

# WELLINGTON, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

# Village of Wellington, Florida

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Comprehensive Annual Financial Report  
for the year ended September 30, 2012

Prepared by:  
The Office of Financial Management and Budget

**VILLAGE OF WELLINGTON, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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## **INTRODUCTORY SECTION**

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**Council**

Bob Margolis, Mayor  
Howard K. Coates, Jr., Vice Mayor  
Matt Willhite, Councilman  
Anne Gerwig, Councilwoman  
John Greene, Councilman

**Manager**  
Paul Schofield

April 29, 2013

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

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It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the Village of Wellington (“Wellington”) for the year ended September 30, 2012. 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.

Grau and Associates, Inc., independent auditors, has issued an unqualified opinion on the Village of Wellington’s financial statements for the fiscal year ended September 30, 2012. The independent auditors’ report is located at the front of the financial 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 2012 Comprehensive Annual Financial Report is the seventeenth 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 3<sup>rd</sup> largest municipality in the County based on its geographic area. When the District was initially created in 1953, fewer than 100 individuals resided in the area.

Today, Wellington is an affluent bedroom community with an estimated current permanent population of 57,514 people residing in over 22,000 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***

Historically, South Florida's local economies have been based mostly on the housing industry and related businesses such as construction, banking and insurance leaving it more susceptible to changes in the housing market than other areas with more diversified tax bases. As such, the decline in the housing market has had a more significant impact in South Florida and in Wellington compared to other areas around the nation. FY 2012 economic indicators have provided some positive signs that the national and local economies may be on a path towards economic recovery.

In 2012, both the national Consumer Price Index (CPI) and the local CPI increased, but at a lower rate than last year. 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.

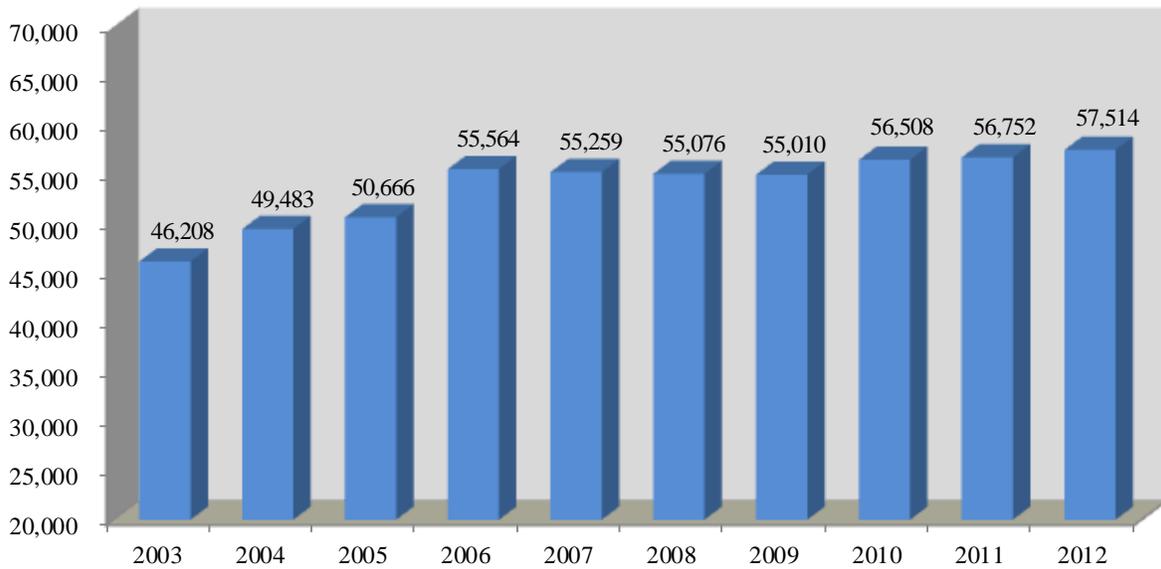
Based on the 2007 property tax reform legislation limiting the property tax levies of local government in the State of Florida, the maximum tax levy allowed by a majority vote of the governing body for the fiscal year ending September 30, 2012 is based on a percentage reduction applied to the prior year 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, 2011.

For the fiscal year ending September 30, 2013 the Council adopted a rate of 2.47 mills. This millage rate results in a total tax levy of \$12.7 million, representing a reduction of \$34,158, or .3% from the property tax levy for 2012. 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.

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 2012 budget development and impact the major programs and issues described later.

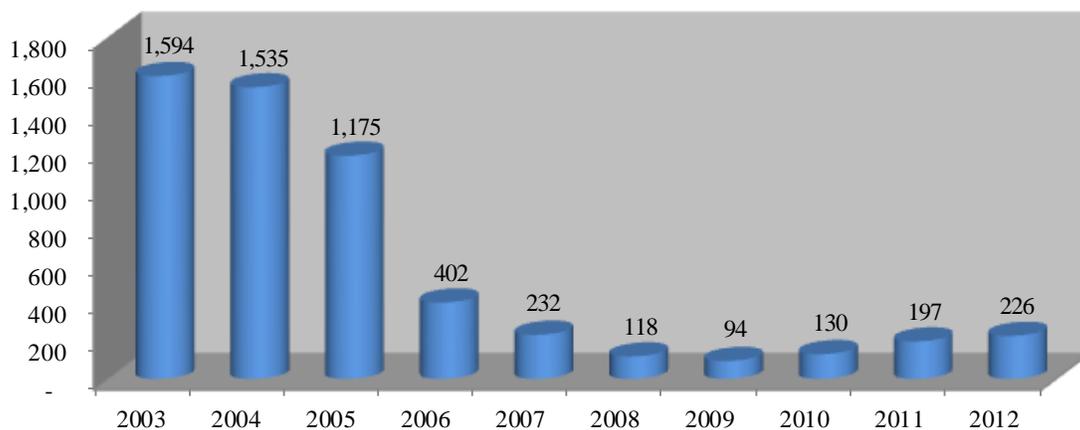
Between 2003 and 2006, total employment in Palm Beach County was relatively stable while population increased at an average annual rate of approximately 7%. Since 2007, Wellington has seen average population growth of 1% while unemployment rates went up dramatically due to the economic downturn. Wellington’s current unemployment rate stands at 7.2%. Unemployment rates have been slowly declining since reaching their high in late 2009. Wellington’s population is anticipated to continue its slow expansion at about 1% annually. 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 Historical Population Chart below.

### 2003-2012 HISTORICAL POPULATION



Wellington’s estimated 2012 permanent population of 57,514 (excluding seasonal residents) makes it the 5th largest municipality in Palm Beach County.

### 2003-2012 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. 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. 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 single family residential units due to developments in Wellington beginning to build after some years of delays due to the economy (Castellina and Oakmont Estates) as well as a large multi-family project (Camden Courts).

## **MAJOR INITIATIVES**

### **Strategic Framework**

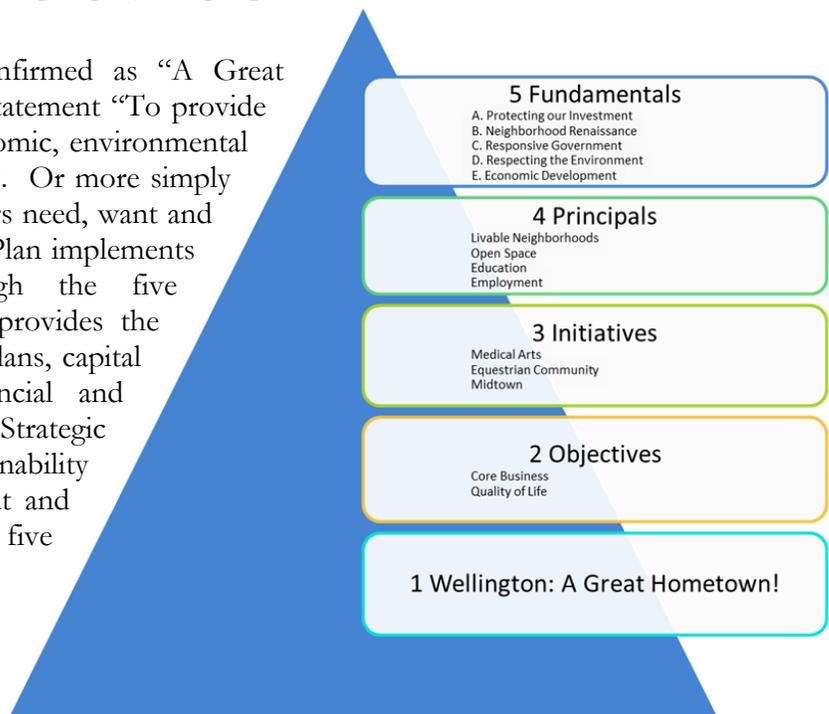
Wellington has a strong legacy of strategic planning. Since incorporation in 1996, Village leaders have focused on short and long-term strategies to identify the community priorities and the actions needed to achieve them. Wellington’s first strategic plan was developed in 1996 and became known as the “Vision 2016” plan. Vision 2016 ensured a “community with a unique hometown family atmosphere with an attractive natural environment and recreational, cultural and educational activities with facilities for all ages.”

Throughout the last 16 years, Wellington updated its Strategic Plan and the fundamentals of the plan have evolved, but the community vision has remained relatively the same. The Strategic Plan is the guide for the annual budget and the Village’s projects, programs and initiatives and has evolved into the FY 2012 Strategic Framework.

The vision for Wellington was confirmed as “A Great Hometown” leading to the mission statement “To provide high quality services that create economic, environmental and social sustainability for residents”. Or more simply put, to provide services that customers need, want and are willing to pay for. The Strategic Plan implements the Vision and Mission through the five fundamentals described below and provides the basis for the departmental business plans, capital improvement plans, and the financial and business plans for Wellington. The Strategic Framework is a countdown to sustainability and a strong position for the present and future beginning with the five fundamentals.

### **Five Fundamentals**

Wellington’s five fundamentals are the long term financial and operational goals that provide the basis for annual departmental business plans which become the Budget and Capital Improvement Plan. Each fundamental has corresponding strategic initiatives for projects and programs and key measures, all of which position Wellington for the future. Below is each fundamental designed to achieve Wellington’s vision.



Protecting Our Investment – Wellington’s infrastructure consisting of roads, drainage systems, water and sewer systems, and parks and recreation facilities, are a considerable community investment. Hundreds of millions of dollars have been invested to provide for Wellington’s quality of life. The quality and service delivery associated with the infrastructure has a significant effect on the quality of life of its residents as well as contribute to the value of the community. To protect our investment, Wellington prioritizes its five-year plans for capital improvements and infrastructure maintenance, develops fiscally sound policies for future capital investment, and invests in upgrades to systems to provide extra resources and future cost savings.

Neighborhood Renaissance – Wellington is comprised of many different and diversified neighborhoods. Specific approaches are used to preserve and enhance each residential areas based upon its respective needs. Neighborhood plans were developed for several Wellington neighborhoods to address their specific needs focusing on improving neighborhood infrastructure, beautification, and public safety.

Responsive Government – In an effort to provide residents with a responsive government that is accountable and provides services that residents need. Wellington has implemented various initiatives including:

- ❖ Open Wellington Initiative
- ❖ Expanded e-services – in order to be one of the most user friendly governments
- ❖ Cost Recovery Program – to partially recoup both internal and external consultant costs
- ❖ Boys and Girls Club relocation – to better serve the Village’s youth

Respecting the Environment – By continuously investigating technological advances, studying environmental indicators, educating the public and working as a team with all concerned agencies, Wellington is taking responsibility for protecting natural resources while reducing environmental impacts with the following initiatives:

- ❖ Restoration of Tree Canopy – A goal has been set to obtain a 60% canopy by 2060
- ❖ Go Green Programs – The Go Green team has partnered with local schools to sponsor a “Cash for Cans” recycling project, which won national acclaim
- ❖ Equine Waste and Environmental Program – Designed to enhance flood attenuation, improve water quality and provide additional storage of surface water

Economic Development – The Village has implemented various programs in order to further develop Wellington in a business friendly and responsible way. Some of the programs currently being utilized include:

- ❖ Town Center – A 23 acre site anchoring Wellington’s “Main Street” including a Gold LEED certified City Hall
- ❖ Equestrian Community Initiative – Designed to encourage and support this unique lifestyle
- ❖ Wellington Living Lab – A partnership with Florida Atlantic University to focus on long-term planning and economic development strategies

The two main funding objectives of Wellington’s Strategic Plan are (1) core business and (2) quality of life. Core business is divided into “No Choice” and “Choice.” Choice services are further expanded into “Quality of Life” services. A fourth tier of funding is “Community Add-ons” which are premium selected services which exceed quality of life. Projects and programs are assigned to one of four service tiers, based on its relative priority as a municipal service and its fit with the Mission and Vision.

**No Choice Core Services** – Services mandated by or affected by mandate of federal or state government

**Choice Core Services** – Core services not required by law, but are a principal municipal function

**Quality of Life Services** – Choice services which are provided to enhance the customer experience

**Community Add-ons** – Premium selected services exceeding quality of life enhancements

The assignment of the programs and projects into these tiers serves to identify the hierarchy of Wellington's services into essential core services or services which leaders make a choice to provide to improve customer experience. An essential element of the provision includes support services that are provided by many departmental divisions within Wellington. Not shown specifically in the hierarchy, but core to its operation and support of all primary businesses are:

- ❖ Legal Services
- ❖ Financial Services
- ❖ Public Records
- ❖ Human Resources
- ❖ Facilities & Equipment
- ❖ Procurement
- ❖ Information Services
- ❖ Risk Management
- ❖ Property & Real Estate Management
- ❖ Community Information & Marketing

Management and staff detail the individual services provided by each division; identified as core and non-core services. This detail by division within the Service Business Hierarchy is the basis of Departmental Business Plans and allows for the prioritized allocation of personnel, equipment and operating resources for the FY 2013 budget process.

### **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 2011/2012.

- ❖ GFOA Certificate of Achievement for Excellence in Financial Reporting was received for Wellington's Comprehensive Annual Financial Report for the Fiscal Year October 1, 2010 through September 30, 2011. This award has been received for sixteen consecutive years.
- ❖ GFOA Award for Distinguished Budget Presentation was received for Wellington's Annual Budget for the Fiscal Year October 1, 2011 through September 30, 2012. This award has been received for seventeen consecutive years.
- ❖ Enhanced accessibility to local government via an electronic Citizen Action Center where customers can send requests and questions to staff or look up commonly asked questions.
- ❖ Implemented fully electronic document management system and upgraded software and file structure.
- ❖ Implemented Q-flow, an electronic time and resource management solution in order to improve customer communication and better track customer activity.
- ❖ Received Gold LEED certification for the newly built Municipal Building
- ❖ Completed the following capital projects during 2012:

- Wastewater Treatment Plant Expansion
- South Shore Widening
- Greenview Shores Blvd Landscaping
- Tiger Shark Cove Park Renovation
- C-2 Canal Widening

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.
- ❖ 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.

### **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 2013 through 2017 calls for expenditures approximating \$27.3 million in the governmental funds and approximately \$18.6 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 \$16 million. The general fund unassigned fund balance is equal to roughly 48% of Wellington's 2012/2013 adopted general fund budget.

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, 2011. 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 sixteen consecutive years (1996-2011). 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, 2011. This award 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 second year this award has been received by Wellington.

In addition, Wellington also received the GFOA's Award for Distinguished Budget Presentation for the Fiscal Year beginning October 1, 2012. Wellington has received this award for the last eighteen 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 plan to submit Wellington's Fiscal Year 2013-2014 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 Grau and Associates 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 Village Manager



Paul Schofield  
Village Manager

# VILLAGE OF WELLINGTON, FLORIDA

## LIST OF PRINCIPAL OFFICIALS

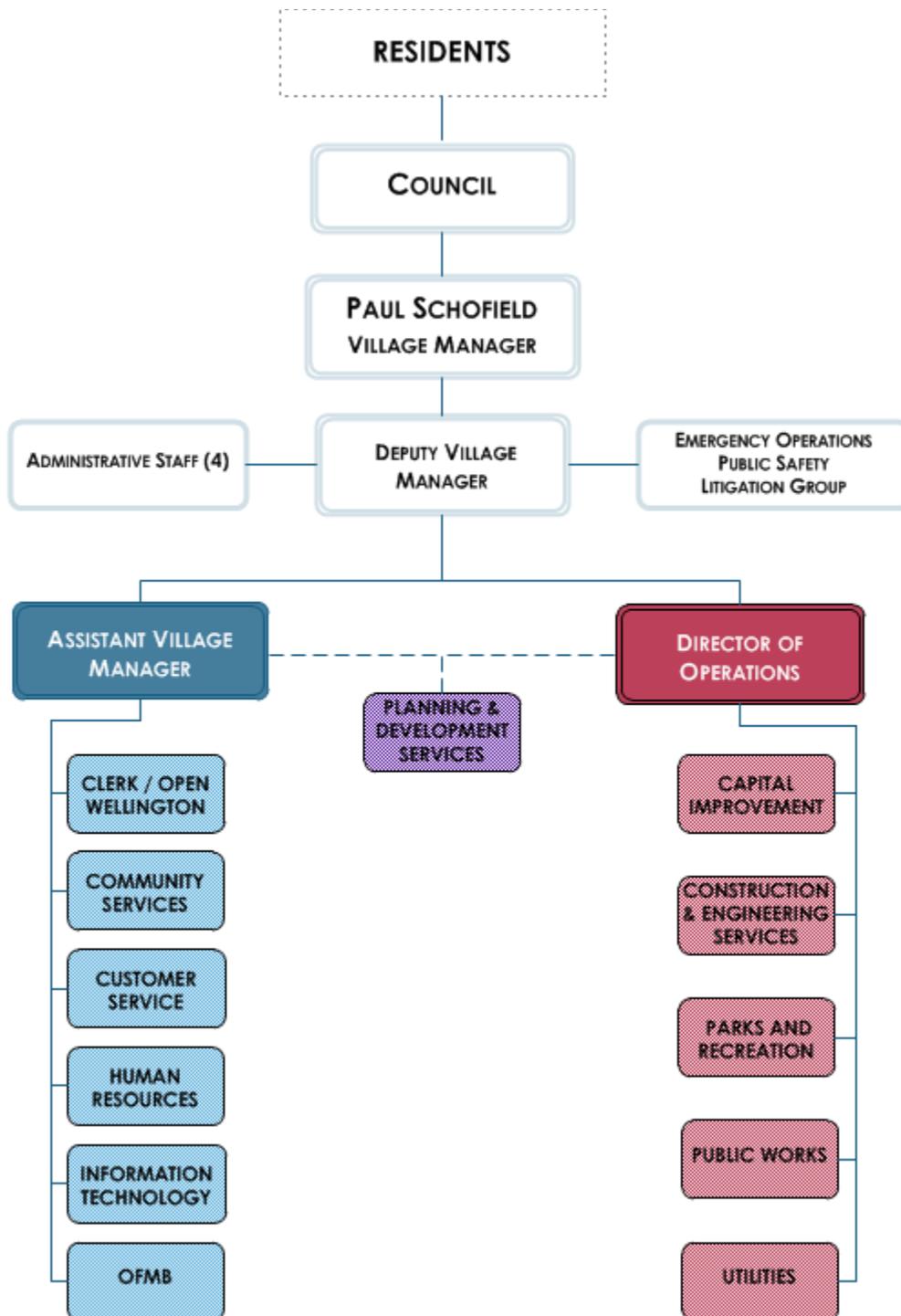
SEPTEMBER 30, 2012

<b>TITLE</b>	<b>NAME</b>
Mayor	Bob Margolis
Vice Mayor	Howard K. Coates, Jr.
Council Member	Anne Gerwig
Council Member	John Greene
Council Member	Matt Willhite
Village Manager	Paul Schofield
Deputy Village Manager	John Bonde
Assistant Village Manager	Francine L. Ramaglia, CPA
Village Clerk	Awilda Rodriguez, CMC
Village Attorney	The Law Office of Glen J. Torcivia and Associates, P.A.

# VILLAGE OF WELLINGTON, FLORIDA

## ORGANIZATIONAL CHART

SEPTEMBER 30, 2012



# 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, 2011

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.



*Christopher P. Moynell*

President

*Jeffrey R. Emer*

Executive Director

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## **FINANCIAL SECTION**

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**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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Boca Raton, Florida 33431  
(561) 994-9299 • (800) 299-4728  
Fax (561) 994-5823  
[www.graucpa.com](http://www.graucpa.com)

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Wellington, Florida, (the "Village") as of and for the fiscal year ended September 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide 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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 29, 2013 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and condition rating of the street system be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we and the other auditors 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 basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, budget to actual schedules for the capital projects funds, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the budget to actual schedules for the capital projects funds 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 by us and the other auditors in our audit of the basic financial statements and, accordingly, we express no opinion on them.



April 29, 2013

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

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# VILLAGE OF WELLINGTON, FLORIDA

## Management's Discussion and Analysis

September 30, 2012

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 \$372.4 million, which is an increase of 1.6% or \$5.9 million over 2011. Of this amount, \$64.5 million is in unrestricted net assets, which is available to meet the ongoing commitments to citizens and creditors.
- ❖ Net assets of governmental activities increased \$332,493, or .2%.
- ❖ Government-wide total revenues were \$68 million, while government-wide total expenses were \$62 million. The total revenues increased 1% or \$72,004 while the total expenses increased 4% or \$1.8 million.
- ❖ Governmental Activities generated \$43.9 million in revenue with \$45.2 million in direct expenses.
- ❖ Business-type Activities generated \$24.1 million in revenue with \$16.9 million in direct expenses.
- ❖ Total investment in capital assets, net of related debt, accounts for \$277.6 million of total net assets of \$372.4 million.
- ❖ Governmental funds ended the year with a combined fund balance of \$63 million, which is a decrease of 10.2% or \$7.2 million from 2011. Of that amount, the unassigned portion is \$16 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.

Three 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, 2012 are:

- ❖ General Fund
- ❖ Planning, Zoning, and Building Special Revenue Fund
- ❖ Acme Improvement Special Revenue 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, 2012 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; schedule of funding progress for Other Post Employment Benefits; as well as statistical information on the assessed condition of the road system and on budgeted road maintenance expenses. Required supplementary information can be found on pages 53-59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules for the nonmajor funds can be found on pages 60-67 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 \$372.4 million at the close of the most recent year. The largest portion of net assets (74%) 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.

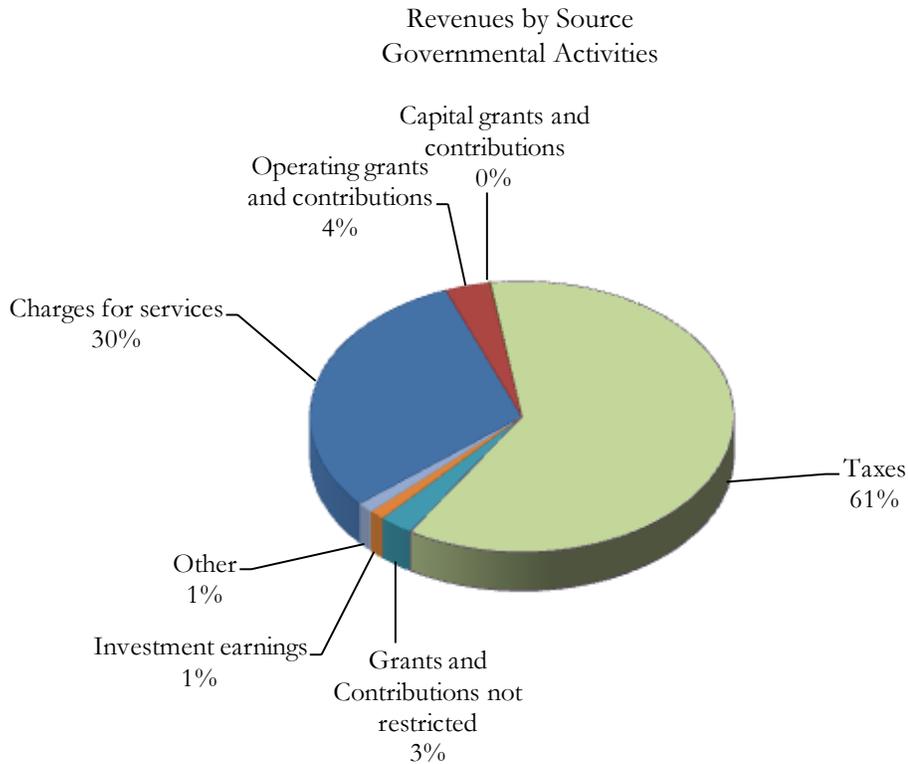
Restricted net assets of \$30.3 million are reported in both the governmental and business-type activities. These net assets have limits on their use that are externally imposed (gas tax, impact fees, and bond covenants) and imposed by enabling legislation (building activities). These resources can be used only for future construction; building activities; road maintenance; or debt service activities. The remaining unrestricted net assets may be used to meet the government's ongoing operations.

<b>Wellington's Net Assets</b>							
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>		
	<b>Activities</b>		<b>Activities</b>				
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	
Current and other assets	\$ 69,459,010	\$ 75,940,498	\$ 35,548,870	\$ 31,956,044	\$ 105,007,880	\$ 107,896,542	
Noncurrent assets	163,310,283	165,372,532	125,265,652	126,016,066	288,575,935	291,388,598	
<b>Total Assets</b>	<b>\$ 232,769,293</b>	<b>\$ 241,313,030</b>	<b>\$ 160,814,522</b>	<b>\$ 157,972,110</b>	<b>\$ 393,583,815</b>	<b>\$ 399,285,140</b>	
Noncurrent liabilities	\$ 8,604,522	\$ 16,634,811	\$ 4,192,444	\$ 4,036,658	\$ 12,796,966	\$ 20,671,469	
Other liabilities	5,727,835	6,573,776	2,644,125	5,541,766	8,371,960	12,115,542	
<b>Total Liabilities</b>	<b>\$ 14,332,357</b>	<b>\$ 23,208,587</b>	<b>\$ 6,836,569</b>	<b>\$ 9,578,424</b>	<b>\$ 21,168,926</b>	<b>\$ 32,787,011</b>	
Net Assets:							
Invested in capital assets, net	\$ 156,259,669	\$ 148,993,447	\$ 121,309,078	\$ 119,615,685	\$ 277,568,747	\$ 268,609,132	
Restricted	15,688,323	35,101,628	14,600,130	11,959,724	30,288,453	47,061,352	
Unrestricted	46,488,944	34,009,368	18,068,745	16,818,277	64,557,689	50,827,645	
<b>Total Net Assets</b>	<b>\$ 218,436,936</b>	<b>\$ 218,104,443</b>	<b>\$ 153,977,953</b>	<b>\$ 148,393,686</b>	<b>\$ 372,414,889</b>	<b>\$ 366,498,129</b>	

<b>Wellington's Change In Net Assets</b>							
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>		
	<b>Activities</b>		<b>Activities</b>				
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 13,276,929	\$ 12,274,497	\$ 21,470,954	\$ 20,336,347	\$ 34,747,883	\$ 32,610,844	
Operating grants and contributions	1,496,711	1,527,840	105,973	166,415	1,602,684	1,694,255	
Capital grants and contributions	33,692	3,897,603	2,353,122	350,943	2,386,814	4,248,546	
General revenues:							
Taxes	26,839,031	26,337,023	-	-	26,839,031	26,337,023	
Grants and contributions not restricted to specific programs	1,151,415	1,194,213	-	-	1,151,415	1,194,213	
Investment earnings	523,538	834,816	144,603	365,721	668,141	1,200,537	
Other	549,919	593,339	13,178	8,304	563,097	601,643	
<b>Total Revenues</b>	<b>43,871,235</b>	<b>46,659,331</b>	<b>24,087,830</b>	<b>21,227,730</b>	<b>67,959,065</b>	<b>67,887,061</b>	
<b>Program expenses including indirect expenses:</b>							
General government	6,046,714	5,234,598	-	-	6,046,714	5,234,598	
Public safety	8,140,987	7,572,400	-	-	8,140,987	7,572,400	
Planning and development	4,250,590	4,000,825	-	-	4,250,590	4,000,825	
Engineering and public works	7,667,330	8,278,063	-	-	7,667,330	8,278,063	
Surface water management	7,331,084	7,057,851	-	-	7,331,084	7,057,851	
Transportation	3,395,009	2,194,455	-	-	3,395,009	2,194,455	
Culture and recreation	6,302,454	6,791,972	-	-	6,302,454	6,791,972	
Interest on debt	404,574	762,276	-	-	404,574	762,276	
Water and wastewater	-	-	14,898,733	14,856,269	14,898,733	14,856,269	
Solid waste	-	-	3,604,830	3,546,414	3,604,830	3,546,414	
<b>Total expenses</b>	<b>43,538,742</b>	<b>41,892,440</b>	<b>18,503,563</b>	<b>18,402,683</b>	<b>62,042,305</b>	<b>60,295,123</b>	
Increase in net assets	332,493	4,766,891	5,584,267	2,825,047	5,916,760	7,591,938	
Beginning net assets	218,104,443	213,337,552	148,393,686	145,568,639	366,498,129	358,906,191	
<b>Ending net assets</b>	<b>\$ 218,436,936</b>	<b>\$ 218,104,443</b>	<b>\$ 153,977,953</b>	<b>\$ 148,393,686</b>	<b>\$ 372,414,889</b>	<b>\$ 366,498,129</b>	

Wellington's total revenues were \$68 million for FY 2012, which is \$72,004 (.1%) more than the prior year. Notable changes for both governmental activities and business-type activities are highlighted next.

**Governmental Activities**



Governmental activities increased Wellington's net assets by \$332,493.

Revenues decreased by \$2.8 million or 6%. Key elements of this decrease are as follows:

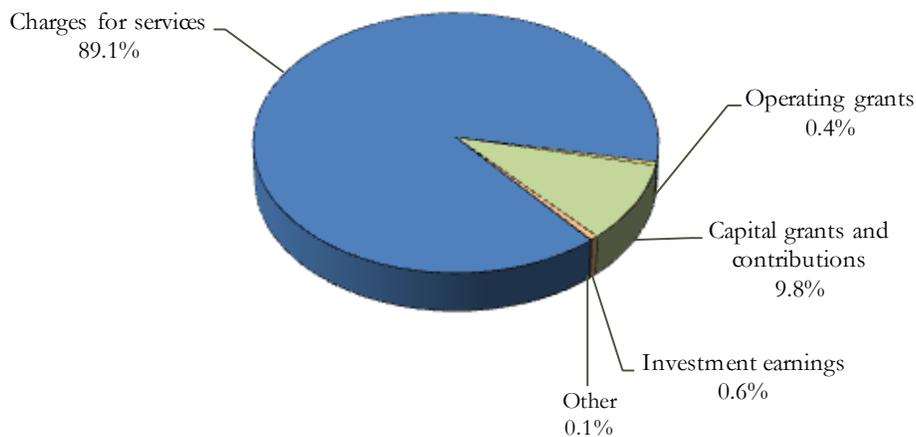
- ❖ Total taxes increased by \$500,000 due to a large delinquent distribution of prior years' collections that was received in August 2012.
- ❖ Capital grants decreased by \$3.9 million from the prior year. This is mainly the result of Wellington receiving Federal grants totaling \$670,000 related to the Housing and Economic Recovery Act of 2008 (HERA) under the Neighborhood Stabilization Program (NSP) in FY 2011 as well as \$3.1 million in grant funding for Forest Hill Boulevard improvements in FY 2011 that were not received in FY 2012.
- ❖ Charges for services increased by \$1 million or 6%. This increase is mainly due to an increase in building permit revenue of \$843,000 over prior year as well as a decrease in recreation and road impact fees of \$216,000 as more impact fees collected in FY 2011 for building activity that took place in early FY 2012. In addition, the surface water management assessment revenue increased \$383,000 because of a large delinquent distribution being received in August 2012 for previous years' assessments.
- ❖ Investment earnings decreased by \$300,000 or 37% compared to the prior year due to smaller investment balances related to major capital outlay that was completed in 2011, as well as lower yields from 2011.

Expenses increased by \$1.6 million or approximately 4%. Key elements of this increase are as follows:

- ❖ General government and public safety increased by \$1.4 million due to changes in indirect costs.
- ❖ Planning and development increased by \$250,000 related to a change in the reporting of cost recovery expenses as well as the increase in building activity in FY 2012. Indirect costs increased by \$110,000 as well.
- ❖ Surface water management expenses increased by \$275,000 mainly due to an additional depreciation expense related to capital projects that have been recently completed.
- ❖ Transportation costs increased by \$1.2 million due to roadway overlay expenses in FY 2012 that were not capitalizable.
- ❖ Engineering and Public Works costs decreased by \$610,000 mainly due to a decrease in indirect costs of \$650,000 as well as employee related expenses decreased by \$310,000. These decreases were offset by an increase in depreciation expense of \$350,000 as a result of asset reclassifications and relocations.
- ❖ Culture and recreation costs decreased by \$500,000 due to depreciation expense decrease of \$367,000 as a result of asset reclassifications and relocations and lower indirect costs of \$208,000.
- ❖ Interest on debt decreased by \$165,000 due to the defeasance and pay off of two bonds during FY 2012.

### Business-type Activities

Revenues by Source  
Business-type Activities



Business-type activities increased net assets by \$5.6 million accounting for an increase of 94% of the total growth in the net assets of Wellington.

Revenues increased by \$2.9 million or 13%. Key elements of this increase are as follows:

- ❖ Charges for services increased \$1.1 million or 6% mainly due to a 7.5% increase in water/wastewater user charges that were enacted for 2012.
- ❖ Capital grants and contributions increased \$2 million or 571% compared to the prior year due to an increase in commercial development contributions of distribution lines of \$1.4 million as well as an increase in capacity fees of approximately \$600,000.
- ❖ Investment earnings decreased \$200,000 or 60% 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 \$101,000 or 1% over the prior year, which is mainly due to approximately \$425,000 increase in operating costs for the expanded wastewater treatment plant that came online in FY2012 as well as increases in depreciation expense and solid waste collection contract expense. Indirect costs were lower by \$322,000.

### **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 \$63 million, a decrease of \$7.2 million from prior year. The majority of the decrease is due to the defeasance of debt in the governmental funds.

The unassigned fund balance of \$16 million is available for spending at Wellington's discretion. The remainder of fund balance of \$47 million is either nonspendable, restricted, assigned or committed to indicate that it is not available for new spending. Funds are either nonspendable (\$979,896), have already been assigned to liquidate contracts and purchase orders (\$658,000), assigned or internally restricted for capital improvements (\$19.6 million), restricted to pay debt service (\$75,000), committed for future disaster recovery (\$2.5 million), committed or assigned for funding future capital and operating expenditures (\$7.2 million) and committed for stabilizing millage or rate increases (\$2.8 million), or other specified purposes (\$13.2 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 \$16 million, while the total fund balance was \$27.9 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 48% of total 2012/2013 general fund budgeted expenditures. Total revenues in the general fund were \$30.1 million which represents an increase of approximately \$294,000 from the prior year or 1%.

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, \$4.3 million was restricted for future building department expenditures. Building permit fees may only be used for expenditures related to building and inspection services. The remaining \$5 million was restricted and assigned for future planning and zoning expenditures. Revenues for the fund were \$5 million and \$4.1 million for fiscal years 2012 and 2011, respectively. This represents an increase of approximately \$900,000, or 21% from 2011. 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 \$3 million, of which \$2,847 is related to nonspendable prepaid expenditures and the remainder is restricted for future expenditures. Revenues for the fund were \$5.9 million and \$5.4 million for 2012 and 2011, respectively. This represents an increase of approximately \$500,000 or 9% over the prior year. This is mostly due to a large delinquent tax distribution that was received in FY 2012.

### **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 \$18.1 million; \$11.4 million for the Utility System and \$6.7 million for Solid Waste. Total net assets for these funds were \$154 million, representing an increase of \$5.6 million, or 4%. This is mainly due to an increase in water and wastewater fees in FY 2012.

### **General Fund Budgetary Highlights**

Differences between the original expenditure budget and the final expenditure amended budget totaled an increase of \$2.2 million, 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 unexpected legal and emergency expenditures were incurred as well as interdepartmental transfers to realign funding to personnel changes. These can be briefly summarized as follows:

- ❖ \$913,992 increase allocated to general government
- ❖ \$519,375 increase allocated to public safety
- ❖ \$432,967 increase allocated to physical environment
- ❖ \$18,341 increase allocated to culture and recreation
- ❖ \$86,120 increase allocated to capital outlay
- ❖ \$243,624 increase allocated to debt service

Actual results of operations were greater than the final amended budget by \$2.1 million, excluding transfers. These results can be mainly attributed to the following:

- ❖ Revenues were \$510,000 less than budget mainly due to an unanticipated delinquent property tax distribution being received as well as increased electricity rates that resulted in higher than anticipated utility taxes. As the local economy rebounded slightly in 2012, consumer spending increased resulting in higher than anticipated half-cent sales tax collections from the State of Florida. These increases were offset by a \$2.5 million contribution budgeted for the construction of a Boys and Girls Club that was not received as the project had not been completed.
- ❖ Personnel costs were less than budget by \$1 million due to overtime freezes, attrition, and budgeted positions that were open throughout the year.
- ❖ Operating costs were \$430,000 less than anticipated for insurance expenditures and \$300,000 for emergency operations related to Hurricane Isaac.
- ❖ Capital outlay was less than budget by \$292,000 due to capital asset purchases being delayed until future years.

The budget amendments were funded in part with \$1.2 million of prior year carry forwards. Additional information on budgetary comparisons can be found on pages 53-54 of this report.

### Long-Term Debt Activity

At the end of the current fiscal year, Wellington had total long-term debt outstanding of \$12,796,966. Governmental activities debt of \$7,050,614 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 \$4,000,191 is for Utility System revenue bonds which financed projects to increase the capacity of the Utility System. An additional \$1,746,161 for compensated absences is also outstanding. Additional information on long-term debt can be found in Note 6 of this report.

<b>Wellington's Outstanding Debt</b>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Revenue bonds and loans	\$7,050,614	\$16,379,085	\$4,000,191	\$6,400,382	\$11,050,805	\$22,779,467
Compensated absences	1,553,908	1,471,374	192,253	171,276	1,746,161	1,642,650
<b>Total</b>	<b>\$8,604,522</b>	<b>\$17,850,459</b>	<b>\$4,192,444</b>	<b>\$6,571,658</b>	<b>\$12,796,966</b>	<b>\$24,422,117</b>

### Capital Assets Activity

Wellington's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounts to \$288,575,935 (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 2012 was not material. Additional information on the condition level of the street system can be found on page 59 of this report.

<b>Wellington's Capital Assets</b> (net of accumulated depreciation)						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Land	\$ 19,821,956	\$ 19,703,294	\$ 8,996,705	\$ 8,996,705	\$ 28,818,661	\$ 28,699,999
Buildings	21,616,028	22,143,665	3,573,378	3,694,250	25,189,406	25,837,915
Improvements	43,676,186	45,654,462	2,592,162	2,118,027	46,268,348	47,772,489
Machinery and equipment	2,227,712	2,629,139	1,836,680	1,407,486	4,064,392	4,036,625
Water and wastewater plant	-	-	52,882,601	28,774,604	52,882,601	28,774,604
Meters	-	-	2,710,470	3,189,601	2,710,470	3,189,601
Wells	-	-	4,158,176	4,384,681	4,158,176	4,384,681
Distribution lines	-	-	48,229,766	48,920,678	48,229,766	48,920,678
Infrastructure	73,963,938	67,756,827	-	-	73,963,938	67,756,827
Construction in progress	2,004,463	7,485,145	285,714	24,530,034	2,290,177	32,015,179
<b>Total</b>	<b>\$ 163,310,283</b>	<b>\$165,372,532</b>	<b>\$125,265,652</b>	<b>\$ 126,016,066</b>	<b>\$ 288,575,935</b>	<b>\$291,388,598</b>

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

- ❖ Wastewater Treatment Plant Expansion
- ❖ South Shore Widening
- ❖ Greenview Shores Boulevard Landscaping
- ❖ Tiger Shark Cove Park Renovation
- ❖ C-2 Canal Widening

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 12% of total revenue. Another 38% comes from program revenues such as licenses, permits, and other charges for services, while approximately 9% is related to intergovernmental revenue. Additionally, special assessments levied total approximately 13% and utility taxes and franchise fees total another 14%. 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 2.47 mills for fiscal year 2012/2013 represents a 1.2% decrease compared to the millage rate for the 2011/2012 fiscal year. This millage resulted in a total tax levy of approximately \$12.7 million, a decrease of \$34,158, or .3% from the property tax levy for 2012. The Surface Water Management Assessment rate remained unchanged at \$200 per unit in the fiscal year 2012/2013. The Solid Waste Assessment is unchanged for fiscal year 2012/2013 at \$160 per curbside unit and \$125 per containerized unit. Additional information regarding the adoption of the annual budget can be found on page 58 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](http://www.wellingtonfl.gov)

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## **BASIC FINANCIAL STATEMENTS**

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# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 28,130,783	\$ 12,348,851	\$ 40,479,634
Investments	37,388,425	4,291,041	41,679,466
Receivables (net)	1,012,865	2,139,701	3,152,566
Internal balances	52,775	(52,775)	-
Due from other governments	1,127,644	39,316	1,166,960
Prepaid expenses	258,807	6,407	265,214
Inventories	12,943	165,814	178,757
Deposits	11,770	-	11,770
Assets held for resale	708,146	-	708,146
Restricted assets:			
Cash and cash equivalents	-	1,864,653	1,864,653
Investments	-	14,600,130	14,600,130
Net other postemployment benefit asset	723,885	102,115	826,000
Deferred charges	30,967	43,617	74,584
Capital assets:			
Capital assets not being depreciated	95,790,357	9,282,419	105,072,776
Capital assets being depreciated, net	67,519,926	115,983,233	183,503,159
Total assets	\$ 232,769,293	\$ 160,814,522	\$ 393,583,815
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 2,944,686	\$ 1,591,547	\$ 4,536,233
Contracts and retainage payable	146,390	-	146,390
Due to other governments	255,371	15,586	270,957
Deposits	-	956,926	956,926
Unearned revenue	2,358,573	-	2,358,573
Accrued interest	22,815	80,066	102,881
Noncurrent liabilities:			
Due within one year	1,748,757	2,745,230	4,493,987
Due in more than one year	6,855,765	1,447,214	8,302,979
Total liabilities	14,332,357	6,836,569	21,168,926
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	156,259,669	121,309,078	277,568,747
Restricted for:			
Debt service	52,542	-	52,542
Building department	4,264,883	-	4,264,883
Road maintenance	963,922	-	963,922
Capital projects	10,406,976	14,600,130	25,007,106
Unrestricted	46,488,944	18,068,745	64,557,689
Total net assets	\$ 218,436,936	\$ 153,977,953	\$ 372,414,889

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2012

Function/Program Activities	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>					
General government	\$ 10,721,542	\$ (4,674,828)	\$ -	\$ 21,697	\$ -
Public safety	7,839,229	301,758	357,628	2,964	33,692
Planning and development	3,182,725	1,067,865	4,941,844	-	-
Engineering and public works	7,833,701	(166,371)	5,664	-	-
Surface water management	6,679,956	651,128	5,597,298	-	-
Transportation	3,052,299	342,710	374,677	1,472,050	-
Culture and recreation	5,440,873	861,581	1,999,818	-	-
Interest on long-term debt	404,574	-	-	-	-
Total governmental activities	45,154,899	(1,616,157)	13,276,929	1,496,711	33,692
<b>Business-type activities:</b>					
Utility system	13,599,774	1,298,959	17,723,213	-	2,353,122
Solid waste	3,287,632	317,198	3,747,741	105,973	-
Total business-type activities	16,887,406	1,616,157	21,470,954	105,973	2,353,122
Total primary government	\$ 62,042,305	\$ -	\$ 34,747,883	\$ 1,602,684	\$ 2,386,814

**General revenues:**

Taxes:

Property taxes

Franchise fees and taxes

Utility and other 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
\$ (6,025,017)	\$ -	\$ (6,025,017)
(7,746,703)	-	(7,746,703)
691,254	-	691,254
(7,661,666)	-	(7,661,666)
(1,733,786)	-	(1,733,786)
(1,548,282)	-	(1,548,282)
(4,302,636)	-	(4,302,636)
(404,574)	-	(404,574)
<u>(28,731,410)</u>	<u>-</u>	<u>(28,731,410)</u>
-	5,177,602	5,177,602
-	248,884	248,884
-	5,426,486	5,426,486
<u>(28,731,410)</u>	<u>5,426,486</u>	<u>(23,304,924)</u>
13,340,895	-	13,340,895
3,157,328	-	3,157,328
6,635,232	-	6,635,232
3,705,576	-	3,705,576
1,151,415	-	1,151,415
523,538	144,603	668,141
9,250	10,692	19,942
540,669	2,486	543,155
<u>29,063,903</u>	<u>157,781</u>	<u>29,221,684</u>
332,493	5,584,267	5,916,760
<u>218,104,443</u>	<u>148,393,686</u>	<u>366,498,129</u>
<u>\$ 218,436,936</u>	<u>\$ 153,977,953</u>	<u>\$ 372,414,889</u>

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## BALANCE SHEET

### GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	General	Planning, Zoning and Building	Acme Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,379,332	\$ 4,438,668	\$ 1,312,612	\$ 10,000,171	\$ 28,130,783
Investments	16,452,840	5,898,831	1,744,807	13,291,947	37,388,425
Receivables:					
Utility taxes	337,576	-	-	-	337,576
Franchise fees	317,794	-	-	-	317,794
Accounts	69,872	168,899	51,500	-	290,271
Interest	33,963	9,056	3,754	20,451	67,224
Due from other funds	52,775	-	-	50,000	102,775
Due from other governments	879,224	25,966	69,862	152,592	1,127,644
Prepaid expenditures	255,960	-	2,847	-	258,807
Inventory	12,943	-	-	-	12,943
Deposits	5,000	6,770	-	-	11,770
Assets held for resale	-	-	-	708,146	708,146
Total assets	\$ 30,797,279	\$ 10,548,190	\$ 3,185,382	\$ 24,223,307	\$ 68,754,158

(Continued)

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET (Continued)

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	General	Planning, Zoning and Building	Acme Improvement	Other Governmental Funds	Total Governmental Funds
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,776,619	\$ 194,686	\$ 179,548	\$ 793,833	\$ 2,944,686
Contracts and retainage payable	-	-	-	146,390	146,390
Due to other funds	-	-	-	50,000	50,000
Due to other governments	52,647	202,724	-	-	255,371
Unearned/deferred revenue	1,056,014	905,527	51,500	397,032	2,410,073
Total liabilities	2,885,280	1,302,937	231,048	1,387,255	5,806,520
Fund balances:					
Nonspendable:					
Prepaid expenditures	255,960	-	2,847	-	258,807
Inventory	12,943	-	-	-	12,943
Assests held for resale	-	-	-	708,146	708,146
Restricted for:					
Capital projects	14,375	-	-	10,392,601	10,406,976
Surface water management	-	-	2,951,487	-	2,951,487
Building	-	4,264,883	-	-	4,264,883
Planning and zoning	-	4,403,958	-	-	4,403,958
Road maintenance	-	-	-	963,922	963,922
Wellington community foundation	-	-	-	50,691	50,691
Debt service	-	-	-	75,357	75,357
Committed for:					
Rate stabilization	2,785,000	-	-	-	2,785,000
Insurance	540,000	-	-	-	540,000
Disaster recovery	2,483,625	-	-	-	2,483,625
Subsequent year capital expenditures	5,200,000	-	-	-	5,200,000
Assigned for:					
Contracts	657,660	-	-	-	657,660
Capital projects	-	-	-	9,246,092	9,246,092
Subsequent year operating expenditures	-	576,412	-	1,399,243	1,975,655
Unassigned	15,962,436	-	-	-	15,962,436
Total fund balances	27,911,999	9,245,253	2,954,334	22,836,052	62,947,638
Total liabilities and fund balances	\$ 30,797,279	\$ 10,548,190	\$ 3,185,382	\$ 24,223,307	\$ 68,754,158

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, 2012

Total governmental fund balances \$ 62,947,638

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. 163,310,283

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 30,967

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. 723,885

Assets that are not available to pay for current period expenditures are deferred in the fund statements 51,500

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

Bonds payable (7,050,614)

Accrued interest (22,815)

Compensated absences (1,553,908)

Net assets of governmental activities \$ 218,436,936

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, 2012

	General	Planning, Zoning and Building	Acme Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Ad valorem taxes	\$ 13,340,895	\$ -	\$ -	\$ -	\$ 13,340,895
Franchise fees and taxes	3,157,328	-	-	-	3,157,328
Utility and other taxes	6,635,232	-	-	-	6,635,232
Special assessments	-	-	5,242,755	-	5,242,755
Impact fees	-	-	-	841,752	841,752
Licenses and permits	211,624	4,476,962	-	-	4,688,586
Intergovernmental revenue	4,526,466	-	-	1,804,733	6,331,199
Charges for services	1,602,942	-	354,543	-	1,957,485
Fines and forfeitures	163,892	382,458	-	-	546,350
Investment income	289,532	40,619	88,982	104,405	523,538
Miscellaneous	172,607	133,644	168,973	70,141	545,365
Total revenues	<u>30,100,518</u>	<u>5,033,683</u>	<u>5,855,253</u>	<u>2,821,031</u>	<u>43,810,485</u>

(Continued)

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

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

### GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2012

	General	Planning, Zoning and Building	Acme Improvement	Other Governmental Funds	Total Governmental Funds
<b>Expenditures:</b>					
Current:					
General government	\$ 10,013,562	\$ -	\$ -	\$ -	\$ 10,013,562
Public safety	7,812,972	-	-	-	7,812,972
Physical environment	6,787,650	3,089,336	2,885,403	-	12,762,389
Transportation	-	-	-	1,529,301	1,529,301
Culture and recreation	3,136,596	-	-	1,386	3,137,982
Capital outlay	385,214	18,333	7,198	7,209,405	7,620,150
Debt service:					
Principal	239,085	-	-	4,660,915	4,900,000
Interest and other fiscal charges	4,539	-	-	574,614	579,153
Total expenditures	<u>28,379,618</u>	<u>3,107,669</u>	<u>2,892,601</u>	<u>13,975,621</u>	<u>48,355,509</u>
Excess (deficiency) of revenues over expenditures					
	<u>1,720,900</u>	<u>1,926,014</u>	<u>2,962,652</u>	<u>(11,154,590)</u>	<u>(4,545,024)</u>
<b>Other financing sources (uses):</b>					
Transfers in	3,677,860	1,050,000	-	10,347,450	15,075,310
Transfers out	(7,934,250)	(1,067,865)	(2,001,128)	(2,455,910)	(13,459,153)
Payment to refunded bond escrow agent	-	-	-	(4,383,407)	(4,383,407)
Net gain on sale or disposition of capital assets	67,945	-	5,611	88,500	162,056
Total other financing sources (uses)	<u>(4,188,445)</u>	<u>(17,865)</u>	<u>(1,995,517)</u>	<u>3,596,633</u>	<u>(2,605,194)</u>
Net change in fund balances	(2,467,545)	1,908,149	967,135	(7,557,957)	(7,150,218)
Fund balances, beginning of year,	<u>30,379,544</u>	<u>7,337,104</u>	<u>1,987,199</u>	<u>30,394,009</u>	<u>70,097,856</u>
Fund balances, end of year	<u>\$ 27,911,999</u>	<u>\$ 9,245,253</u>	<u>\$ 2,954,334</u>	<u>\$ 22,836,052</u>	<u>\$ 62,947,638</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, 2012

Net change in fund balances - total governmental funds	\$	(7,150,218)
Amounts reported for governmental activities in the statement of activities are different because:		
The change in the Village's net OPEB asset is not reported in the governmental funds.		197,450
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for capital assets	\$ 6,461,314	
Less current year depreciation	<u>(8,370,757)</u>	(1,909,443)
In the statement of activities, only the gain (loss) on the sale of capital assets is reported		
Net book value of asset disposals		(152,806)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Principal payments on debt		9,035,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds		
		51,500
Governmental funds report the effect of debt issuance costs, premiums, discounts, and similar items when debt is first issued. However, these costs are capitalized and amortized in the government-wide financial statements:		
Amortization of refunding loss	\$ (41,838)	
Amortization of issuance costs	(124,506)	
Amortization of premium	<u>335,309</u>	168,965
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest		174,579
Change in compensated absences		<u>(82,534)</u>
Change in net assets of governmental activities	\$	<u><u>332,493</u></u>

See notes to basic financial statements



# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF FUND NET ASSETS

### PROPRIETARY FUNDS

SEPTEMBER 30, 2012

	Utility System	Solid Waste	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 9,152,831	\$ 3,196,020	\$ 12,348,851
Investments	42,687	4,248,354	4,291,041
Receivables:			
Accounts, net of allowance for uncollectible amounts	2,045,692	63,319	2,109,011
Interest	22,835	7,855	30,690
Due from other governments	-	39,316	39,316
Inventories	165,814	-	165,814
Prepaid expenses	6,407	-	6,407
Restricted cash and cash equivalents	1,864,653	-	1,864,653
Restricted investments	14,600,130	-	14,600,130
Total current assets	27,901,049	7,554,864	35,455,913
Noncurrent assets:			
Deferred charges	43,617	-	43,617
Net other postemployment benefit asset	96,130	5,985	102,115
Property, plant and equipment (net of accumulated depreciation)	125,251,223	14,429	125,265,652
Total noncurrent assets	125,390,970	20,414	125,411,384
Total assets	\$ 153,292,019	\$ 7,575,278	\$ 160,867,297
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 807,904	\$ 783,643	\$ 1,591,547
Due to other funds	-	52,775	52,775
Due to other governments	10,235	5,351	15,586
Deposits, payable from restricted assets	956,926	-	956,926
Accrued Interest	80,066	-	80,066
Compensated absences payable - current portion	103,614	6,616	110,230
Revenue refunding bonds payable - current portion	2,635,000	-	2,635,000
Total current liabilities	4,593,745	848,385	5,442,130
Noncurrent liabilities:			
Compensated absences payable - net of current portion	78,775	3,248	82,023
Revenue refunding bonds payable - net of current portion	1,365,191	-	1,365,191
Total noncurrent liabilities	1,443,966	3,248	1,447,214
Total liabilities	6,037,711	851,633	6,889,344
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	121,294,649	14,429	121,309,078
Restricted for renewal and replacement of capital assets	14,600,130	-	14,600,130
Unrestricted	11,359,529	6,709,216	18,068,745
Total net assets	\$ 147,254,308	\$ 6,723,645	\$ 153,977,953

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, 2012

	Utility System	Solid Waste	Total
<b>Operating revenues:</b>			
Charges for services	\$ 17,715,892	\$ -	\$ 17,715,892
Special assessments	-	3,413,753	3,413,753
Intergovernmental revenue	-	105,973	105,973
Franchise fees	-	219,534	219,534
Other	9,807	114,454	124,261
Total operating revenues	17,725,699	3,853,714	21,579,413
<b>Operating expenses:</b>			
Water services	3,169,020	-	3,169,020
Wastewater services	2,509,491	-	2,509,491
Laboratory	104,024	-	104,024
Water distribution	860,964	-	860,964
Customer service	525,835	-	525,835
General and administrative	750,409	-	750,409
Solid waste	-	3,284,156	3,284,156
Depreciation	5,341,475	3,476	5,344,951
Total operating expenses	13,261,218	3,287,632	16,548,850
Income from operations	4,464,481	566,082	5,030,563
<b>Nonoperating revenues (expenses):</b>			
Investment income	101,382	43,221	144,603
Net gain on sale or disposition of capital assets	10,692	-	10,692
Interest expense	(160,130)	-	(160,130)
Amortization	(178,426)	-	(178,426)
Total nonoperating revenues (expenses)	(226,482)	43,221	(183,261)
Income before contributions and transfers	4,237,999	609,303	4,847,302
<b>Capital contributions:</b>			
Capacity charges	954,275	-	954,275
Distribution lines	1,358,127	-	1,358,127
Meters	40,720	-	40,720
Transfers out	(1,298,959)	(317,198)	(1,616,157)
Change in net assets	5,292,162	292,105	5,584,267
Net assets, beginning of year	141,962,146	6,431,540	148,393,686
Net assets, end of year	\$ 147,254,308	\$ 6,723,645	\$ 153,977,953

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2012

	Utility System	Solid Waste	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 17,118,695	\$ 3,622,061	\$ 20,740,756
Payments to suppliers for goods and services	(3,953,918)	(2,603,644)	(6,557,562)
Payments to employees for services	(3,990,615)	(150,814)	(4,141,429)
Other operating revenues	11,875	248,897	260,772
Net cash provided by operating activities	9,186,037	1,116,500	10,302,537
<b>Cash flows from noncapital financing activities:</b>			
Transfers to other funds	(1,298,959)	(317,198)	(1,616,157)
Net cash used in noncapital financing activities	(1,298,959)	(317,198)	(1,616,157)
<b>Cash flows from capital and related financing activities:</b>			
Capital contributions	994,995	-	994,995
Proceeds from sale of property, plant and equipment	10,692	-	10,692
Acquisition of property, plant and equipment	(3,930,592)	2,027	(3,928,565)
Repayment of advances from other funds	-	(115,194)	(115,194)
Principal paid on indebtedness	(2,535,000)	-	(2,535,000)
Interest paid on indebtedness	(341,713)	-	(341,713)
Net cash used in capital and related financing activities	(5,801,618)	(113,167)	(5,914,785)
<b>Cash flows from investing activities:</b>			
Interest received	154,659	59,520	214,179
Sale of investments	3,505,099	2,392,873	5,897,972
Purchase of investments	(1,651,971)	(1,317,013)	(2,968,984)
Net cash provided by investing activities	2,007,787	1,135,380	3,143,167
Net increase in cash and cash equivalents	4,093,247	1,821,515	5,914,762
Cash and cash equivalents, beginning of year	6,924,237	1,374,505	8,298,742
Total cash and cash equivalents, end of year	\$ 11,017,484	\$ 3,196,020	\$ 14,213,504
Cash and cash equivalents			
Unrestricted	\$ 9,152,831	\$ 3,196,020	\$ 12,348,851
Restricted	1,864,653	-	1,864,653
Total cash and cash equivalents	\$ 11,017,484	\$ 3,196,020	\$ 14,213,504

(Continued)

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued) YEAR ENDED SEPTEMBER 30, 2012

	Utility System	Solid Waste	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 4,464,481	\$ 566,082	\$ 5,030,563
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	5,341,475	3,476	5,344,951
OPEB expense	(11,359)	(428)	(11,787)
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(616,691)	(11,226)	(627,917)
Due from other governments	-	24,878	24,878
Inventories	11,445	-	11,445
Increase (decrease) in:			
Accounts payable and accrued liabilities	(43,985)	529,928	485,943
Due to other governments	2,068	3,592	5,660
Deposits	19,494	-	19,494
Compensated absences payable	20,779	198	20,977
Total adjustments	4,721,556	550,418	5,271,974
Net cash provided by operating activities	\$ 9,186,037	\$ 1,116,500	\$ 10,302,537
Noncash investing, capital, and financing activities:			
Realized and unrealized gains/(losses) on investments	\$ (60,101)	\$ (20,470)	\$ (80,571)
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, 2012

	Employee Retirement Healthcare Trust
<b>ASSETS</b>	
Investments	<u>\$ 984,029</u>
<b>NET ASSETS</b>	
Held in trust for other postemployment benefits	<u>\$ 984,029</u>

See notes to basic financial statements

**VILLAGE OF WELLINGTON, FLORIDA**  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
YEAR ENDED SEPTEMBER 30, 2012

	<u>Employee Retirement Healthcare Trust</u>
<b>ADDITIONS:</b>	
Increase in the fair value of investments	\$ 156,896
Change in net assets	156,896
Net assets held in trust for other postemployment benefits, beginning of year	<u>827,133</u>
Net assets held in trust for other postemployment benefits, end of year	<u><u>\$ 984,029</u></u>

See notes to basic financial statements

**VILLAGE OF WELLINGTON, FLORIDA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

**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 does not issue separate financial statements and 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 does not issue separate financial statements and 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.

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.

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.

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

### ***Deposits and Investments***

Cash and investments of each fund, except certain investments in the debt service and enterprise funds, are accounted for in pooled cash and investment accounts with each fund maintaining its proportionate equity in the pooled accounts. The use of a pooled cash and investment account enables 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 government-wide and fund financial statements using the consumption method. Expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures of the period of acquisition.

### ***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.

### ***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.

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

***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.

***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.

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

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.

### ***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 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.

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

Committed – Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by Wellington Council through an ordinance or resolution, 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 nor 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 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. Funds in the amount of \$516,375 were approved by Council for fiscal year 2012 expenditures related to Hurricane Isaac. The current balance in this Fund at September 30, 2012 is \$2,483,625.

### ***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.

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

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 2011/2012 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, 2011, 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 1<sup>st</sup> following the year in which they are assessed.

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

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificate may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2012, 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, 2012, 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 2011. 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 2% to 3%, 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.

### ***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.

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

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.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASBS 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASBS 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, improves financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

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

The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans.

This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.

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, 2012, include petty cash of \$3,425, deposits with financial institutions with a carrying value of \$36,794,362 and a bank balance of \$37,529,742 and U.S. Government money market mutual funds with a carrying value of \$5,546,500.

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.

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

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, 2012, the Fund B investments had a net asset value of \$314,068.

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.

Wellington's cash and investments are subject to several types of risk, which are examined in more detail as follows:

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

***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, 2012 Florida PRIME has a weighted average maturity of 39.3 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 3.3 years for the Intermediate High Quality Bond Fund. As of September 30, 2012, 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	\$ 16,490,421	\$ 15,806,571	\$ 683,850
U.S. Agency and Instrumentality securities	35,304,610	16,501,144	18,803,466
Commercial paper	3,323,657	3,323,657	-
Total	<u>\$ 55,118,688</u>	<u>\$ 35,631,372</u>	<u>\$ 19,487,316</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)	\$ 314,068	Not rated	N/A
U.S. government agencies and instrumentalities:			
Fannie Mae	15,041,047	AA+	S&P
Freddie Mac	12,305,088	AA+	S&P
Federal Home Loan Bank	7,958,475	AA+	S&P
Commercial paper	999,905	A-1	S&P
Commercial paper	2,323,752	A-1+	S&P
Florida Municipal Investment Trust			
1 - 3 year high quality bond fund	100,314	AAA	Fitch
Intermediate high quality bond fund	746,526	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, 2012, Wellington had more than 5% of its investments in the following:

Issuer	Fair Value	Percentage
Fannie Mae	\$ 15,041,047	26.7%
Freddie Mac	12,305,088	21.9%
Federal Home Loan Bank	7,958,475	14.1%

**NOTE 3. RECEIVABLES**

Receivables for individual major funds and aggregate nonmajor funds are as follows:

	General	Planning, Zoning and Building	Acme Improvement	Nonmajor Governmental Funds	Utility System	Solid Waste	Total
Utility taxes	\$ 337,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,576
Franchise taxes	317,794	-	-	-	-	-	317,794
Accounts	69,872	168,899	51,500	-	2,287,492	63,319	2,641,082
Interest	33,963	9,056	3,754	20,451	22,835	7,855	97,914
Gross receivables	759,205	177,955	55,254	20,451	2,310,327	71,174	3,394,366
Less allowance for uncollectible accounts	-	-	-	-	(241,800)	-	(241,800)
	<u>\$ 759,205</u>	<u>\$ 177,955</u>	<u>\$ 55,254</u>	<u>\$ 20,451</u>	<u>\$ 2,068,527</u>	<u>\$ 71,174</u>	<u>\$ 3,152,566</u>

**NOTE 4. DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments for individual major funds and aggregate nonmajor funds are as follows:

	General	Planning, Zoning and Building	Acme Improvement	Nonmajor Governmental Funds	Solid Waste	Total
Federal Government:						
Grants	\$ 45,266	\$ -	\$ -	\$ 38,883	\$ -	\$ 84,149
State of Florida:						
State shared revenues	575,319	-	-	-	-	575,319
Communication services tax	231,139	-	-	-	-	231,139
Local option gas tax	-	-	-	113,709	-	113,709
Palm Beach County:						
County shared revenues	27,500	25,966	-	-	18,125	71,591
Palm Beach County Tax Collector	-	-	30,180	-	21,191	51,371
Pine Tree Water Control District	-	-	39,682	-	-	39,682
	<u>\$ 879,224</u>	<u>\$ 25,966</u>	<u>\$ 69,862</u>	<u>\$ 152,592</u>	<u>\$ 39,316</u>	<u>\$ 1,166,960</u>

## NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 31, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 19,703,294	\$ -	\$ -	\$ 118,662	\$ 19,821,956
Construction in progress	7,485,145	5,812,745	-	(11,293,427)	2,004,463
Infrastructure	67,756,827	-	-	6,207,111	73,963,938
Total capital assets, not being depreciated	<u>94,945,266</u>	<u>5,812,745</u>	<u>-</u>	<u>(4,967,654)</u>	<u>95,790,357</u>
Capital assets, being depreciated:					
Buildings	26,209,861	-	-	352,571	26,562,432
Improvements	86,424,177	-	-	4,192,883	90,617,060
Machinery and equipment	20,500,178	648,570	(870,266)	422,200	20,700,682
Total capital assets, being depreciated	<u>133,134,216</u>	<u>648,570</u>	<u>(870,266)</u>	<u>4,967,654</u>	<u>137,880,174</u>
Less accumulated depreciation for:					
Buildings	(4,066,196)	(880,208)	-	-	(4,946,404)
Improvements	(40,769,715)	(6,171,159)	-	-	(46,940,874)
Machinery and equipment	(17,871,039)	(1,319,391)	717,460	-	(18,472,970)
Total accumulated depreciation	<u>(62,706,950)</u>	<u>(8,370,758)</u>	<u>717,460</u>	<u>-</u>	<u>(70,360,248)</u>
Total capital assets, being depreciated, net	<u>70,427,266</u>	<u>(7,722,188)</u>	<u>(152,806)</u>	<u>4,967,654</u>	<u>67,519,926</u>
Governmental activities capital assets, net	<u>\$ 165,372,532</u>	<u>\$ (1,909,443)</u>	<u>\$ (152,806)</u>	<u>\$ -</u>	<u>\$ 163,310,283</u>

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

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 8,996,705	\$ -	\$ -	\$ -	\$ 8,996,705
Construction in progress	24,530,034	3,013,154	(53,550)	(27,203,924)	285,714
Total capital assets, not being depreciated	<u>33,526,739</u>	<u>3,013,154</u>	<u>(53,550)</u>	<u>(27,203,924)</u>	<u>9,282,419</u>
Capital assets, being depreciated:					
Buildings	4,674,027	-	-	33,666	4,707,693
Land improvements	3,814,312	-	-	846,392	4,660,704
Furniture, fixtures, equipment and vehicles	3,940,851	234,390	(112,930)	77,228	4,139,539
Meters	4,790,127	-	-	-	4,790,127
Major equipment	9,752,729	43,598	(107,549)	52,479	9,741,257
Water and wastewater plant	46,300,930	-	-	25,744,857	72,045,787
Wells	11,572,286	-	-	73,615	11,645,901
Telemetry	479,020	-	-	375,687	854,707
Distribution lines	81,509,720	1,358,127	-	-	82,867,847
Total capital assets, being depreciated	<u>166,834,002</u>	<u>1,636,115</u>	<u>(220,479)</u>	<u>27,203,924</u>	<u>195,453,562</u>
Less accumulated depreciation for:					
Buildings	(979,777)	(154,538)	-	-	(1,134,315)
Land improvements	(1,696,285)	(372,257)	-	-	(2,068,542)
Furniture, fixtures, equipment and vehicles	(3,501,175)	(234,561)	112,930	-	(3,622,806)
Meters	(1,600,526)	(479,131)	-	-	(2,079,657)
Major equipment	(8,786,536)	(114,313)	106,367	-	(8,794,482)
Water and wastewater plant	(17,526,326)	(1,636,860)	-	-	(19,163,186)
Wells	(7,187,605)	(300,120)	-	-	(7,487,725)
Telemetry	(477,403)	(4,132)	-	-	(481,535)
Distribution lines	(32,589,042)	(2,049,039)	-	-	(34,638,081)
Total accumulated depreciation	<u>(74,344,675)</u>	<u>(5,344,951)</u>	<u>219,297</u>	<u>-</u>	<u>(79,470,329)</u>
Total capital assets, being depreciated, net	<u>92,489,327</u>	<u>(3,708,836)</u>	<u>(1,182)</u>	<u>27,203,924</u>	<u>115,983,233</u>
Business-type activities capital assets, net	<u>\$ 126,016,066</u>	<u>\$ (695,682)</u>	<u>\$ (54,732)</u>	<u>\$ -</u>	<u>\$ 125,265,652</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 905,105
Public Safety	26,257
Planning and development	81,310
Engineering and public works	921,287
Surface water management	3,801,848
Transportation	382,075
Culture and recreation	2,252,876
Total depreciation expense - governmental activities	<u>\$ 8,370,758</u>
Business-type activities:	
Water utility	\$ 5,341,475
Solid waste	3,476
Total depreciation expense - business-type activities	<u>\$ 5,344,951</u>

**NOTE 6. NONCURRENT LIABILITIES**

***Changes in Noncurrent Liabilities***

Noncurrent liability activity for the year ended September 30, 2012, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Public Service Tax Revenue					
Refunding Bonds, Series 2005	\$ 8,245,000	\$ -	\$ (905,000)	\$ 7,340,000	\$ 940,000
Florida Municipal Loan Council:					
Series 2001A	3,715,000	-	(3,715,000)	-	-
Series 2002C	4,415,000	-	(4,415,000)	-	-
Less deferred amount on refunding	(331,223)	-	41,837	(289,386)	-
Plus unamortized bond premium	335,308	-	(335,308)	-	-
Total Bonds Payable, net	16,379,085	-	(9,328,471)	7,050,614	940,000
Compensated absences payable	1,471,374	1,085,719	(1,003,185)	1,553,908	808,757
Total	<u>\$ 17,850,459</u>	<u>\$ 1,085,719</u>	<u>\$ (10,331,656)</u>	<u>\$ 8,604,522</u>	<u>\$ 1,748,757</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 \$940,000 to \$1,165,000 with the final payment due September 1, 2019. At September 30, 2012, the outstanding balance was \$7,340,000.

Future debt service requirements to maturity are:

	Principal	Interest	Total
Year Ending September 30:			
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	1,085,000	126,074	1,211,074
2018 - 2019	2,295,000	129,058	2,424,058
Total Public Service Tax Revenue Refunding Bonds, Series 2005	<u>\$ 7,340,000</u>	<u>\$ 1,135,226</u>	<u>\$ 8,475,226</u>

***Bond Pay Off and Defeased Debt***

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

**NOTE 6. NONCURRENT LIABILITIES (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 \$8,475,226. Total principal and interest paid for the current year and total public service tax revenues were \$1,212,539 and \$9,792,560, 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	\$ 6,670,000	\$ -	\$ (2,535,000)	\$ 4,135,000	\$ 2,635,000
Plus unamortized bond premium	55,584	-	(27,792)	27,792	-
Less unamortized refunding loss	(325,202)	-	162,601	(162,601)	-
Total Bonds Payable	6,400,382	-	(2,400,191)	4,000,191	2,635,000
Compensated absences payable	171,276	189,884	(168,907)	192,253	110,230
Total	<u>\$ 6,571,658</u>	<u>\$ 189,884</u>	<u>\$ (2,569,098)</u>	<u>\$ 4,192,444</u>	<u>\$ 2,745,230</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 \$2,635,000 to \$1,500,000, 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, 2012, the outstanding balance was \$4,135,000.

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

	Principal	Interest	Total
Year Ending September 30:			
2013	\$ 2,635,000	\$ 110,065	\$ 2,745,065
2014	1,500,000	30,000	1,530,000
Total Utility System Revenue Refunding and Improvement Bonds, Series 2003	<u>\$ 4,135,000</u>	<u>\$ 140,065</u>	<u>\$ 4,275,065</u>

**NOTE 6. NONCURRENT LIABILITIES (Continued)**

Business-type Activities (Continued)

***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, 2012 is \$4,275,065. Total principal and interest paid for the current year and total water and sewer net revenues were \$2,876,713 and \$9,805,956, respectively.

***Interest Expense***

Total interest costs incurred and paid on all Wellington debt for the year ended September 30, 2012 totaled \$758,223 and \$920,866, respectively.

***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.

***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.

**NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of September 30, 2012 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Solid Waste	\$ 52,775
Wellington Community Foundation (Nonmajor Fund)	Capital Projects Fund (Nonmajor Fund)	50,000

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.

**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, 2012 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 3,677,860	\$ 7,934,250
Planning, Zoning and Building	1,050,000	1,067,865
Acme Improvement	-	2,001,128
Nonmajor governmental funds	10,347,450	2,455,910
Utility System	-	1,298,959
Solid Waste	-	317,198
Total	<u>\$ 15,075,310</u>	<u>\$ 15,075,310</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 4.91% for the period October 1, 2011 through June 30, 2012 and 5.18% for the period July 1, 2012 through September 30, 2012 for the Regular Class. Contributions to FRS for the years ended September 30, 2012, 2011, and 2010 were \$775,443, \$1,364,766 and \$1,400,720, respectively, equal to 100% of the required contributions for each year.

**NOTE 9. HEALTH INSURANCE**

Effective October 1, 2011 Wellington changed its health insurance plan from a guaranteed maximum plan administered through CIGNA to a fully insured health plan. In anticipation of surplus funds (estimated to be \$315,000) from the termination of the CIGNA plan, the Village plans to reduce the employee's contribution for health insurance coverage in the future. Wellington intends to utilize these surplus funds to absorb the increased health care costs while maintaining the employee contribution levels. On average the employee bears 13.37% of the total premium cost and the Village bears the remaining 86.63% of the total health care premium.

**NOTE 10. 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 director and officer 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 11. CONTINGENCIES**

***Legal***

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.

***Florida Retirement System***

Wellington joined the Florida Retirement System (FRS) in January 2008 and all employees filling a "regularly established position" were enrolled in the FRS. As per FRS determination, at the time of enrollment, positions that were not regularly scheduled and budgeted, some as a "pool" of hours were not considered regularly established and these positions were not enrolled. Subsequent to enrollment, a clarification was made in the Florida Statutes to state that a regularly established position for a local agency is any position that will be in existence for a period beyond six consecutive months.

In April 2013 the Village determined that some additional positions meet the new definition and will need to be enrolled in the FRS. The liability amount cannot be accurately estimated until more information is attained from the FRS as to what positions should be included and how many years to contribute retroactively for those positions. We anticipate the expenditure will be at least \$200,000, which is within amounts actually budgeted in FY 2012 and prior for benefit contributions accordingly. We plan to earmark funds in our reserves to pay for this contingent liability.

## NOTE 12. 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 annually through 2014. For the year ended September 30, 2012, amounts were remitted pursuant to this agreement and the total amount of the contract remaining is \$494,400.

### ***Agreement for Police Services***

During 2011, Wellington entered into an agreement with the Palm Beach County Sheriff's Office for the provision of professional police services through September 30, 2016. 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, 2012. Amounts to be paid pursuant to this agreement in fiscal year 2013 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 \$3,052,213 for the year ended September 30, 2012 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 2013 total \$3,224,000. According to the agreement, future year payments to Waste Management, Inc. will be adjusted by a yearly CPI index.

### ***Boys and Girls Club***

Wellington has contracted with MBR Construction, Inc. for the construction of a new Boys and Girls Club facility located just north of the Wellington Water Treatment Plant. Once constructed, Wellington will own and lease the facilities to the Boys and Girls Club. A contract has been awarded in February 2012 in the amount of \$3,585,371 with an anticipated completion date of April 2013 and is being accounted for in the Recreation Impact Fund. As of September 30, 2012, cumulative expenditures total \$976,668.

### ***Forest Hill Boulevard and Stribling Turn Lane Improvements***

Wellington has contracted with Community Asphalt Corp. for the construction of roadway improvements at the intersection of Forest Hill Boulevard and Stribling Way. This project will consist of constructing a new turn lane along Forest Hill Boulevard, the extension of an existing turn lane along Stribling Way and a new mast arm traffic signal. A contract has been awarded in July 2012 in the amount of \$1,144,164 with an anticipated completion date during FY 2013 and is being accounted for in the Gas Tax Capital Fund. As of September 30, 2012, cumulative expenditures total \$0 as the project commenced in October 2012.

### ***Village Park Gymnasium Repairs***

Wellington has contracted with West Construction, Inc. for the rehabilitation and waterproofing of the existing gym facilities at Village Park. A contract has been awarded in August 2012 in the amount of \$2,423,657 with an anticipated completion date of February 2013 and is being accounted for in the Capital Projects Fund. As of September 30, 2012, cumulative expenditures total \$77,189.

**NOTE 12. COMMITMENTS** (Continued)

***Goldenrod Park***

Wellington has contracted with JMW Construction Corporation for the construction of a new neighborhood park as part of the safe neighborhoods initiative. A contract has been awarded in September 2012 in the amount of \$198,137 with an anticipated completion date in early 2013 and is being accounted for in the Capital Projects Fund. As of September 30, 2012, cumulative expenditures total \$0 as the project commenced in October 2012.

**NOTE 13. 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 four retirees eligible to receive benefits as of September 30, 2012.

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. 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 \$639 to a maximum of \$1,907.

Annual OPEB Cost: The annual other postemployment benefit (OPEB) cost for the fiscal year was (\$29,000), 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, 2012 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
9/30/2010	\$ 7,000	1529%	\$ 706,000
9/30/2011	(1,000)	1679%	765,000
9/30/2012	(29,000)	1679%	826,000
Annual required contribution			\$ (53,000)
Interest on OPEB obligation			(54,000)
Adjustment to annual required contribution			<u>78,000</u>
Annual OPEB cost			(29,000)
Employer Contributions			<u>(32,000)</u>
Change in net OPEB asset			(61,000)
Net OPEB liability (asset), beginning of year			<u>(765,000)</u>
Net OPEB liability (asset), end of year			<u><u>\$ (826,000)</u></u>

**NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The annual required contributions for 2012 and 2011 were \$(53,000) and \$(20,000), respectively, of which Wellington made contributions of \$0 and \$0, respectively.

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

	(1)	(2)	(3)	(4)		
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) / (2)	Covered Payroll	UAAL As % of Covered Payroll (3) / (4)
October 1, 2012	984,000	332,000	(652,000)	296.4%	13,265,000	-4.9%

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 in the required supplementary information, 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.

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, 2012, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5.5% 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 September 30, 2012, 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 were reduced. The change in these assumptions, plus actual retiree data, resulted in a lower annual OPEB cost for 2012 and 2013.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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## Budgetary Comparison Schedules:

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General Fund

Special Revenue Funds:

Planning, Zoning and Building

Acme Improvement

# VILLAGE OF WELLINGTON, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Adopted Budget</u>	<u>Prior Year Carryforward</u>	<u>Legally Adopted Budget Amendments</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues:</b>						
Ad valorem taxes	\$ 12,763,314	\$ -	\$ -	\$ 12,763,314	\$ 13,340,895	\$ 577,581
Franchise fees and taxes	3,150,000	-	-	3,150,000	3,157,328	7,328
Utility and other taxes	6,188,000	-	-	6,188,000	6,635,232	447,232
Licenses and permits	175,000	-	-	175,000	211,624	36,624
Intergovernmental	3,960,000	-	12,915	3,972,915	4,526,466	553,551
Charges for services	1,385,565	-	-	1,385,565	1,602,942	217,377
Fines and forfeitures	110,000	-	-	110,000	163,892	53,892
Investment income	140,000	-	-	140,000	289,532	149,532
Miscellaneous	227,200	-	2,500,000	2,727,200	172,607	(2,554,593)
Total revenues	<u>28,099,079</u>	<u>-</u>	<u>2,512,915</u>	<u>30,611,994</u>	<u>30,100,518</u>	<u>(511,476)</u>

(Continued)

See note to required supplementary information

# VILLAGE OF WELLINGTON, FLORIDA

## BUDGETARY COMPARISON SCHEDULE (Continued)

### GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2012

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Expenditures:</b>						
General government:						
Village council	\$ 278,620	\$ -	\$ -	\$ 278,620	\$ 258,339	\$ 20,281
Village clerk	1,070,416	45,000	109,650	1,225,066	1,155,760	69,306
Village manager	1,424,966	-	(69,250)	1,355,716	1,404,126	(48,410)
Customer service	153,335	-	11,300	164,635	175,873	(11,238)
Financial services	1,879,067	488	40,500	1,920,055	1,794,043	126,012
Wellington 2060	532,177	192,652	71,550	796,379	618,835	177,544
Human resources	322,620	8,640	15,000	346,260	305,250	41,010
Risk management	1,045,736	338,432	(21,000)	1,363,168	933,769	429,399
Legal	400,000	56,728	215,000	671,728	679,517	(7,789)
Information technology	2,086,127	112,144	(133,672)	2,064,599	2,035,006	29,593
Construction and engineering	503,764	-	(79,170)	424,594	220,229	204,365
Other	630,260	-	-	630,260	432,815	197,445
Total general government	<u>10,327,088</u>	<u>754,084</u>	<u>159,908</u>	<u>11,241,080</u>	<u>10,013,562</u>	<u>1,227,518</u>
Public safety:						
Law enforcement	7,492,054	-	3,000	7,495,054	7,434,526	60,528
Emergency management	29,400	-	516,375	545,775	246,099	299,676
Safe neighborhoods code	140,879	-	-	140,879	132,347	8,532
Total public safety	<u>7,662,333</u>	<u>-</u>	<u>519,375</u>	<u>8,181,708</u>	<u>7,812,972</u>	<u>368,736</u>
Physical environment:						
Public works	4,022,946	7,000	(121,450)	3,908,496	3,613,181	295,315
Nuisance abatement	175,358	-	(3,550)	171,808	154,698	17,110
Community services	736,595	416,667	9,300	1,162,562	698,677	463,885
Aquatics and sports fields	2,251,883	-	125,000	2,376,883	2,321,094	55,789
Total physical environment	<u>7,186,782</u>	<u>423,667</u>	<u>9,300</u>	<u>7,619,749</u>	<u>6,787,650</u>	<u>832,099</u>
Culture and recreation:						
Parks and recreation administration	468,571	-	(4,589)	463,982	442,833	21,149
Recreation programs	314,037	3,930	-	317,967	387,278	(69,311)
Athletic programs	1,328,549	20,000	(7,000)	1,341,549	1,180,729	160,820
Tennis program	91,900	-	-	91,900	110,000	(18,100)
Aquatics	667,745	-	-	667,745	594,360	73,385
Cultural and recreational facilities	299,506	-	6,000	305,506	289,993	15,513
Senior resource and advocacy	148,726	-	-	148,726	131,403	17,323
Total culture and recreation	<u>3,319,034</u>	<u>23,930</u>	<u>(5,589)</u>	<u>3,337,375</u>	<u>3,136,596</u>	<u>200,779</u>
Capital outlay	327,691	24,824	61,296	413,811	385,214	28,597
Debt service:						
Principal	-	-	239,085	239,085	239,085	-
Interest and other fiscal charges	-	-	4,539	4,539	4,539	-
Total expenditures	<u>28,822,928</u>	<u>1,226,505</u>	<u>987,914</u>	<u>31,037,347</u>	<u>28,379,618</u>	<u>2,657,729</u>
Excess (deficiency) of revenues over expenditures	<u>(723,849)</u>	<u>(1,226,505)</u>	<u>1,525,001</u>	<u>(425,353)</u>	<u>1,720,900</u>	<u>2,146,253</u>
<b>Other financing sources (uses):</b>						
Transfers in	3,600,000	-	-	3,600,000	3,677,860	77,860
Transfers out	(3,434,250)	-	(4,500,000)	(7,934,250)	(7,934,250)	-
Net gain on sale or disposition of capital assets	-	-	-	-	67,945	67,945
Total other financing sources (uses)	<u>165,750</u>	<u>-</u>	<u>(4,500,000)</u>	<u>(4,334,250)</u>	<u>(4,188,445)</u>	<u>145,805</u>
Net change in fund balances	(558,099)	(1,226,505)	(3,292,999)	(4,759,603)	(2,467,545)	2,292,058
Fund balances, beginning of year	30,379,544	1,226,505	3,292,999	30,379,544	30,379,544	-
Fund balances, end of year	<u>\$ 29,821,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,619,941</u>	<u>\$ 27,911,999</u>	<u>\$ 2,292,058</u>

See note to required supplementary information

**VILLAGE OF WELLINGTON, FLORIDA**  
 BUDGETARY COMPARISON SCHEDULE  
 PLANNING, ZONING AND BUILDING - SPECIAL REVENUE FUND  
 YEAR ENDED SEPTEMBER 30, 2012

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>						
Licenses and permits	\$ 2,166,500	\$ -	\$ -	\$ 2,166,500	\$ 4,476,962	\$ 2,310,462
Fines and forfeitures	265,000	-	-	265,000	382,458	117,458
Investment income	75,000	-	-	75,000	40,619	(34,381)
Miscellaneous	25,000	-	-	25,000	133,644	108,644
Total revenues	<u>2,531,500</u>	<u>-</u>	<u>-</u>	<u>2,531,500</u>	<u>5,033,683</u>	<u>2,502,183</u>
<b>Expenditures:</b>						
Current:						
Physical environment:						
Planning, zoning and building administration	247,705	6,071	610	254,386	170,656	83,730
Planning & zoning	488,618	-	4,300	492,918	657,364	(164,446)
Code compliance	968,266	-	(4,660)	963,606	787,516	176,090
Building	1,404,890	75,168	(18,250)	1,461,808	1,473,800	(11,992)
Total physical environment	<u>3,109,479</u>	<u>81,239</u>	<u>(18,000)</u>	<u>3,172,718</u>	<u>3,089,336</u>	<u>83,382</u>
Capital outlay	-	-	18,000	18,000	18,333	(333)
Total expenditures	<u>3,109,479</u>	<u>81,239</u>	<u>-</u>	<u>3,190,718</u>	<u>3,107,669</u>	<u>83,049</u>
Excess (deficiency) of revenues over expenditures	<u>(577,979)</u>	<u>(81,239)</u>	<u>-</u>	<u>(659,218)</u>	<u>1,926,014</u>	<u>2,585,232</u>
<b>Other financing sources (uses):</b>						
Transfers in	1,050,000	-	-	1,050,000	1,050,000	-
Transfers out	(800,000)	-	-	(800,000)	(1,067,865)	(267,865)
Total other financing sources (uses)	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>(17,865)</u>	<u>(267,865)</u>
Net change in fund balances	(327,979)	(81,239)	-	(409,218)	1,908,149	2,317,367
Fund balances, beginning of year	7,337,104	81,239	-	7,337,104	7,337,104	-
Fund balances, end of year	<u>\$ 7,009,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,927,886</u>	<u>\$ 9,245,253</u>	<u>\$ 2,317,367</u>

See note to required supplementary information

# VILLAGE OF WELLINGTON, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

### ACME IMPROVEMENT - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2012

	Original Adopted Budget	Prior Year Carryforward	Legally Adopted Budget Amendments	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>						
Special assessments	\$ 4,893,450	\$ -	\$ -	\$ 4,893,450	\$ 5,242,755	\$ 349,305
Charges for services	352,000	-	-	352,000	354,543	2,543
Investment income	31,500	-	-	31,500	88,982	57,482
Miscellaneous	20,000	-	-	20,000	168,973	148,973
Total revenues	<u>5,296,950</u>	<u>-</u>	<u>-</u>	<u>5,296,950</u>	<u>5,855,253</u>	<u>558,303</u>
<b>Expenditures:</b>						
Current:						
Physical environment:						
Environmental services	664,540	-	-	664,540	627,911	36,629
Neighborhood parks	334,305	-	-	334,305	291,787	42,518
Surface water management	2,141,835	143,020	-	2,284,855	1,965,705	319,150
Total physical environment	<u>3,140,680</u>	<u>143,020</u>	<u>-</u>	<u>3,283,700</u>	<u>2,885,403</u>	<u>398,297</u>
Capital outlay	44,663	-	-	44,663	7,198	37,465
Total expenditures	<u>3,185,343</u>	<u>143,020</u>	<u>-</u>	<u>3,328,363</u>	<u>2,892,601</u>	<u>435,762</u>
Excess (deficiency) of revenues over expenditures	<u>2,111,607</u>	<u>(143,020)</u>	<u>-</u>	<u>1,968,587</u>	<u>2,962,652</u>	<u>994,065</u>
<b>Other financing uses:</b>						
Transfers out	(2,100,000)	-	-	(2,100,000)	(2,001,128)	98,872
Net gain on sale or disposition of capital assets	-	-	-	-	5,611	-
Total other financing uses	<u>(2,100,000)</u>	<u>-</u>	<u>-</u>	<u>(2,100,000)</u>	<u>(1,995,517)</u>	<u>98,872</u>
Net change in fund balances	11,607	(143,020)	-	(131,413)	967,135	1,098,548
Fund balances, beginning of year	<u>1,987,199</u>	<u>143,020</u>	<u>-</u>	<u>1,987,199</u>	<u>1,987,199</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,998,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,855,786</u>	<u>\$ 2,954,334</u>	<u>\$ 1,098,548</u>

See note to required supplementary information

**VILLAGE OF WELLINGTON, FLORIDA**  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2012

**NOTE 1. BUDGETARY ACCOUNTING**

State of Florida Statutes requires 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, 2012, several supplementary appropriations were necessary. The supplementary appropriations increased the general fund budget by \$2.2 million and the major special revenue funds budgets by \$0. 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

## SCHEDULE OF FUNDING PROGRESS

### EMPLOYEE RETIREMENT PLAN

YEAR ENDED SEPTEMBER 30, 2012

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%
October 1, 2012	984,000	332,000	(652,000)	296.4%	13,265,000	-4.9%

**VILLAGE OF WELLINGTON, FLORIDA**  
**CONDITION RATING OF STREET SYSTEM**  
**SEPTEMBER 30, 2012**

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

Percentage of lane miles in good or better condition

Overall System:

2010	100%
2011	100%
2012	100%

Percentage of lane miles in substandard condition

Overall System:

2010	0%
2011	0%
2012	0%

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION

	<u>Needed</u>	<u>Actual</u>	<u>Difference</u>
Overall System:			
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	2,261,961	1,914,271	(347,690)
2012	<u>3,558,491</u>	<u>3,279,772</u>	<u>(278,719)</u>
Total	<u>\$ 10,909,634</u>	<u>\$ 9,133,009</u>	<u>\$ (1,776,625)</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 100% 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.



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**OTHER SUPPLEMENTAL INFORMATION**

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## NONMAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

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

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

**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.

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

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

**Capital Projects Fund** – Accounts for general government capital expenditures.

### 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, 2012

	Special Revenue Funds		Capital Project Funds				Debt Service Fund	Total Nonmajor Funds
	Gas Tax Maintenance	Wellington Community Foundation	Recreation Impact Fees	Gas Tax Capital	Road Impact Fees	Capital Projects		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 699,136	\$ 691	\$ 2,066,559	\$ 2,018,468	\$ 1,116,458	\$ 4,066,507	\$ 32,352	\$ 10,000,171
Investments	929,336	-	2,747,003	2,683,077	1,484,066	5,405,460	43,005	13,291,947
Accrued interest receivable	1,396	-	3,666	5,708	1,169	8,512	-	20,451
Due from other funds	-	50,000	-	-	-	-	-	50,000
Due from other governments	77,292	-	-	36,417	-	38,883	-	152,592
Assets held for resale	-	-	-	-	-	708,146	-	708,146
Total assets	<u>\$ 1,707,160</u>	<u>\$ 50,691</u>	<u>\$ 4,817,228</u>	<u>\$ 4,743,670</u>	<u>\$ 2,601,693</u>	<u>\$ 10,227,508</u>	<u>\$ 75,357</u>	<u>\$ 24,223,307</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 75,399	\$ -	\$ 387,886	\$ 111,953	\$ 8,749	\$ 209,846	\$ -	\$ 793,833
Retainage payable	-	-	97,667	36,899	-	11,824	-	146,390
Due to other funds	-	-	-	-	-	50,000	-	50,000
Unearned revenue	-	-	-	395,432	-	1,600	-	397,032
Total liabilities	<u>75,399</u>	<u>-</u>	<u>485,553</u>	<u>544,284</u>	<u>8,749</u>	<u>273,270</u>	<u>-</u>	<u>1,387,255</u>
Fund balances:								
Nonspendable	-	-	-	-	-	708,146	-	708,146
Restricted for:								
Capital projects	-	-	3,915,156	3,894,460	2,582,985	-	-	10,392,601
Road maintenance	963,922	-	-	-	-	-	-	963,922
Wellington community foundation	-	50,691	-	-	-	-	-	50,691
Debt service	-	-	-	-	-	-	75,357	75,357
Assigned for:								
Capital projects	-	-	-	-	-	9,246,092	-	9,246,092
Subsequent year								
Operating expenditures	<u>667,839</u>	<u>-</u>	<u>416,519</u>	<u>304,926</u>	<u>9,959</u>	<u>-</u>	<u>-</u>	<u>1,399,243</u>
Total fund balances	<u>1,631,761</u>	<u>50,691</u>	<u>4,331,675</u>	<u>4,199,386</u>	<u>2,592,944</u>	<u>9,954,238</u>	<u>75,357</u>	<u>22,836,052</u>
Total liabilities and fund balances	<u>\$ 1,707,160</u>	<u>\$ 50,691</u>	<u>\$ 4,817,228</u>	<u>\$ 4,743,670</u>	<u>\$ 2,601,693</u>	<u>\$ 10,227,508</u>	<u>\$ 75,357</u>	<u>\$ 24,223,307</u>

## VILLAGE OF WELLINGTON, FLORIDA

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

#### NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds			Capital Project Funds			Debt Service Fund	Total Nonmajor Funds
	Gas Tax Maintenance	Wellington Community Foundation	Recreation Impact Fees	Gas Tax Capital	Road Impact Fees	Capital Projects		
<b>Revenues:</b>								
Impact fees	\$ -	\$ -	\$ 467,075	\$ -	\$ 374,677	\$ -	\$ -	\$ 841,752
Intergovernmental revenue	1,001,304	-	-	769,737	-	33,692	-	1,804,733
Investment income	5,927	41	23,673	27,358	10,196	37,210	-	104,405
Miscellaneous	2,021	56,270	400	10,000	-	1,450	-	70,141
Total revenues	<u>1,009,252</u>	<u>56,311</u>	<u>491,148</u>	<u>807,095</u>	<u>384,873</u>	<u>72,352</u>	-	<u>2,821,031</u>
<b>Expenditures:</b>								
Current:								
Transportation	1,529,301	-	-	-	-	-	-	1,529,301
Culture and recreation	-	1,386	-	-	-	-	-	1,386
Capital outlay	241,093	-	1,373,914	2,724,956	274,248	2,595,194	-	7,209,405
Debt service:								
Principal	-	-	2,998,595	217,320	-	-	1,445,000	4,660,915
Interest and other charges	-	-	56,922	4,125	-	-	513,567	574,614
Total expenditures	<u>1,770,394</u>	<u>1,386</u>	<u>4,429,431</u>	<u>2,946,401</u>	<u>274,248</u>	<u>2,595,194</u>	<u>1,958,567</u>	<u>13,975,621</u>
Excess (deficiency) of revenues over expenditures	<u>(761,142)</u>	<u>54,925</u>	<u>(3,938,283)</u>	<u>(2,139,306)</u>	<u>110,625</u>	<u>(2,522,842)</u>	<u>(1,958,567)</u>	<u>(11,154,590)</u>
<b>Other financing sources (uses):</b>								
Transfers in	1,000,000	-	2,500,000	-	2,225,000	2,663,750	1,958,700	10,347,450
Transfers out	(342,710)	(5,000)	(1,452,750)	(328,125)	(327,325)	-	-	(2,455,910)
Payment to refunded bond escrow agent	-	-	(561,952)	(268,703)	(3,552,752)	-	-	(4,383,407)
Net gain on sale or disposition of capital assets	88,500	-	-	-	-	-	-	88,500
Total other financing sources (uses)	<u>745,790</u>	<u>(5,000)</u>	<u>485,298</u>	<u>(596,828)</u>	<u>(1,655,077)</u>	<u>2,663,750</u>	<u>1,958,700</u>	<u>3,596,633</u>
Net change in fund balances	(15,352)	49,925	(3,452,985)	(2,736,134)	(1,544,452)	140,908	133	(7,557,957)
Fund balances, beginning of year	<u>1,647,113</u>	<u>766</u>	<u>7,784,660</u>	<u>6,935,520</u>	<u>4,137,396</u>	<u>9,813,330</u>	<u>75,224</u>	<u>30,394,009</u>
Fund balances, end of year	<u>\$ 1,631,761</u>	<u>\$ 50,691</u>	<u>\$ 4,331,675</u>	<u>\$ 4,199,386</u>	<u>\$ 2,592,944</u>	<u>\$ 9,954,238</u>	<u>\$ 75,357</u>	<u>\$ 22,836,052</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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental revenue	\$ 1,000,000	\$ 1,000,000	\$ 1,001,304	\$ 1,304
Investment income	15,625	15,625	5,927	(9,698)
Miscellaneous	-	-	2,021	2,021
Total revenues	1,015,625	1,015,625	1,009,252	(6,373)
<b>Expenditures:</b>				
Current:				
Transportation	1,603,576	1,662,736	1,529,301	133,435
Capital outlay	226,587	229,087	241,093	(12,006)
Total expenditures	1,830,163	1,891,823	1,770,394	121,429
Excess (deficiency) of revenues over expenditures	(814,538)	(876,198)	(761,142)	115,056
<b>Other financing sources (uses):</b>				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	(500,000)	(500,000)	(342,710)	157,290
Net gain on sale or disposition of capital assets	-	-	88,500	88,500
Total other financing sources	500,000	500,000	745,790	245,790
Net change in fund balances	(314,538)	(376,198)	(15,352)	360,846
Fund balances, beginning of year	1,647,113	1,647,113	1,647,113	-
Fund balances, end of year	\$ 1,332,575	\$ 1,270,915	\$ 1,631,761	\$ 360,846

## 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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Impact fees	\$ 250,000	\$ 250,000	\$ 467,075	\$ 217,075
Intergovernmental revenue	-	600,000	-	(600,000)
Investment income	62,500	62,500	23,673	(38,827)
Miscellaneous	-	-	400	400
Total revenues	<u>312,500</u>	<u>912,500</u>	<u>491,148</u>	<u>(421,352)</u>
<b>Expenditures:</b>				
Capital outlay	-	5,147,178	1,373,914	3,773,264
Debt service:				
Principal	-	2,998,595	2,998,595	-
Interest and other charges	-	<u>56,922</u>	<u>56,922</u>	-
Total expenditures	<u>-</u>	<u>8,202,695</u>	<u>4,429,431</u>	<u>3,773,264</u>
Excess of revenues over expenditures	312,500	(7,290,195)	(3,938,283)	3,351,912
<b>Other financing sources (uses):</b>				
Transfers in	-	2,500,000	2,500,000	-
Transfers out	(1,452,750)	(1,452,750)	(1,452,750)	-
Payment to refunded bond escrow agent	-	(561,952)	(561,952)	-
Total other financing uses	<u>(1,452,750)</u>	<u>485,298</u>	<u>485,298</u>	<u>-</u>
Net change in fund balances	(1,140,250)	(6,804,897)	(3,452,985)	3,351,912
Fund balances, beginning of year	<u>7,784,660</u>	<u>7,784,660</u>	<u>7,784,660</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,644,410</u>	<u>\$ 979,763</u>	<u>\$ 4,331,675</u>	<u>\$ 3,351,912</u>

## 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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 715,000	\$ 715,000	\$ 769,737	\$ 54,737
Investment income	50,000	50,000	27,358	(22,642)
Miscellaneous	<u>650,000</u>	<u>650,000</u>	<u>10,000</u>	<u>(640,000)</u>
Total revenues	<u>1,415,000</u>	<u>1,415,000</u>	<u>807,095</u>	<u>(607,905)</u>
<b>Expenditures:</b>				
Capital outlay	1,597,000	6,669,433	2,724,956	3,944,477
Debt service:				
Principal	-	217,320	217,320	-
Interest and other charges	<u>-</u>	<u>4,125</u>	<u>4,125</u>	<u>-</u>
Total expenditures	<u>1,597,000</u>	<u>6,890,878</u>	<u>2,946,401</u>	<u>3,944,477</u>
Excess (deficiency) of revenues over expenditures	<u>(182,000)</u>	<u>(5,475,878)</u>	<u>(2,139,306)</u>	<u>3,336,572</u>
<b>Other financing uses:</b>				
Transfers out	(328,125)	(328,125)	(328,125)	-
Payment to refunded bond escrow agent	<u>-</u>	<u>(268,703)</u>	<u>(268,703)</u>	<u>-</u>
Total other financing uses	<u>(328,125)</u>	<u>(596,828)</u>	<u>(596,828)</u>	<u>-</u>
Net change in fund balances	(510,125)	(6,072,706)	(2,736,134)	3,336,572
Fund balances, beginning of year	<u>6,935,520</u>	<u>6,935,520</u>	<u>6,935,520</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,425,395</u>	<u>\$ 862,814</u>	<u>\$ 4,199,386</u>	<u>\$ 3,336,572</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Impact fees	\$ 100,000	\$ 100,000	\$ 374,677	\$ 274,677
Investment income	<u>31,250</u>	<u>31,250</u>	<u>10,196</u>	<u>(21,054)</u>
Total revenues	<u>131,250</u>	<u>131,250</u>	<u>384,873</u>	<u>253,623</u>
<b>Expenditures:</b>				
Capital outlay	<u>125,000</u>	<u>2,526,491</u>	<u>274,248</u>	<u>2,252,243</u>
Excess (deficiency) of revenues over expenditures	6,250	(2,395,241)	110,625	2,505,866
<b>Other financing uses:</b>				
Transfers in	225,000	2,225,000	2,225,000	-
Transfers out	(327,325)	(327,325)	(327,325)	-
Payment to refunded bond escrow agent	<u>-</u>	<u>(3,552,752)</u>	<u>(3,552,752)</u>	<u>-</u>
Total other financing uses	<u>(102,325)</u>	<u>(1,655,077)</u>	<u>(1,655,077)</u>	<u>-</u>
Net change in fund balances	(96,075)	(4,050,318)	(1,544,452)	2,505,866
Fund balances, beginning of year	<u>4,137,396</u>	<u>4,137,396</u>	<u>4,137,396</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,041,321</u>	<u>\$ 87,078</u>	<u>\$ 2,592,944</u>	<u>\$ 2,505,866</u>

## VILLAGE OF WELLINGTON, FLORIDA

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

#### CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 200,000	\$ 200,000	\$ 33,692	\$ (166,308)
Investment income	31,250	31,250	37,210	5,960
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,450</u>	<u>1,450</u>
Total revenues	<u>231,250</u>	<u>231,250</u>	<u>72,352</u>	<u>(158,898)</u>
<b>Expenditures:</b>				
Capital outlay:				
Community services	200,000	502,621	163,636	338,985
Surface water management	1,350,000	4,647,991	585,175	4,062,816
Operations	440,000	2,280,457	428,975	1,851,482
Parks and recreation	<u>900,000</u>	<u>4,633,993</u>	<u>1,417,408</u>	<u>3,216,585</u>
Total expenditures	<u>2,890,000</u>	<u>12,065,062</u>	<u>2,595,194</u>	<u>9,469,868</u>
Excess (deficiency) of revenues over expenditures	<u>(2,658,750)</u>	<u>(11,833,812)</u>	<u>(2,522,842)</u>	<u>9,310,970</u>
<b>Other financing sources:</b>				
Transfers in	<u>2,658,750</u>	<u>2,658,750</u>	<u>2,663,750</u>	<u>5,000</u>
Total other financing sources	<u>2,658,750</u>	<u>2,658,750</u>	<u>2,663,750</u>	<u>5,000</u>
Net change in fund balances	-	(9,175,062)	140,908	9,315,970
Fund balances, beginning of year	<u>9,813,330</u>	<u>9,813,330</u>	<u>9,813,330</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,813,330</u>	<u>\$ 638,268</u>	<u>\$ 9,954,238</u>	<u>\$ 9,315,970</u>

## VILLAGE OF WELLINGTON, FLORIDA

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

#### DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt service:				
Principal	1,445,000	1,445,000	1,445,000	-
Interest and other fiscal charges	513,700	513,700	513,567	133
Total expenditures	1,958,700	1,958,700	1,958,567	133
Excess (deficiency) of revenues over expenditures	(1,958,700)	(1,958,700)	(1,958,567)	133
<b>Other financing sources:</b>				
Transfers in	1,958,700	1,958,700	1,958,700	-
Total other financing sources	1,958,700	1,958,700	1,958,700	-
Net change in fund balances	-	-	133	133
Fund balances, beginning of year	75,224	75,224	75,224	-
Fund balances, end of year	\$ 75,224	\$ 75,224	\$ 75,357	\$ 133



## 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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*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 TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 102,900,650	\$ 105,313,318	\$ 114,279,239	\$ 140,245,218	\$ 148,993,447	\$ 156,259,669
31,349,198	50,931,320	50,325,250	43,881,398	35,101,628	15,688,323
<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>46,488,944</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>	<u>218,436,936</u>
80,708,481	96,014,639	99,398,303	108,139,572	119,615,685	121,309,078
33,665,075	8,742,086	21,642,000	16,090,694	11,959,724	14,600,130
<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>18,068,745</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>	<u>153,977,953</u>
183,609,131	201,327,957	213,677,542	248,384,790	268,609,132	277,568,747
65,014,273	59,673,406	71,967,250	59,972,092	47,061,352	30,288,453
<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>64,557,689</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>	<u>\$ 372,414,889</u>

# VILLAGE OF WELLINGTON, FLORIDA

## CHANGES IN NET ASSETS

### LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 10,385,722	\$ 9,819,425	\$ 9,203,136	\$ 10,291,524	\$ 10,834,479	\$ 10,721,542
5,719,752	6,457,703	6,986,980	7,386,470	7,461,621	7,839,229
4,196,096	3,883,055	3,505,764	2,561,247	3,043,497	3,182,725
5,916,475	6,175,334	7,901,374	8,504,675	7,772,874	7,833,701
1,994,542	2,377,394	3,023,475	4,323,388	6,418,491	6,679,956
2,702,582	2,813,499	2,629,113	2,333,704	1,815,080	3,052,299
10,010,036	9,425,290	8,421,140	5,107,602	5,722,589	5,440,873
983,376	936,748	882,802	822,027	762,276	404,574
41,908,581	41,888,448	42,553,784	41,330,637	43,830,907	45,154,899
(2,223,268)	(5,453,586)	(3,643,904)	(1,831,073)	(1,938,467)	(1,616,157)
39,685,313	36,434,862	38,909,880	39,499,564	41,892,440	43,538,742
11,747,934	12,089,449	16,051,971	12,915,882	13,288,369	13,599,774
2,145,953	2,228,903	5,837,492	3,129,986	3,175,847	3,287,632
13,893,887	14,318,352	21,889,463	16,045,868	16,464,216	16,887,406
2,223,268	5,453,586	3,643,904	1,831,073	1,938,467	1,616,157
16,117,155	19,771,938	25,533,367	17,876,941	18,402,683	18,503,563
\$ 55,802,468	\$ 56,206,800	\$ 64,443,247	\$ 57,376,505	\$ 60,295,123	\$ 62,042,305
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
247,497	308,626	391,333	380,068	388,311	357,628
3,835,891	3,262,929	3,090,636	3,439,374	4,098,700	4,941,844
788,135	289,984	82,541	-	14,031	5,664
3,157,024	3,865,813	3,831,805	4,536,675	5,154,746	5,597,298
668,750	334,597	102,042	118,893	409,993	374,677
2,548,536	2,256,172	1,732,729	1,710,091	2,208,716	1,999,818
3,902,464	2,057,158	2,696,528	1,559,255	1,527,840	1,496,711
5,368,533	2,590,188	6,344,784	12,217,514	3,897,603	33,692
20,516,830	14,965,467	18,272,398	23,961,870	17,699,940	14,807,332
13,459,355	13,129,276	14,502,578	15,094,014	16,649,755	17,723,213
2,834,369	3,018,730	3,690,053	3,689,852	3,686,592	3,747,741
778,676	1,522,575	-	1,503,794	166,415	105,973
713,453	1,068,875	2,093,940	1,347,655	350,943	2,353,122
17,785,853	18,739,456	20,286,571	21,635,315	20,853,705	23,930,049
\$ 38,302,683	\$ 33,704,923	\$ 38,558,969	\$ 45,597,185	\$ 38,553,645	\$ 38,737,381

(Continued)

# VILLAGE OF WELLINGTON, FLORIDA

## CHANGES IN NET ASSETS (Continued)

### LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ (19,168,483)	\$ (21,469,395)	\$ (20,637,482)	\$ (15,537,694)	\$ (24,192,500)	\$ (28,731,410)
<u>1,668,698</u>	<u>(1,032,482)</u>	<u>(5,246,796)</u>	<u>3,758,374</u>	<u>2,451,022</u>	<u>5,426,486</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>	<u>\$ (23,304,924)</u>
\$ 18,591,345	\$ 17,412,203	\$ 16,049,186	\$ 14,459,669	\$ 12,876,240	\$ 13,340,895
3,512,575	3,492,742	3,594,701	3,298,051	3,266,018	3,157,328
6,130,417	6,184,787	6,634,632	6,771,127	6,656,092	6,635,232
3,957,168	3,837,153	3,382,611	3,400,224	3,538,673	3,705,576
1,604,210	1,231,994	1,288,129	1,336,641	1,194,213	1,151,415
3,644,017	2,910,930	3,401,293	1,335,770	834,816	523,538
-	-	-	482,601	29,138	9,250
626,192	626,048	534,529	854,111	564,201	540,669
-	-	-	-	-	-
<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>	<u>29,063,903</u>
3,563,790	2,238,123	1,689,327	616,175	365,721	144,603
-	-	-	-	8,304	10,692
-	-	-	-	-	2,486
-	-	-	-	-	-
<u>3,563,790</u>	<u>2,238,123</u>	<u>1,689,327</u>	<u>616,175</u>	<u>374,025</u>	<u>157,781</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>	<u>\$ 29,221,684</u>
\$ 18,897,441	\$ 14,226,462	\$ 14,247,599	\$ 16,400,500	\$ 4,766,891	\$ 332,493
<u>5,232,488</u>	<u>1,205,641</u>	<u>(3,557,469)</u>	<u>4,374,549</u>	<u>2,825,047</u>	<u>5,584,267</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>	<u>\$ 5,916,760</u>

# VILLAGE OF WELLINGTON, FLORIDA

## FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2003	2004	2005	2006
General fund:				
Reserved	\$ 1,009,210	\$ 5,721,818	\$ 4,701,922	\$ 4,422,049
Unreserved	17,025,472	12,216,791	12,831,399	13,010,430
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	-	-	-	-
Assigned for:				
Contracts	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>18,034,682</u>	<u>17,938,609</u>	<u>17,533,321</u>	<u>17,432,479</u>
All other governmental funds:				
Reserved	24,375,094	23,384,127	26,593,673	36,074,651
Unreserved, reported in:				
Special revenue funds	3,275,014	5,170,854	7,992,828	2,862,045
Nonspendable:				
Prepaid expenditures	-	-	-	-
Assets held for resale	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Surface water management	-	-	-	-
Building	-	-	-	-
Planning and zoning	-	-	-	-
Road maintenance	-	-	-	-
Wellington community foundation	-	-	-	-
Debt service	-	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Subsequent year operating expenditures	-	-	-	-
Total all other governmental funds	<u>27,650,108</u>	<u>28,554,981</u>	<u>34,586,501</u>	<u>38,936,696</u>
Total governmental funds	<u>\$ 45,684,790</u>	<u>\$ 46,493,590</u>	<u>\$ 52,119,822</u>	<u>\$ 56,369,175</u>

Note: GASB Statement No. 54 was adopted for FY 2011, resulting in the reclassification of Governmental Funds fund balances.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 5,222,484	\$ 918,193	\$ 646,625	\$ 720,464	\$ -	\$ -
24,344,604	21,717,188	23,577,651	23,759,589	-	-
-	-	-	-	186,739	255,960
-	-	-	-	12,088	12,943
-	-	-	-	167,969	-
-	-	-	-	1,201,681	-
-	-	-	-	24,824	14,375
-	-	-	-	2,268,107	-
-	-	-	-	3,000,000	2,785,000
-	-	-	-	540,000	540,000
-	-	-	-	3,000,000	2,483,625
-	-	-	-	5,200,000	5,200,000
-	-	-	-	643,000	-
-	-	-	-	-	657,660
-	-	-	-	14,135,136	15,962,436
<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>	<u>27,911,999</u>
31,256,900	49,680,929	49,378,996	42,645,511	-	-
4,320,374	4,737,308	9,574,791	6,622,626	-	-
-	-	-	-	158,321	2,847
-	-	-	-	-	708,146
-	-	-	-	20,272,900	10,392,601
-	-	-	-	1,844,878	2,951,487
-	-	-	-	2,431,454	4,264,883
-	-	-	-	4,905,650	4,403,958
-	-	-	-	1,647,113	963,922
-	-	-	-	766	50,691
-	-	-	-	-	75,357
-	-	-	-	-	9,246,092
-	-	-	-	8,457,230	1,975,655
<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>35,035,639</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>	<u>\$ 62,947,638</u>

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues:</b>				
Ad valorem taxes	\$ 7,419,620	\$ 9,276,804	\$ 11,305,840	\$ 14,618,529
Franchise fees and taxes	2,074,904	2,379,764	2,744,351	3,430,912
Utility and other taxes	4,599,232	4,863,526	5,493,443	6,044,216
Special assessments	2,827,160	2,824,179	2,827,653	2,847,120
Impact fees	2,439,987	3,631,777	5,190,651	2,334,864
Licenses and permits	5,715,589	5,600,787	6,608,264	5,262,986
Intergovernmental revenue	6,737,315	5,922,997	6,770,194	8,290,170
Charges for services	2,251,457	2,285,833	2,199,144	2,069,176
Fines and forfeitures	300,308	275,880	403,526	258,301
Investment income	781,265	562,948	1,054,410	2,494,561
Miscellaneous	1,007,004	782,116	1,680,232	2,948,972
Total revenues	<u>36,153,841</u>	<u>38,406,611</u>	<u>46,277,708</u>	<u>50,599,807</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	5,995,634	6,765,480	7,733,680	8,588,524
Public safety	3,820,632	4,634,172	5,031,954	5,099,928
Physical environment	6,918,191	7,716,972	9,076,637	10,493,497
Transportation	1,539,299	1,510,342	1,614,248	1,678,057
Culture and recreation	4,098,834	4,426,043	6,044,649	7,012,595
Capital outlay	11,163,250	11,756,471	9,337,123	13,630,058
<b>Debt service:</b>				
Principal retirement	760,000	985,000	1,110,000	1,115,000
Interest and other fiscal charges	1,098,371	1,222,401	1,125,985	1,041,979
Total expenditures	<u>35,394,211</u>	<u>39,016,881</u>	<u>41,074,276</u>	<u>48,659,638</u>
Excess (deficiency) of revenues over expenditures	<u>759,630</u>	<u>(610,270)</u>	<u>5,203,432</u>	<u>1,940,169</u>
<b>Other financing sources (uses):</b>				
Transfers in	12,415,248	22,539,411	26,800,713	23,552,453
Transfers out	(10,704,101)	(22,016,050)	(26,746,301)	(21,302,453)
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	59,184
Contribution of properties	-	-	-	-
Total other financing sources (uses)	<u>8,267,442</u>	<u>1,419,070</u>	<u>422,800</u>	<u>2,309,184</u>
Net change in fund balances	<u>\$ 9,027,072</u>	<u>\$ 808,800</u>	<u>\$ 5,626,232</u>	<u>\$ 4,249,353</u>
Debt service as a percentage of non-capital expenditures	7.27%	7.73%	6.76%	5.89%

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 18,591,345	\$ 17,412,203	\$ 16,049,186	\$ 14,459,669	\$ 12,876,240	\$ 13,340,895
3,512,575	3,492,742	3,594,701	3,298,051	3,266,018	3,157,328
6,130,417	6,184,787	6,634,632	6,771,127	6,656,092	6,635,232
2,862,096	3,572,397	3,549,190	4,193,890	4,787,957	5,242,755
1,280,370	676,741	356,648	479,118	1,057,618	841,752
4,132,615	3,276,635	2,963,269	3,314,643	3,698,233	4,688,586
14,832,375	9,716,493	13,507,676	18,247,748	9,529,672	6,331,199
2,223,313	2,145,313	1,766,751	1,710,416	1,942,911	1,957,485
747,439	613,082	540,967	447,439	726,229	546,350
3,644,017	2,910,930	3,401,293	1,335,770	834,816	523,538
<u>626,192</u>	<u>660,002</u>	<u>793,166</u>	<u>1,159,591</u>	<u>684,172</u>	<u>545,365</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>	<u>43,810,485</u>
9,928,265	9,228,588	8,776,393	9,931,835	9,778,406	10,013,562
5,719,752	6,457,703	6,986,980	7,386,470	7,461,621	7,812,972
10,437,973	10,379,479	11,443,114	12,172,833	12,919,949	12,762,389
1,392,802	1,453,173	1,526,599	1,399,144	1,511,575	1,529,301
7,334,738	7,035,024	6,016,607	2,872,983	3,041,699	3,137,982
15,073,268	7,500,174	13,773,712	31,637,022	15,386,283	7,620,150
1,170,000	1,215,000	1,270,000	1,325,000	1,385,000	4,900,000
<u>987,385</u>	<u>936,915</u>	<u>883,533</u>	<u>824,483</u>	<u>765,102</u>	<u>579,153</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>48,355,509</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>	<u>(4,545,024)</u>
28,615,829	64,196,121	29,451,290	20,093,367	17,979,048	15,075,310
(26,392,561)	(58,742,535)	(25,807,386)	(18,262,294)	(16,040,581)	(13,459,153)
-	-	-	-	-	-
-	-	-	-	-	(4,383,407)
13,348	400	-	871,362	30,635	162,056
-	-	-	-	570,241	-
<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>(2,605,194)</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>	<u>\$ (7,150,218)</u>
5.71%	5.74%	5.75%	5.94%	5.82%	13.45%

**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				
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	6,000,192,039	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	
2012	4,282,833,446	515,350,446	103,612,563	316,804,906	206,140,179	5,424,741,540	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.

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 Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Florida Inland Navigation District	
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
2012	2011	2.50	8.18	8.54	1.15	0.61	0.44	0.75	0.04	22.21

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

Taxpayer	2012			2003		
	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	\$ 124,950,121	1	2.30%	\$ 132,001,850	1	3.81%
City National Bank of Florida TR	42,159,655	2	0.78%			
Polo Lakes Apartments LLC	40,751,420	3	0.75%			
Wellington Preserve Corp.	28,615,482	4	0.53%			
Autc Polo Chase Florida LLC	28,130,130	5	0.52%			
Universal Health Realty Income	26,645,353	6	0.49%			
Aerc Wellington, LLC.	26,367,467	7	0.49%			
Shoppes at Isla Verde Ltd.	23,849,442	8	0.44%			
Centre at Wellington Green Ltd.	22,751,724	9	0.42%			
Wellington Land Dev	20,129,333	10	0.37%			
Bainbridge Polo Lakes LTD				31,360,553	2	0.90%
Roberts Properties Residential				26,777,448	3	0.77%
Minto Communities				24,549,838	4	0.71%
Palm Beach Polo Holdings, Inc.				22,863,850	5	0.66%
Palm Beach Polo Inc.				18,081,828	6	0.52%
FWI 16, LLC				17,400,000	7	0.50%
IMT LB South Florida				16,445,259	8	0.47%
Courtyard Shops Association, Inc.				15,542,347	9	0.45%
Brefrank, In.c				14,593,609	10	0.42%
	<u>\$ 384,350,127</u>		<u>7.09%</u>	<u>\$ 319,616,582</u>		<u>9.21%</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
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%	37,151	14,655,680	96.56%
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%	234,964	17,647,167	96.59%
2009	16,864,233	16,049,186	95.17%	259,196	16,308,382	96.70%
2010	15,195,405	14,361,389	94.51%	478,368	14,839,757	97.66%
2011	13,492,233	12,414,291	92.01%	541,610	12,955,901	96.02%
2012	13,435,067	12,393,022	92.24%	-	12,393,022	92.24%

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)
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
2012	7,340,000	4,135,000	11,475,000	n/a	200

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, 2012

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	\$ 207,340,000	4.328%	\$ 8,973,675
Palm Beach County School Board	30,650,000	4.328%	1,326,532
Other debt:			
Palm Beach County	1,112,259,309	4.328%	48,138,583
Palm Beach County School Board	1,832,003,000	4.328%	<u>79,289,090</u>
Subtotal, Overlapping Debt			137,727,880
Village of Wellington Direct Debt			<u>11,475,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 149,202,880</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
2012	17,725,699	7,919,743	9,805,956	2,535,000	341,713	3.41	9,792,560	905,000	339,990	7.87

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, 2012

	Policy Limit	Actual
General government debt service as a percentage of non-ad valorem general fund expenditures:		
Debt Limit	20.00%	6.63%
Contribution to CIP from general governmental capital and debt service:	\$ 5,336,358	\$2,343,914
Weighted average maturity of all debt programs:		
Governmental	15 years	9 years
Enterprise	20 years	4 years
General government debt per capita:	\$ 850	\$ 128
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%	0.19%
General fund reserve as a percentage of future year's operating budget:	22-30%	46%
Revenue bond coverage		
As a percentage of maximum annual debt service	110.00%	356.73%
As a percentage of average annual debt service	125.00%	458.12%

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)
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	13,043	n/a	n/a	10.9%
2012	57,514	13,004	n/a	n/a	9.3%

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	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School District	21,495	1	3.88%	18,680	1	3.34%
Palm Beach County	11,381	2	2.06%	10,500	2	1.88%
Tenet Healthcare Corp.	6,100	3	1.10%	3,040	4	0.54%
NextEra Energy	3,635	4	0.66%	2,800	5	0.50%
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%	1,800	9	0.32%
Office Depot	2,250	9	0.41%			
Boca Raton Regional Hospital	2,250	10	0.41%			
Columbia Palm Beach Health Care System				4,000	3	0.71%
Boca Raton Resort and Club				2,380	6	0.43%
US Sugar				2,200	7	0.39%
Florida Crystals				2,000	8	0.36%
Applied Card Systems				1,800	10	0.32%
	57,922		10.47%	49,200		8.79%

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>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>	<u>2012</u>
Number of Employees:										
General government	38.8	35.3	44.3	48.3	53.3	50.3	50.3	59.2	58.0	62.5
Culture and recreation	50.3	53.9	59.2	60.4	52.4	45.4	19.4	15.4	18.0	17.0
Planning and development	36.0	41.0	47.8	48.8	51.8	39.0	42.0	42.6	38.0	38.5
Engineering and public works	68.2	69.2	68.5	77.5	88.5	91.8	115.0	102.0	95.0	100.0
Utility system	49.0	49.0	45.0	44.0	46.0	47.0	52.0	44.0	46.0	41.0
Solid waste	<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>	<u>2.0</u>
 Total Number of Employees	<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>	<u>261.0</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 9/30/2012, there were 263 permanent positions.

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:										
Bids, contracts awarded & administered	32	32	33	38	30	20	24	33	37	41
Purchase orders processed	950	1,155	973	1,016	838	795	939	971	1,245	1,352
Payroll transactions	7,633	7,689	7,880	8,193	8,232	8,985	8,194	7,762	7,666	7,801
Public safety:										
Police personnel and officers	83	83	88	88	102	115	117	117	117	117
Fire personnel	36	36	36	68	71	71	71	71	71	71
Calls for service	n/a	40,458	40,228	32,458	36,714	36,784	37,962	34,672	34,478	34,044
Physical environment - Surface water:										
Aquatic weed control in acres	n/a	2,833	2,837	1,454	1,332	1,380	710	826	507	365
Water quality samples analyzed	n/a	1,257	1,233	1,236	992	777	896	861	802	833
Canal right-of-way miles maintained	n/a	530	495	547	560	560	560	560	305	265
Physical environment - Engineering & public works:										
Work orders performed	n/a	1,111	872	1,146	1,108	1,034	869	997	1,163	1,359
Inspections performed	n/a	7,024	6,814	3,592	3,998	1,052	n/a	n/a	1,050	1,331
Planning and development:										
Building inspections	60,982	65,187	67,054	49,359	26,657	21,327	15,781	16,774	23,979	
Single family building permits issued	1,594	1,535	1,175	402	232	118	94	130	197	226
Transportation:										
Miles of roads resurfaced	n/a	6	17	18	8	15	14	18	15	14
Miles of streets cleaned/swept	n/a	908	1,201	932	2,168	1,065	1,512	2,224	3,056	2,581
Signs repaired	n/a	871	1,463	907	373	374	1,654	955	1,124	1,121
Culture and recreation:										
Participants registered:										
Athletics	7,755	7,749	15,839	32,732	32,607	11,282	15,829	16,599	12,726	12,962
Community programs	6,850	6,241	4,495	9,768	4,519	2,549	2,081	1,760	2,344	2,683
Pool	6,589	1,847	2,544	1,935	13,949	13,150	11,058	16,468	34,538	32,786
Number of program sessions	n/a	n/a	1,347	1,793	2,085	1,526	1,227	1,048	1,070	1,091
Utility system:										
Active accounts - water	17,675	18,917	19,030	19,536	19,695	19,851	19,682	19,701	19,785	19,929
Active accounts - sewer	15,387	16,367	16,718	17,919	17,994	18,004	17,867	18,024	18,028	18,658
Water production (thousands of gallons)	1,990	2,096	2,046	2,019	1,841	1,684	1,848	2,102	2,187	2,052
Solid waste:										
Residential accounts	18,613	19,055	19,030	21,133	22,274	21,977	22,103	22,166	22,294	22,468

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 TEN FISCAL YEARS**

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Sheriff substations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	3	3	3	4	4	4	4	4	4	4
Suppression units	6	6	6	6	6	6	9	9	9	9
Early response stabilization units	3	3	3	3	3	3	4	4	4	4
Physical environment:										
Acreage of lakes	166	166	166	166	166	166	166	166	166	166
Canal miles	110	110	110	110	110	110	110	110	110	110
Transportation:										
Miles of streets	172	179	179	178	174	176	152	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	2,465
Miles of bike paths	33	33	33	32	40	40	40	40	40	40
Miles of sidewalks	290	290	286	286	348	348	348	348	348	348
Culture and recreation:										
Parks acreage	267	267	274	274	342	342	342	342	348	348
Open space preserves/passive recreation	452	452	452	452	452	452	452	452	452	452
Community center	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	3	3	3	3	3	3	3	3
Tennis courts	16	16	16	16	16	16	16	16	16	16
Baseball/softball fields	18	18	18	18	18	18	18	18	18	18
Utility system:										
Miles of mains	434	434	434	526	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	1,746
Fire hydrants - Outside Wellington	173	173	173	195	195	195	195	195	195	195

Source: Various Wellington Departments

Note: Indicators are not available for the solid waste function



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Village Council  
Village of Wellington, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wellington, Florida (the "Village") as of and for the fiscal year ended September 30, 2012, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 29, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Village of Wellington's internal control over financial reporting 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 Village of Wellington's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Wellington's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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. However, findings 2012-01 and 2012-02 were considered to be significant deficiencies in internal control over financial reporting as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Wellington's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Village's responses to the findings identified in our audit are described in the accompanying Management Letter. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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

  
April 29, 2013



**MANAGEMENT LETTER IN ACCORDANCE WITH  
THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Village Council  
Village of Wellington, Florida

We have audited the accompanying basic financial statements of the Village of Wellington, Florida (the "Village") as of and for the fiscal year ended September 30, 2012, and have issued a report thereon dated April 29, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

We have issued our Report on Internal Controls over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated April 29, 2013. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the Village, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. This letter is intended for the information of the Mayor, Village Council, management, grantor agencies and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Village of Wellington, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

  
April 29, 2013

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

#### *Significant Deficiency*

##### **2012-01 Utility Billing:**

**Observation:** During our procedures, we discovered several weaknesses in the internal control over the Village's utility billing system, including:

Lack of oversight – there was insufficient segregation of duties and lack of supervision over the utility billing process. One individual was responsible for the entire billing process (from upload of readings to transmitting file to third party billing company), including clearing exceptions and determining customer adjustments related to consumption. There was no evidence of regular oversight of the process.

Reconciliation – the Village did not provide evidence of ongoing reconciliation of amounts billed per the utility billing function in the software to the amounts recorded in the general ledger for utility revenues, receivables, and related account. As a result, a billing cycle was not posted into the general ledger, and the error was not discovered by the Village in a timely manner.

Insufficient documentation – the Village was unable to provide original source document, including monthly billing registers that would reconcile to the amounts recorded in the general ledger. Per inquiry, the software automatically saved the reports which were initially stored offsite with the software provider. However, during the current year, the Village switched storage location and was unable to retrieve previously stored files. In addition, the reports could not be recreated.

**Recommendation:** The Village should document and implement procedures to ensure proper supervision and oversight of the utility billing function, including review of exception clearing reports and all adjustments related to consumption. In addition, the Village should reconcile the amounts from the utility billing module to the general ledger postings on a monthly basis. Furthermore, the Village should ensure that all system reports, particularly billing, exception, and receivable reports that cannot be recreated are properly stored and accessible. Documentation should also be maintained that demonstrates compliance with the oversight and reconciliation procedures. Further we believe that a Chief Accountant/Controller position would be beneficial in correcting the above issues and maintaining ideal levels of supervision and oversight.

**Management Response:** We value the independent audit process and believe audit findings lead to a better internal process and therefore better service to our residents. In that we provide utility services to the majority of our community, this is an important finding. However, we do not agree that it is a significant deficiency. Throughout the audit, we were in process of changing and improving our internal systems. In fact, the Interim CFO was in process of reviewing year end reconciliations and recreating system generated reports to gain a better understanding of the existing process. As a result of her review, she made a number of adjustments internally and began the process of reorganization. Perhaps the greatest challenge faced by both the Interim CFO as well as the external auditors was the conflicting information provided or awareness of adopted/published policies and/or procedures. Nonetheless, it is also important to note that there were no external audit adjustments as a result of the above observations.

## REPORT TO MANAGEMENT (Continued)

Lack of Oversight – We appreciate the need for greater oversight of the process and that a Chief Accountant/Controller is clearly necessary in this area as well as for other finance and accounting functions to return to their past performance. We also understand the nature of the observation as well as the limited review that can be performed in conjunction with the external audit. While we do not completely agree with the external auditors comments on our process in that the procedures they specify are indeed documented, albeit in a manner that can certainly be improved with technology as well as oversight, we found revisiting our process to be a valuable effort as well as a means of reinforcing assigned duties among various staff. Further, we agree that segregation of duties is absolutely paramount especially in areas that could provide access to cash such as billing and collection. We recognized potential conflicts of duties and the need to reassign work among staff concurrent with hiring our Interim CFO. To this end, we offer the following:

- We engaged an outside audit firm in October to perform internal audit of the Villagewide cash receipts and revenue cycles, including utility billing. The results of that review indicated a number of changes necessary to enhance efficiency, compensate for potential conflicts of duties arising from limited staffing, to strengthen control routines and to limit risk overall. Accordingly, a supplemental billing coordinator was immediately employed to provide direct supervision in this area and is responsible for process improvement to Villagewide cash receipts and revenue cycles as well as specifically for the utility billing function.
- With regard to the specific observation made by Grau (in light of the limited time external auditors have to review the various systems of their individual clients), the types of adjustments and review of exceptions referenced above are critical steps in the actual billing process (meter reading discrepancies). As they are control routines built into the process, there is indeed adequate sufficient segregation of duties given available staffing and compensating routines. Meter readings are provided by the utility department, uploaded into the Utility Billing system and reviewed by the billing specialist by evaluating exception reports with pre-defined system parameters. Exceptions needing further investigation are provided back to the utility department for correction/confirmation. The billing specialist makes the adjustment based on the utility department's findings prior to billing. There are approximately 4-6 corrections of this type per month. Financial adjustments are prepared by customer service representatives, approved depending on dollar value by Customer Service Supervisor, Village Engineer or Council. Further, the Billing Coordinator noted above has been hired as an additional layer of supervision responsible for this functional area.

Reconciliations – Processes and procedures are already in place as explicitly enumerated in our accounting manual. Performance of/compliance with is reviewed as part of our annual risk assessment process. In addition to the work performed by the Interim CFO noted above, an extensive reconciliation of the fiscal year was performed by staff and the journal entry was recreated to post to the general ledger. Reconciliations are part of the normal daily and month end closing procedure performed by the Accounting Supervisor and reviewed by the CFO. Again as noted above, no audit adjustment necessary.

Insufficient documentation – In August, 2012 we brought our software back in-house to ensure no lapse in real-time customer service as well as to ensure control and stability. While the detailed cycle billing reports were unavailable for the auditors to detail test utility revenue for the period that the software was housed off-site, we were able to provide requested information through other billing reports created by the same system for each of the cycle billings throughout the year that were provided to our outsourced billing company. Because revenues for the year balanced in total, no audit adjustment was necessary relative to this finding.

## REPORT TO MANAGEMENT (Continued)

### *Significant Deficiency*

#### **2012-02 Capital Assets:**

Observation: During audit procedures, we found several instances where items that were repair and maintenance related were capitalized. A majority of these items related to the street system which is reported using the modified approach to infrastructure reporting. As these assets are not depreciated, this could lead to permanent and significant overstatement of the Village's capital assets.

Recommendation: The Village should review its capital outlay to determine items that should not be added as capital assets. In particular, the Village should implement procedures to ensure that expenditures to maintain the assessed condition levels of the street system under the modified approach are expenses rather than capitalized.

Management Response: We do not agree that this comment is a significant deficiency. We review all capital to ensure routine maintenance is not capitalized on an annual basis. Three other auditing firms have reviewed and audited our capitalization processes with no findings or recommendations. The value of the roads carried on the Village's financial statements is significantly lower than actual valuation. Wellington's reported asset value for roads is \$73,963,938 as of 9/30/12. Utilizing Florida Department of Transportation's lowest cost for new construction of a 2 lane roadway in an urban area, \$4,533,176, the total market value of the Village's paved roads is \$662,614,335. Therefore there is no risk of overstatement of these assets and no adjustment needed.

## II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

#### **2011-01 Submission of Reporting Package:**

Observation: OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, requires that the recipient submit a Data Collection Form and reporting package to the Federal Clearinghouse within 30 days after receipt of the auditor's report or 9 months after the end of the audit period. The Village did not submit the Data Collection Form and reporting package within the required timeframe.

Current Status: The matter has been resolved.

## III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2011, except as noted above.

## REPORT TO MANAGEMENT (Continued)

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The Village complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2012, except as noted above.

4. Violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2012, except as noted above.

5. For matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.
- b. Deficiencies in internal control that are not significant deficiencies.

There were no such matters discovered by, or that came to the attention of, the auditor, that, in our judgment, are required to be reported, for the fiscal year ended September 30, 2012, except as noted above.

6. The name or official title and legal authority of the Village are disclosed in the notes to the financial statements.
7. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2012 financial audit report.
8. The Village has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

# WELLINGTON, FLORIDA



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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012