.0</u>	<u>275.5</u>	<u>280.7</u>	<u>265.2</u>	<u>257.0</u>

Source: Wellington's Office of Financial Management and Budget

Note: A full-time equivalent (FTE) employee is a measurement of 2,080 work hours per year. (One full time employee working 40 hours per week for 52 weeks is 2,080 work hours). Due to the use of part-time employees and employees on reduced schedules, the FTE count above will differ from the total number of positions and employees. At 9/30/2011, there were 267 permanent positions.

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government:										
Bids, contracts awarded & administered	n/a	32	32	33	38	30	20	24	33	37
Purchase orders processed	n/a	950	1,155	973	1,016	838	795	939	971	1,245
Payroll transactions	n/a	7,633	7,689	7,880	8,193	8,232	8,985	8,194	7,762	7,666
Public safety:										
Police personnel and officers	n/a	83	83	88	88	102	115	117	117	117
Fire personnel	n/a	36	36	36	68	71	71	71	71	71
Calls for service	n/a	n/a	40,458	40,228	32,458	36,714	36,784	37,962	34,672	34,478
Physical environment - Surface water:										
Aquatic weed control in acres	n/a	n/a	2,833	2,837	1,454	1,332	1,380	710	826	507
Water quality samples analyzed	n/a	n/a	1,257	1,233	1,236	992	777	896	861	802
Canal right-of-way miles maintained	n/a	n/a	530	495	547	560	560	560	560	305
Physical environment - Engineering & public works:										
Work orders performed	n/a	n/a	1,111	872	1,146	1,108	1,034	869	997	1,163
Inspections performed	n/a	n/a	7,024	6,814	3,592	3,998	1,052	n/a	n/a	1,050
Planning and development:										
Building inspections	n/a	60,982	65,187	67,054	49,359	26,657	21,327	15,781	16,774	23,979
Single family building permits issued	950	1,297	1,240	1,200	948	143	81	57	84	174
Transportation:										
Miles of roads resurfaced	n/a	n/a	6	17	18	8	15	14	18	15
Miles of streets cleaned/swept	n/a	n/a	908	1,201	932	2,168	1,065	1,512	2,224	3,056
Signs repaired	n/a	n/a	871	1,463	907	373	374	1,654	955	1,124
Culture and recreation:										
Participants registered:										
Athletics	n/a	7,755	7,749	15,839	32,732	32,607	11,282	15,829	16,599	12,726
Community programs	n/a	6,850	6,241	4,495	9,768	4,519	2,549	2,081	1,760	2,344
Pool	n/a	6,589	1,847	2,544	1,935	13,949	13,150	11,058	16,468	34,538
Number of program sessions	n/a	n/a	n/a	1,347	1,793	2,085	1,526	1,227	1,048	1,070
Utility system:										
Active accounts - water	16,483	17,675	18,917	19,030	19,536	19,695	19,851	19,682	19,785	19,867
Active accounts - sewer	15,219	15,387	16,367	16,718	17,919	17,994	18,004	17,867	18,024	18,028
Water production (thousands of gallons)	1,872	1,990	2,096	2,046	2,019	1,841	1,684	1,848	2,102	2,187
Solid waste:										
Residential accounts	17,029	18,613	19,055	19,030	21,133	22,274	21,977	22,103	22,166	22,294

Source: Various Village Departments

Note 1: Some indicators are n/a 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 NINE FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government:									
Number of general government buildings	1	1	1	1	1	1	1	1	1
Public safety:									
Police:									
Sheriff substations	1	1	1	1	1	1	1	1	1
Fire:									
Fire stations	3	3	3	4	4	4	4	4	4
Suppression units	6	6	6	6	6	6	9	9	9
Early response stabilization units	3	3	3	3	3	3	4	4	4
Physical environment:									
Acreage of lakes	166	166	166	166	166	166	166	166	166
Canal miles	110	110	110	110	110	110	110	110	110
Transportation:									
Miles of streets	172	179	179	178	174	176	152	152	152
Number of street lights	1,245	1,245	1,245	2,187	2,187	2,187	2,311	2,311	2,311
Miles of bike paths	33	33	33	32	40	40	40	40	40
Miles of sidewalks	290	290	286	286	348	348	348	348	348
Culture and recreation:									
Parks acreage	267	267	274	274	342	342	342	342	342
Open space preserves/passive recreation	452	452	452	452	452	452	452	452	452
Community center	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	3	3	3	3	3	3	3
Tennis courts	16	16	16	16	16	16	16	16	16
Baseball/softball fields	18	18	18	18	18	18	18	18	18
Utility system:									
Miles of mains	434	434	434	526	526	526	526	526	526
Fire hydrants - Wellington	1,503	1,503	1,503	1,746	1,746	1,746	1,746	1,746	1,746
Fire hydrants - Outside Wellington	173	173	173	195	195	195	195	195	195

Source: Various Wellington Departments

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

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



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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*

To 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, 2011, which collectively comprise the basic financial statements of the Village of Wellington, Florida, and have issued our report thereon dated March 29, 2012. 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 opinions 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

*Caler, Danten, Levine,
Porter & Veil, P.A.*

March 29, 2012

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2011

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Number/ Contract Number	2011 Program Expenditures	Transfers to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Pass-through Award from Palm Beach County, Florida Community Development Block Grants/ Entitlement Grants	14.218	B-08-UN-12-0013	\$ 656,238	\$ 0
<u>U.S. Department of Justice</u>				
Direct Awards				
Edward Byrne Memorial Formula Grant	16.579	2009-DJ-BX-1150	13,770	0
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	2009-SB-B9-2800	1,122	0
Total U.S. Department of Justice			<u>14,892</u>	<u>0</u>
<u>U.S. Department of Transportation</u>				
Pass-through Award from the State of Florida Department of Transportation				
ARRA - Highway Planning and Construction	20.205	ARRA 025 B	3,071,495	0
Total Federal Awards			<u>\$ 3,742,625</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, 2011

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the Village of Wellington, Florida (the “Village”), under programs of the federal government for the year ended September 30, 2011 and is presented on the modified accrual basis of accounting. The information is presented in accordance with the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position or changes in net assets of the Village of Wellington, Florida.

NOTE B – 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 and state laws and regulations.

NOTE C – NONCASH AWARDS

The Village received \$587,289 of noncash awards in the form of donated property which was paid for by Palm Beach County (“County”) and contributed to the Village as part of the Community Development Block Grant program (CFDA # 14.218). For purposes of the presentation, the Schedule includes \$85,997 of direct expenditures incurred by the Village and \$570,241 of donated property from the County for a total of \$656,238 of expenditures for the Community Development Block Grant program for the year ended September 30, 2011.



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Independent Auditor's Report on Compliance With Requirements That Could
Have a Direct and Material Effect on Each Major Federal Program and on
Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Honorable Mayor and
Village Council
Village of Wellington, Florida

Compliance

We have audited the compliance of the Village of Wellington, Florida (the "Village"), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. The major federal programs of the Village are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

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

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

Internal Control Over Compliance

Management of the Village 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 to determine the

auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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,
Porter & Veil, P.A.*

March 29, 2012

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS

Year Ended September 30, 2011

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 X No

Significant deficiency (ies) identified that are not
considered to be material weakness?

___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Award Programs

Internal control over major federal award programs:

Material weakness(es) identified?

___ Yes X No

Significant deficiency (ies) identified that are not
considered to be material weakness(es)?

___ Yes X None reported

Type of auditor’s report issued on compliance for major Federal
Award Programs:

Unqualified Opinion

Any audit findings disclosed that are required to be reported in
accordance with Section 510(a) of OMB Circular A-133?

X Yes ___ No

Identification of major Federal Award Programs

Federal Award Programs

CFDA No.

U.S. Department of Housing and Urban Development
Pass-through Award from Palm Beach County, Florida
Community Development Block Grants/Entitlement Grants

14.218

U.S. Department of Transportation
Pass-through Award from the State of Florida
ARRA - Highway Planning and Construction

20.205

Dollar threshold used to distinguish between Type A and
Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

___ Yes X No

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS (Continued)

Year Ended September 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

Finding Number	Finding
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2011-1 Submission of Reporting Package

Criteria: OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires that the recipient/auditee submit a Data Collection Form (Form SF-SAC) and reporting package to the Federal Clearinghouse within the earlier of 30 days after the receipt of the auditor's report or 9 months after the end of the audit period.

Condition: The Village did not submit the Data Collection Form and reporting package within the required time frame. The Data Collection Form was required to be submitted in April 2011, but was not submitted until March 2012.

Effect: The Village was not in compliance with the filing requirement for the Data Collection Form.

Cause: The Village did not have adequate internal controls over the reporting requirements under OMB Circular A-133.

Recommendation: We recommend the Village review the controls over grant reporting to ensure the Data Collection Form and reporting packages are timely submitted to the Federal Audit Clearinghouse.

Management Response: The Village has subsequently filed the Data Collection Form.

SECTION IV – OTHER MATTERS

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 included on the following page.

Council
Darell Bowen, Mayor
Matt Willhite, Vice Mayor
Dr. Carmine A. Priore, Mayor pro tem
Howard K. Coates, Jr., Councilman
Anne Gerwig, Councilwoman

Manager
Paul Schofield

CORRECTIVE ACTION PLAN

The Village of Wellington respectfully submits the following corrective action plan for the fiscal year ended September 30, 2011. The finding from the schedule of findings and questioned costs for the year ended September 30, 2011, is discussed below.

A. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARD PROGRAMS

**Finding
Number**

Finding

2011-1

Submission of Reporting Package

Criteria: OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires that the recipient/auditee submit a Data Collection Form (Form SF-SAC) and reporting package to the Federal Clearinghouse within the earlier of 30 days after the receipt of the auditor's report or 9 months after the end of the audit period.

Condition: The Village did not submit the Data Collection Form and reporting package within the required time frame. The Data Collection Form was required to be submitted in April 2011, but was not submitted until March 2012.

Effect: The Village was not in compliance with the filing requirement for the Data Collection Form.

Cause: While we feel that the Village has adequate internal controls, we experienced turnover of a key position during the year and staff was under the impression that the Data Collection Form was completed before the key employee left the Village.

Recommendation: We recommend the Village review the controls over grant reporting to ensure the Data Collection Form and reporting packages are timely submitted to the Federal Audit Clearinghouse.

Action Taken: The Data Collection Form was subsequently filed.

If you have additional questions concerning this corrective action plan, please call me at (561) 791-4113.

Sincerely,



Mireya McIlveen,
Director of Office of Financial Management and Budget



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

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Management Letter

To 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, 2011, and have issued our report thereon dated March 29, 2012.

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 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance With OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 29, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

1. Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.
2. Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village complied with Section 218.415, Florida Statutes.
3. Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
4. Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

5. Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
6. Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.
7. Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2011.
8. Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Village for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in substantial agreement.
9. Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2011. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on the representations made by management and the review of financial information provided by management. The results of our procedures disclosed no matters that are required to be reported.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. U.S. generally accepted auditing standards require us to indicate that 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.

*Calder, Dauter, Levine,
Porter & Veil, P.A.*

March 29, 2012

