Wellington, Florida

Comprehensive Annual Financial Report
For the Year Ended September 30, 2013

Village of Wellington, Florida

Comprehensive Annual Financial Report
for the year ended September 30, 2013

Prepared by:
The Office of Financial Management and Budget

VILLAGE OF WELLINGTON, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Transmittal Letter	**i**
List of Principal Officials	**xii**
Organizational Chart	**xiii**
Certificate of Achievement for Excellence in Financial Reporting	**xiv**
FINANCIAL SECTION	
Independent Auditor's Report	**1**
Management's Discussion and Analysis	**4**
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	**15**
Statement of Activities	**16**
Fund Financial Statements:	
Balance Sheet – Governmental Funds	**18**
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	**21**
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	**22**
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	**24**
Statement of Fund Net Position – Proprietary Funds	**26**
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	**27**
Statement of Cash Flows – Proprietary Funds	**28**
Statement of Fiduciary Net Position – Fiduciary Fund	**30**
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	**31**
Notes to Basic Financial Statements	**32**
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	**58**
Budgetary Comparison Schedule – Planning, Zoning and Building - Special Revenue Fund	**60**
Budgetary Comparison Schedule – Acme Improvement – Special Revenue Fund	**61**
Note to Budgetary Comparison Schedules	**62**
Schedule of Funding Progress	**63**
Condition Rating of Street System	**64**
OTHER SUPPLEMENTARY INFORMATION:	
Combining Nonmajor Fund Financial Statements and Other Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	**68**
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	**69**
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Gas Tax Maintenance Special Revenue Fund	**70**
Recreation Impact Fees - Capital Projects Fund	**71**
Road Impact Fees - Capital Projects Fund	**72**
Debt Service Fund	**73**

VILLAGE OF WELLINGTON, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

	PAGE
Budgetary Comparison Schedules – Major Capital Projects Funds	
Gas Tax – Capital Projects Fund	**75**
Capital Projects – Capital Projects Fund	**76**
STATISTICAL SECTION	
Financial Trends:	
Net Position by Component	**78**
Changes in Net Position	**80**
Fund Balances of Governmental Funds	**84**
Changes in Fund Balances of Governmental Funds	**86**
Revenue Capacity:	
Net Assessed Value and Estimated Actual Value of Taxable Property	**88**
Property Tax Rates – Direct and Overlapping Governments	**89**
Principal Property Taxpayers	**90**
Property Tax Levies and Collections	**91**
Debt Capacity:	
Ratios of Outstanding Debt by Type	**92**
Direct and Overlapping Governmental Activities Debt	**93**
Pledged Revenue Coverage	**94**
Debt Compliance	**95**
Demographic and Economic Information:	
Demographic and Economic Statistics	**96**
Principal Employers	**97**
Operating Information:	
Full-Time Equivalent Village Government Employees by Function	**98**
Operating Indicators by Function/Program	**99**
Capital Asset Statistics by Function/Program	**100**
COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	**102**
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	**104**

INTRODUCTORY SECTION

March 3, 2014

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

It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the Village of Wellington ("Wellington") for the year ended September 30, 2013. 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, have issued an unqualified opinion on the Village of Wellington's financial statements for the fiscal year ended September 30, 2013. 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 management. 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 2013 Comprehensive Annual Financial Report is the eighteenth Comprehensive Annual Financial Report prepared by the Village. Wellington was incorporated on December 31, 1995, and municipal operations commenced on March 28, 1996. Concurrent with incorporation, the former local government – Acme Improvement District ("District") – became a dependent district of Wellington. During 2009, the Wellington Community Foundation, Inc. ("Foundation"); a not-for-profit corporation that supports

charitable initiatives throughout Wellington was created. The Foundation's sole purpose is to raise funds for various projects and the Foundation provides exclusive benefit to Wellington.

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

PROFILE OF THE GOVERNMENT

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

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

Wellington currently encompasses approximately 45 square miles in the east-central portion of Palm Beach County (County) and is the 3rd largest municipality in the County based on its geographic area. When the District was initially created in 1953, fewer than 100 individuals resided in the area. Today, Wellington is an affluent bedroom community with an estimated current permanent population of 58,108 people residing in over 22,000 single-family homes with an average housing value of approximately $254,000. 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 2013 economic indicators have provided some positive signs that the national and local economies continue to be on a path towards economic recovery.

In 2013, 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, 2013 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, 2012.

For the fiscal year ending September 30, 2014 the Council adopted a rate of 2.47 mills. This millage rate results in a total tax levy of $13.5 million, representing an increase of $773,000, or 6% from the property tax levy for 2013. 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.

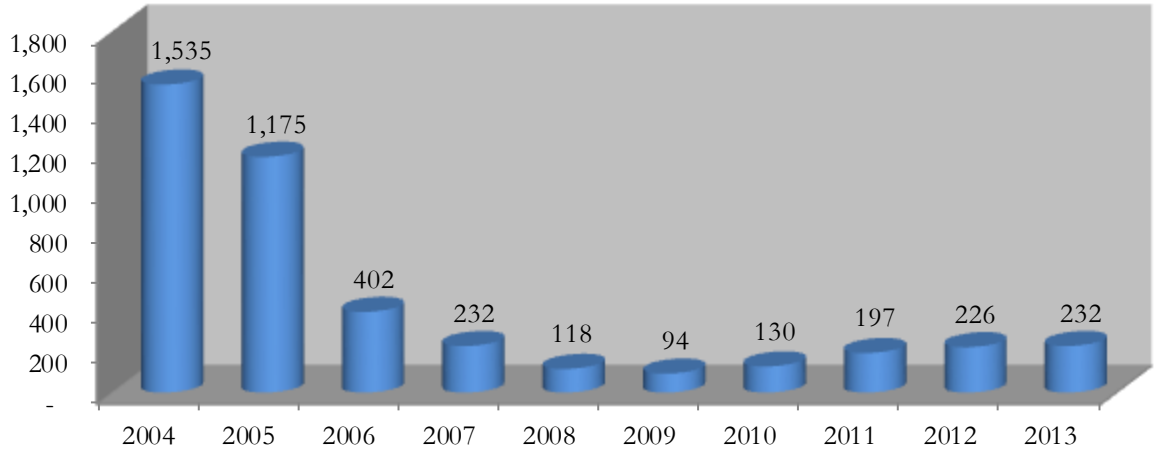
Forecasts have long indicated a decline in the local growth, and tax reform was anticipated for several years. In order to meet the challenges posed by these dynamics, Council and management have identified key strategic initiatives that are expected to impact future fiscal results in the near and far 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 2014 budget development and impact the major programs and issues described later.

Between 2004 and 2006, total employment in Palm Beach County was relatively stable while population increased at an average annual rate of approximately 6%. 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 5.2%. 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 following Historical Population Chart.

2004-2013 HISTORICAL POPULATION

Wellington's estimated 2013 permanent population of 58,108 (excluding seasonal residents) makes it the 5th largest municipality in Palm Beach County.

2004-2013 SINGLE FAMILY BUILDING PERMITS

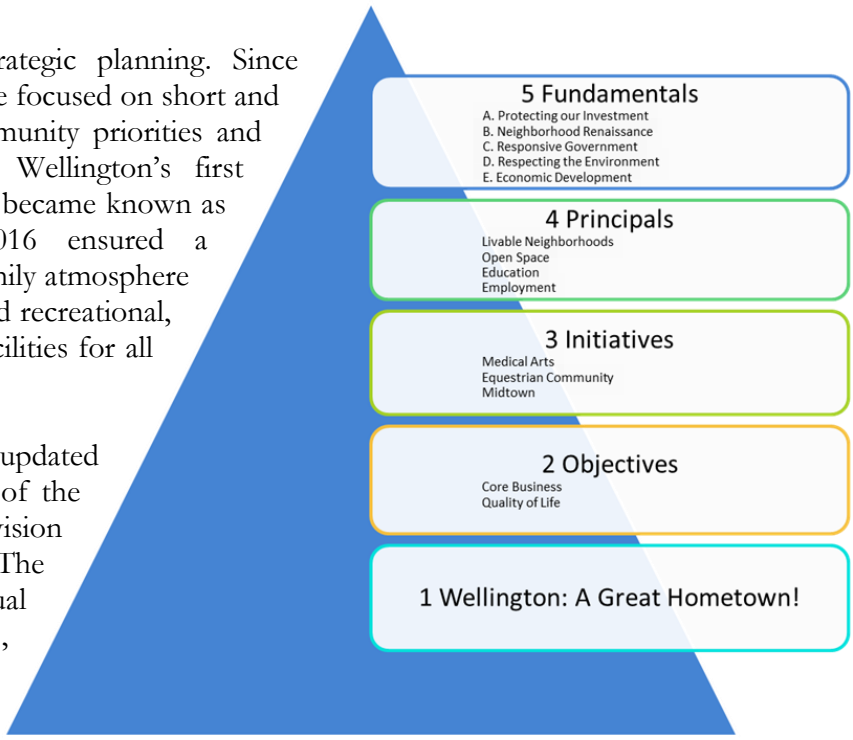


The strength of the local economy can also be seen in the beginning of this decade by the number of single family building permits issued. The local housing market saw a large boom beginning in 2002, with major new developments coming on line. This boom was evidenced in the increase in single family 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 17 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 2013 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 with a new Community Center slated for construction in FY 2014
- 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 2014 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 2013.

- GFOA Certificate of Achievement for Excellence in Financial Reporting was received for Wellington's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2012. This award has been received for seventeen consecutive years.
- GFOA Award for Distinguished Budget Presentation was received for Wellington's Annual Budget for the fiscal year beginning October 1, 2012. This award has been received for eighteen 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 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 2013:
  - Boys & Girls Club Construction
  - Stribling/Forest Hill Blvd. Turn Lanes & Signals
  - Village Park Gym
  - 50Th Street Paving

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

- Relocation the Tennis Center
- Wellington Community Center demolition and rebuild.
- Acme 10 year Flood Mitigation Program

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 2014 through 2018 calls for expenditures approximating $30.2 million in the governmental funds and approximately $18.2 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 $2.5 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 $16.3 million. The general fund unassigned fund balance is equal to roughly 45% of Wellington's Fiscal Year 2014 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, 2012. 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 seventeen consecutive years (1996-2012). 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, 2012. 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 third 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 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,

Tanya W. Quickel
Director of Financial and
Administrative Services

Paul Schofield
Village Manager

VILLAGE OF WELLINGTON, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2013

Elected Officials

Bob Margolis
Mayor

Howard K. Coates, Jr.
Vice Mayor

Matt Willhite
Councilman

Anne Gerwig
Councilwoman

John Greene
Councilman

Senior Leadership Team

Village Manager	*Paul Schofield, AICP, ICMA-CM*
Deputy Village Manager	*John Bonde*
Director of Operations	*Jim Barnes, AICP, ICMA-CM*
Director of Administrative & Financial Services	*Tanya W. Quickel*
Village Clerk	*Awilda Rodriguez*
Village Attorney	*Laurie Cohen, Esq.*

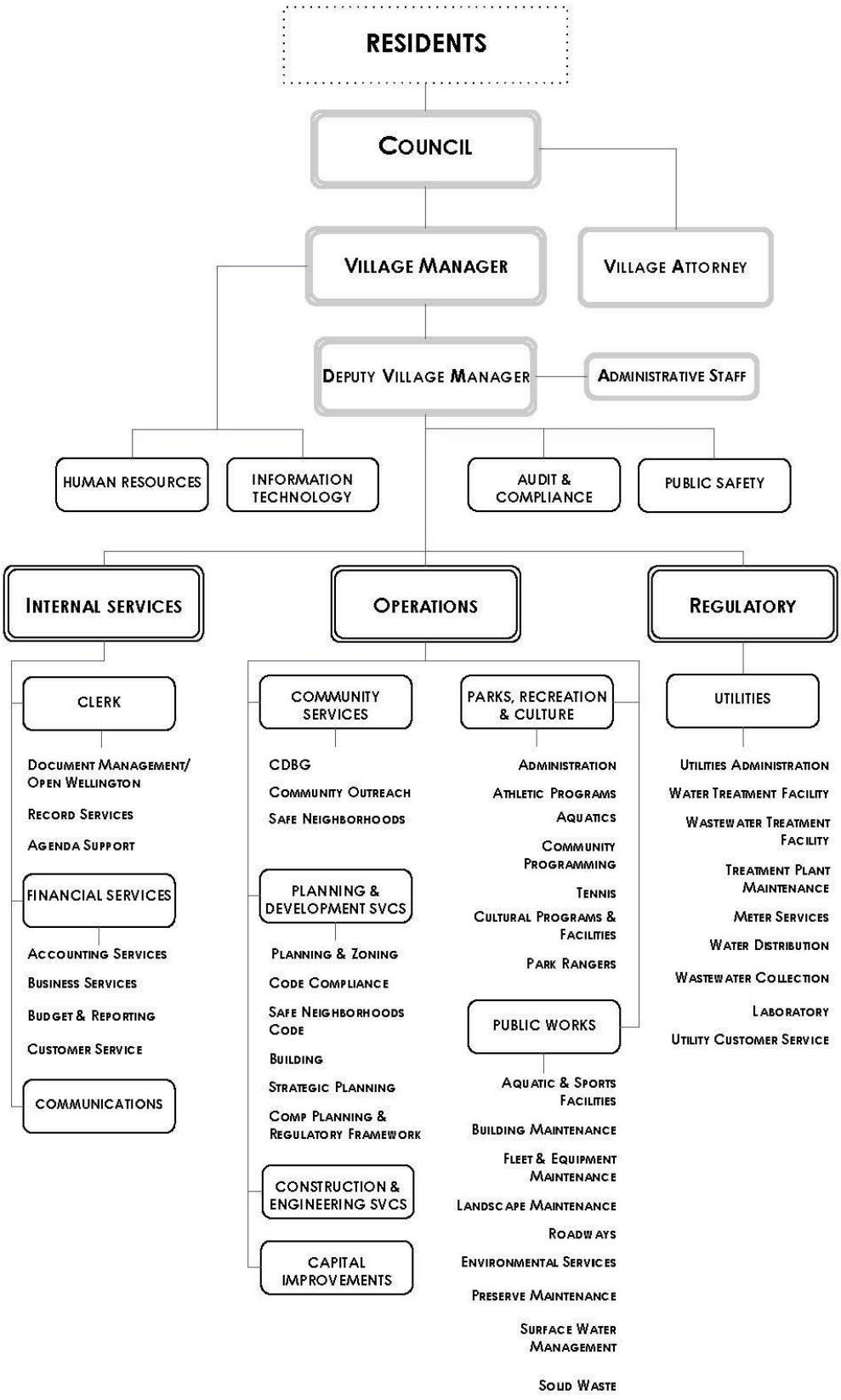
Key Personnel

Chief Information Officer	*William Silliman*
Village Engineer	*Bill Riebe*
Audit and Compliance Director	*James A. Poag*
Parks and Recreation Director	*Bruce Delaney*
Planning and Development Services	*Tim Stillings*
Public Works Director	*Mitch Fleury*

VILLAGE OF WELLINGTON, FLORIDA

ORGANIZATIONAL CHART

SEPTEMBER 30, 2013



Government Finance Officers Association

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, 2012

Executive Director/CEO

FINANCIAL SECTION

Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

2700 North Military Trail ▪ Suite 350
Boca Raton, Florida 33431
(561) 994-9299 ▪ (800) 299-4728
Fax (561) 994-5823
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 Village of Wellington, Florida ("Village") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the Village adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities.*

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for other post-employment benefits, 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budget to actual schedules for the nonmajor special revenue funds and capital projects funds, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budget to actual schedules for the nonmajor special revenue funds and 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 basic financial statements. Such information has 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budget to actual schedules for the nonmajor special revenue funds and capital projects funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Shand & Associates

March 3, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

VILLAGE OF WELLINGTON, FLORIDA

Management's Discussion and Analysis
September 30, 2013

The 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 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 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 net position at the close of the fiscal year was $375.7 million, which is an increase of 1% or $3.3 million over the prior year. Of this amount, $66.6 million is in unrestricted net position, which is available to meet the ongoing commitments to citizens and creditors.
- Net position of governmental activities decreased $2.4 million, or 1%.
- Government-wide total revenues were $70.5 million, while government-wide total expenses were $67.1 million. The total revenues increased 3.7% or $2.5 million while total expenses increased 8% or $5 million.
- Governmental Activities generated $45.8 million in revenue with $48.2 million in expenses.
- Business-type Activities generated $24.6 million in revenue with $18.8 million in expenses.
- Net investment in capital assets accounts for $276.3 million of total net position of $375.7 million.
- Governmental funds ended the year with a combined fund balance of $59 million, which is a decrease of 6% or $3.9 million from the prior year. Of that amount, the unassigned portion is $16.3 million.
- During fiscal year 2013, the Village implemented Governmental Accounting Standards Board ("GASB") Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Please see New Accounting Standards Adopted in Note 1 of the financial statements for additional information.

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 Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 financial health.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 15-17 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, public safety, parks and recreation, drainage and flood control, and general administration. Property taxes, charges for services, and operating and capital grants and contributions fund most of these activities.

- Business-type activities—Wellington charges fees to customers to help cover the costs of certain services it provides. Wellington's utility system (water and wastewater services) and solid waste services are included here.

Fund Financial Statements
The fund financial statements provide detailed information about the most significant funds – not Wellington as a whole. Wellington, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Wellington's funds can be divided into the following categories, which use different accounting approaches:

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

Five major funds are reported individually in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining governmental funds are reported as a combined total. Major governmental funds for the year ended September 30, 2013 are:

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

The basic governmental fund financial statements can be found on pages 18-24 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 position 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, 2013 were the Utility System Fund and the Solid Waste Fund. The basic proprietary fund financial statements can be found on pages 26-29 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 30-31 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 32 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 58-64 of this report.

The major capital funds and the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules for the major capital projects funds and for the nonmajor funds can be found on pages 68-76 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Wellington, net position totaled $375.7 million at the close of the most recent year. The largest portion of net position (74%) reflects its net investment in capital assets. Wellington uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Restricted net position of $32.8 million is reported in both the governmental and business-type activities. These restricted amounts 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 position may be used to meet the government's ongoing operations.

Wellington's Net Position

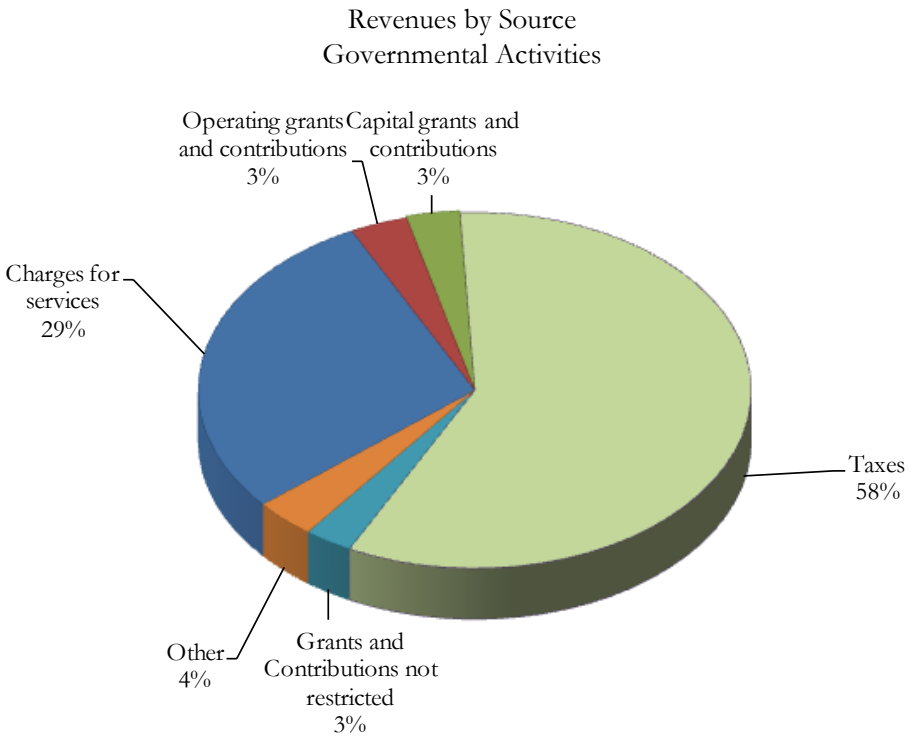
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 65,904,276	$ 69,459,010	$ 43,044,504	$ 35,548,870	$ 108,948,780	$ 105,007,880
Noncurrent assets	163,446,924	163,310,283	120,551,675	125,265,652	283,998,599	288,575,935
Total Assets	**$ 229,351,200**	**$ 232,769,293**	**$ 163,596,179**	**$ 160,814,522**	**$ 392,947,379**	**$ 393,583,815**
Deferred charges on refunding (debit)	$ 247,548	$ -	$ -	$ -	$ 247,548	$ -
Total Deferred Outflows of Resources	**$ 247,548**	**$ -**	**$ -**	**$ -**	**$ 247,548**	**$ -**
Noncurrent liabilities	$ 8,037,535	$ 8,604,522	$ 1,730,146	$ 4,192,444	$ 9,767,681	$ 12,796,966
Other liabilities	5,547,523	5,727,835	2,140,976	2,644,125	7,688,499	8,371,960
Total Liabilities	**$ 13,585,058**	**$ 14,332,357**	**$ 3,871,122**	**$ 6,836,569**	**$ 17,456,180**	**$ 21,168,926**
Net Position:						
Net investment in capital assets	$ 157,294,472	$ 156,259,669	$ 119,051,675	$ 121,309,078	$ 276,346,147	$ 277,568,747
Restricted	13,054,226	15,688,323	19,715,884	14,600,130	32,770,110	30,288,453
Unrestricted	45,664,992	46,488,944	20,957,498	18,068,745	66,622,490	64,557,689
Total Net Position	**$ 216,013,690**	**$ 218,436,936**	**$ 159,725,057**	**$ 153,977,953**	**$ 375,738,747**	**$ 372,414,889**

Wellington's Change In Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	$ 13,187,226	$ 13,276,929	$ 21,634,708	$ 21,470,954	$ 34,821,934	$ 34,747,883
Operating grants and contributions	1,546,079	1,496,711	66,333	105,973	1,612,412	1,602,684
Capital grants and contributions	1,432,186	33,692	2,758,152	2,353,122	4,190,338	2,386,814
General revenues:						
Taxes	26,753,043	26,839,031	-	-	26,753,043	26,839,031
Grants and contributions not restricted to specific programs	1,302,835	1,151,415	-	-	1,302,835	1,151,415
Investment earnings	170,738	523,538	83,528	144,603	254,266	668,141
Other	1,460,976	549,919	97,887	13,178	1,558,863	563,097
Total Revenues	45,853,083	43,871,235	24,640,608	24,087,830	70,493,691	67,959,065
Program expenses including indirect expenses:						
General government	6,213,632	6,046,714	-	-	6,213,632	6,046,714
Public safety	11,876,970	8,140,987	-	-	11,876,970	8,140,987
Planning and development	1,485,806	4,250,590	-	-	1,485,806	4,250,590
Engineering and public works	7,178,747	7,667,330	-	-	7,178,747	7,667,330
Community development	1,436,741	-	-	-	1,436,741	-
Surface water management	8,612,466	7,331,084	-	-	8,612,466	7,331,084
Transportation	3,931,236	3,395,009	-	-	3,931,236	3,395,009
Culture and recreation	7,239,091	6,302,454	-	-	7,239,091	6,302,454
Interest on debt	270,673	404,574	-	-	270,673	404,574
Water and wastewater	-	-	15,179,221	14,898,733	15,179,221	14,898,733
Solid waste	-	-	3,670,666	3,604,830	3,670,666	3,604,830
Total expenses	48,245,362	43,538,742	18,849,887	18,503,563	67,095,249	62,042,305
Increase (decrease) in net position	(2,392,279)	332,493	5,790,721	5,584,267	3,398,442	5,916,760
Beginning net position, as restated	218,405,969	218,104,443	153,934,336	148,393,686	372,340,305	366,498,129
Ending net position	**$ 216,013,690**	**$ 218,436,936**	**$ 159,725,057**	**$ 153,977,953**	**$ 375,738,747**	**$ 372,414,889**

Wellington's total revenues were $70 million for fiscal year 2013, which is $2 million (3%) more than the prior year. Notable changes for both governmental activities and business-type activities are highlighted next.

Governmental Activities



Governmental activities decreased Wellington's net position by $2.4 million.

Revenues increased by $2 million or 4.5%. Key elements of this increase are as follows:

- Total taxes decreased by $86,000 due to a large delinquent distribution of prior years' collections that was received in the 2012 fiscal year.
- Capital grants and contributions increased by $1.4 million over the prior year. This is mainly the result of Wellington receiving Federal grants totaling $300,000 from FEMA related to Hurricane Isaac as well as $1.1 million in contributions from the Boys and Girls Club toward the construction of a new Boys and Girls Club facility in Wellington in the current year.
- Investment earnings decreased by $350,000 or 67% compared to the prior year due to lower yields in FY 2013.

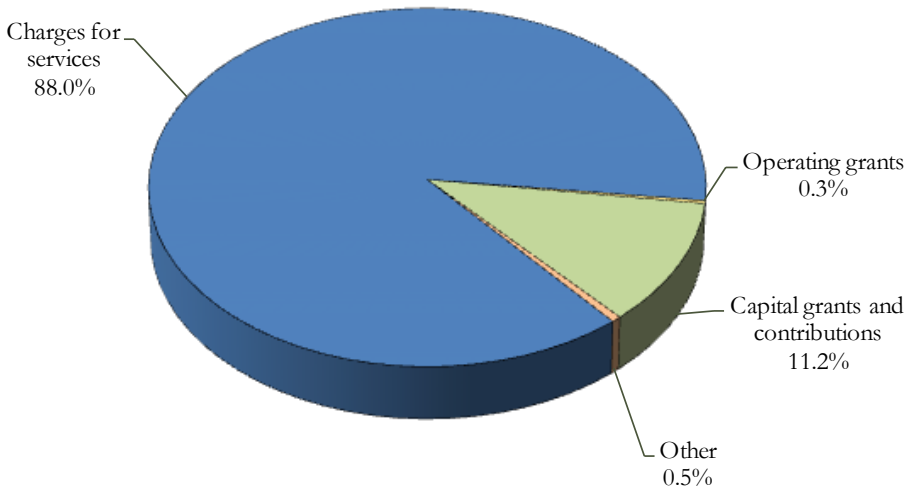
Direct expenses increased by $3.8 million or approximately 8%. Key elements of this increase are as follows:

- General government increased by $880,000 mainly due to personnel costs related to the increase in the number of employees during 2013. The village increased the number of full-time equivalents by 14 during the year.
- Public safety increased by $2.9 million. This is mainly due to the reclassification of the building and code enforcement divisions to public safety from planning and development ($2.3 million) as well as an increase in the expenditures in these two divisions as the building activities continue to increase ($600,000)
- Planning and development services decreased by $2.1 million as the building and code enforcement divisions were reclassified to public safety in FY 2013
- Engineering and public works decreased by $450,000 mostly due to the community development being reclassified in FY 2013
- Surface water management expenses increased by $1.2 million mainly due to major maintenance projects completed on canals in FY 2013

- Transportation costs increased by $550,000 due to major maintenance projects including roadway overlay completed in FY 2013
- Culture and recreation costs increased by $937,000 due to large field maintenance projects completed in FY 2013

Business-type Activities

Revenues by Source
Business-type Activities



Business-type activities increased net position by $5.8 million.

Revenues increased by $500,000 or 2% over the prior year. Key elements of this increase are as follows:

- Charges for services increased $160,000 or 1% mainly due to growth in the number of water accounts related to new building construction.
- Capital grants and contributions increased $400,000 or 17% compared to the prior year mainly due to an increase in capacity fees of $1.1 million that is offset by a reduction in distribution line contributions of $700,000.
- Investment earnings decreased $62,000 or 37% compared to the prior year mostly due to a reduction in the rate of returns on investments.

Expenses increased by $340,000 or 2% over the prior year mainly due to a higher depreciation expense in FY 2013.

Governmental Funds Financial Analysis

The focus of 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 the net resources available for spending at the end of the fiscal year. At September 30, 2013, Wellington's governmental funds reported combined ending fund balances of $59 million, a decrease of $4 million from prior year. The majority of the decrease is due to construction projects completed in FY 2013.

The unassigned fund balance of $16.3 million is available for spending at Wellington's discretion. The remainder of fund balance of $42.7 million is either nonspendable, restricted, assigned or committed to indicate that it is not available for new spending. Funds are either nonspendable ($516,000), have already been assigned to liquidate contracts and purchase orders ($590,000), assigned or assigned for capital improvements ($14.6 million), restricted to pay debt service ($75,000), committed for future emergencies ($2.5 million), committed for funding future capital expenditures ($9.2 million) and committed for stabilizing millage or rate increases ($2.4 million), or other specified purposes ($12.8 million).

The general fund is the main operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was $16.3 million, while the total fund balance was $31.7 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 45% of total 2014 general fund budgeted expenditures. Total revenues in the general fund were $32.3 million which represents an increase of approximately $2.2 million from the prior year or 7%.

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, $5.1 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 $4.1 million was assigned for future planning and zoning expenditures. Revenues for the fund were $4.3 million and $5 million for fiscal years 2013 and 2012, respectively. This represents a decrease of approximately $660,000, or 13% from prior year. This is mostly due to engineering permitting fees being transferred to the general fund in 2013.

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 $3.2 million, of which $3,500 is related to nonspendable prepaid expenditures and the remainder is assigned for future expenditures. Revenues for the fund were $5.5 million and $5.9 million for 2013 and 2012, respectively. This represents a decrease of approximately $375,000 or 6% over the prior year. This is mostly due to a large delinquent tax distribution that was received during the 2012 fiscal year.

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 position for business-type funds was $21 million; $14 million for the Utility System and $7 million for Solid Waste. Total net position for these funds was $160 million, representing an increase of $5.7 million, or 4%.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final expenditure amended budget totaled an increase of $1.2 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 expenditures were incurred as well as interdepartmental transfers to realign funding to personnel changes. These can be briefly summarized as follows:

- $694,836 increase allocated to general government
- $78,775 increase allocated to public safety
- $3,545 increase allocated to physical environment
- $500,362 increase allocated to economic environment
- $109,684 decrease allocated to culture and recreation
- $52,975 increase allocated to capital outlay

Actual results of operations were greater than the final amended budget by $2.8 million, excluding transfers. These results can be mainly attributed to the following:

- Revenues were $1.1 million more than budget mainly due to increased electricity rates that resulted in higher than anticipated utility taxes. As the local economy continued to rebound in 2013, consumer spending increased resulting in higher than anticipated half-cent sales tax collections from the State of Florida. These increases were offset by a $1.4 million contribution budgeted for the construction of a Boys and Girls Club that was not received.
- Personnel costs were less than budget by $400,000 due to budgeted positions that were open throughout the year.

- Operating costs were $1.3 million less than anticipated mainly due to insurance expenditures ($300,000) and legal fees ($450,000) being under budget as well as a result of a concerted effort by all departments to reduce spending in the current year.

The budget amendments were funded in part with $750,809 of prior year carry forwards. Additional information on budgetary comparisons can be found on pages 58-59 of this report.

Long-Term Debt Activity

At the end of the current fiscal year, Wellington had total long-term debt outstanding of $9,767,681. Governmental activities debt of $6,400,000 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 $1,500,000 is for Utility System revenue bonds which financed projects to increase the capacity of the Utility System. An additional $1.9 million for compensated absences is also outstanding. No new debt was issued during FY 2013. Additional information on long-term debt can be found in Note 6 of this report.

Wellington's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue bonds and loans	$ 6,400,000	$7,050,614	$1,500,000	$4,000,191	$7,900,000	$11,050,805
Compensated absences	1,637,535	1,553,908	230,146	192,253	1,867,681	1,746,161
Total	$8,037,535	$8,604,522	$1,730,146	$4,192,444	$9,767,681	$12,796,966

Capital Assets Activity

Wellington's net investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to $284 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

Wellington's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 19,821,956	$ 19,821,956	$ 8,996,705	$ 8,996,705	$ 28,818,661	$ 28,818,661
Buildings	24,612,733	21,616,028	3,420,053	3,573,378	28,032,786	25,189,406
Improvements	38,341,514	43,676,186	2,577,015	2,592,162	40,918,529	46,268,348
Machinery and equipment	1,563,258	2,227,712	1,741,059	1,836,680	3,304,317	4,064,392
Water and wastewater plant	-	-	50,655,758	52,882,601	50,655,758	52,882,601
Meters	-	-	2,231,339	2,710,470	2,231,339	2,710,470
Wells	-	-	3,928,108	4,158,176	3,928,108	4,158,176
Distribution lines	-	-	46,772,502	48,229,766	46,772,502	48,229,766
Infrastructure	76,438,677	73,963,938	-	-	76,438,677	73,963,938
Construction in progress	2,668,786	2,004,463	229,136	285,714	2,897,922	2,290,177
Total	$ 163,446,924	$ 163,310,283	$ 120,551,675	$ 125,265,652	$ 283,998,599	$ 288,575,935

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 2013 was not material. Additional information on the condition level of the street system can be found on page 64 of this report.

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

- Boys and Girls Club building construction
- Village Park Gym renovations
- 50th Street paving
- Forest Hill/Stribling Road turn lane construction

Additional information on capital assets can be found in Note 5 of this report.

Economic Factors

The State of Florida, by constitution, does not have a personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments primarily rely on property taxes and fees to fund their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring grants. As a predominantly residential community, the economic environment of Wellington is dependent upon that of South Florida and particularly Palm Beach County.

The major economic influences in this area are the cost of housing (including housing values, foreclosure rates, insurance, taxes and interest rates), the regional job market, new construction, weather events and retail activity. Consideration of the impact of these economic indicators is critical as Wellington endeavors to develop its resources and facilities to meet the demand of its residents as well as to comply with regulatory requirements.
Additional economic factors that can have a significant impact on Wellington include inflation, weak economic growth, natural disasters, commodities prices, increasing property insurance rates, and the potential for declining population.

While property taxes are important, they represent only 19% of total revenue. Another 41% comes from program revenues such as licenses, permits, and other charges for services, while approximately 10% is related to intergovernmental revenue. Additionally, special assessments levied total approximately 12% and utility taxes and franchise fees total another 15%. Wellington monitors all of its resources and determines the need for program adjustments or fee increases accordingly.

Next Year's Budget and Rates

The operating millage rate of 2.47 mills for fiscal year 2014 is unchanged from the millage rate for the 2013 fiscal year. This millage resulted in a total tax levy of approximately $13.5 million, an increase of $773,000, or 6% from the property tax levy for 2013. The Surface Water Management Assessment rate remained unchanged at $200 per unit in the fiscal year 2014. The Solid Waste Assessment is unchanged for fiscal year 2014 at $160 per curbside unit and $125 per containerized unit. Additional information regarding the adoption of the annual budget can be found on page 62 of this report.

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

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 28,291,646	$ 14,318,747	$ 42,610,393
Investments	33,937,564	5,293,116	39,230,680
Receivables (net)	1,154,710	2,033,335	3,188,045
Internal balances	(430,875)	430,875	-
Due from other governments	1,677,311	32,846	1,710,157
Prepaid expenses	277,179	3,519	280,698
Inventories	13,880	112,965	126,845
Deposits	2,520	-	2,520
Assets held for resale	225,236	-	225,236
Restricted assets:			
Cash and cash equivalents	-	3,983,105	3,983,105
Investments	-	16,700,101	16,700,101
Net other postemployment benefit asset	755,105	135,895	891,000
Capital assets:			
Capital assets not being depreciated	98,929,419	9,225,841	108,155,260
Capital assets being depreciated, net	64,517,505	111,325,834	175,843,339
Total assets	$ 229,351,200	$ 163,596,179	$ 392,947,379
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding (debit)	247,548	-	247,548
Total deferred outflows of resources	247,548	-	247,548
LIABILITIES			
Accounts payable and accrued liabilities	$ 2,350,391	$ 1,057,190	$ 3,407,581
Contracts and retainage payable	55,007	-	55,007
Due to other governments	390,448	21,956	412,404
Deposits	-	1,013,870	1,013,870
Unearned revenue	2,731,784	17,960	2,749,744
Accrued interest payable	19,893	30,000	49,893
Noncurrent liabilities:			
Due within one year	1,780,814	1,636,642	3,417,456
Due in more than one year	6,256,721	93,504	6,350,225
Total liabilities	13,585,058	3,871,122	17,456,180
NET POSITION			
Net investment in capital assets	157,294,472	119,051,675	276,346,147
Restricted for:			
Debt service	55,651	-	55,651
Building department	5,064,384	-	5,064,384
Road maintenance	1,216,210	-	1,216,210
Capital projects	6,717,981	19,715,884	26,433,865
Unrestricted	45,664,992	20,957,498	66,622,490
Total net position	$ 216,013,690	$ 159,725,057	$ 375,738,747

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2013

Function/Program Activities	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:					
General government	$ 10,855,805	$ (4,642,173)	$ 204,281	$ -	$ -
Public safety	10,795,719	1,081,251	3,030,725	8,517	329,879
Planning and development	1,115,287	370,519	1,689,196	-	-
Engineering and public works	7,412,473	(233,726)	436,166	-	-
Community development	1,249,167	187,574	-	60,262	2,307
Surface water management	7,895,591	716,875	5,364,366	-	-
Transportation	3,621,583	309,653	421,328	1,477,300	-
Culture and recreation	6,211,642	1,027,449	2,041,164	-	1,100,000
Interest on long-term debt	270,673	-	-	-	-
Total governmental activities	49,427,940	(1,182,578)	13,187,226	1,546,079	1,432,186
Business-type activities:					
Utility system	14,332,462	846,759	17,831,536	-	2,758,152
Solid waste	3,334,847	335,819	3,803,172	66,333	-
Total business-type activities	17,667,309	1,182,578	21,634,708	66,333	2,758,152
Total primary government	$ 67,095,249	$ -	$ 34,821,934	$ 1,612,412	$ 4,190,338

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
- Other

Total general revenues

Change in net position

Net position - beginning, previously stated

Effect of adoption of GASB 65 (Note 1)

Net position - beginning, as restated

Net position, end of year

See notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (6,009,351)	$ -	$ (6,009,351)
(8,507,849)	-	(8,507,849)
203,390	-	203,390
(6,742,581)	-	(6,742,581)
(1,374,172)		(1,374,172)
(3,248,100)	-	(3,248,100)
(2,032,608)	-	(2,032,608)
(4,097,927)	-	(4,097,927)
(270,673)	-	(270,673)
(32,079,871)	-	(32,079,871)
-	5,410,467	5,410,467
-	198,839	198,839
-	5,609,306	5,609,306
(32,079,871)	5,609,306	(26,470,565)
12,816,288	-	12,816,288
3,205,140	-	3,205,140
6,804,277	-	6,804,277
3,927,338	-	3,927,338
1,302,835	-	1,302,835
170,738	83,528	254,266
1,460,976	97,887	1,558,863
29,687,592	181,415	29,869,007
(2,392,279)	5,790,721	3,398,442
218,436,936	153,977,953	372,414,889
(30,967)	(43,617)	(74,584)
218,405,969	153,934,336	372,340,305
$ 216,013,690	$ 159,725,057	$ 375,738,747

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	General	Planning, Zoning and Building	Acme Improvement	Gas Tax Capital	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 14,854,149	$ 4,689,017	$ 1,499,628	$ 1,580,442	$ 3,156,904	$ 2,511,506	$ 28,291,646
Investments	17,850,382	5,634,405	1,802,365	1,899,493	3,794,202	2,956,717	33,937,564
Receivables:							
Utility taxes	412,623	-	-	-	-	-	412,623
Franchise fees	338,395	-	-	-	-	-	338,395
Accounts	57,164	248,766	13,269	-	-	-	319,199
Interest	42,927	13,268	5,875	5,106	9,384	7,933	84,493
Due from other funds	-	29,487	46,872	-	-	32,552	108,911
Due from other governments	869,627	31,811	49,723	41,095	1,060	683,995	1,677,311
Prepaid expenditures	268,948	4,712	3,519	-	-	-	277,179
Inventory	13,880	-	-	-	-	-	13,880
Deposits	2,520	-	-	-	-	-	2,520
Assets held for resale	-	-	-	-	225,236	-	225,236
Total assets	$ 34,710,615	$ 10,651,466	$ 3,421,251	$ 3,526,136	$ 7,186,786	$ 6,192,703	$ 65,688,957

(Continued)

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET (Continued)

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	General	Planning, Zoning and Building	Acme Improvement	Gas Tax Capital	Capital Projects	Other Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$ 1,422,783	$ 247,781	$ 195,667	$ 275,163	$ 146,366	$ 62,631	$ 2,350,391
Contracts and retainage payable	-	-	-	-	55,007	-	55,007
Due to other funds	539,785	-	-	-	-	-	539,785
Due to other governments	128,274	151,505	-	-	110,669	-	390,448
Unearned revenue	926,959	1,048,478	-	367,536	2,600	386,211	2,731,784
Total liabilities	3,017,801	1,447,764	195,667	642,699	314,642	448,842	6,067,415
Deferred inflows of resources:							
Unavailable revenue	-	-	13,269	-	-	600,000	613,269
Fund balances:							
Nonspendable:							
Prepaid expenditures	268,948	4,712	3,519	-	-	-	277,179
Inventory	13,880	-	-	-	-	-	13,880
Assests held for resale	-	-	-	-	225,236	-	225,236
Restricted for:				-			
Capital projects	-	-	-	2,792,102	-	3,796,191	6,588,293
Building	-	5,064,384	-	-	-	-	5,064,384
Road maintenance	-	-	-	-	-	1,216,210	1,216,210
Wellington community foundation	-	-	-	-	-	51,416	51,416
Debt service	-	-	-	-	-	75,544	75,544
Committed for:							
Rate stabilization	2,385,000	-	-	-	-	-	2,385,000
Insurance	540,000	-	-	-	-	-	540,000
Emergency	2,483,625	-	-	-	-	-	2,483,625
Subsequent year capital expenditures	9,200,000	-	-	-	-	-	9,200,000
Assigned for:							
Surface water management	-	-	3,183,185	-	-	-	3,183,185
Planning and zoning	-	4,098,509	-	-	-	-	4,098,509
Contracts	455,320	17,000	25,611	91,335	-	-	589,266
Capital projects	38,353	19,097	-	-	6,646,908	-	6,704,358
Subsequent year operating expenditures	-	-	-	-	-	4,500	4,500
Unassigned	16,307,688	-	-	-	-	-	16,307,688
Total fund balances	31,692,814	9,203,702	3,212,315	2,883,437	6,872,144	5,143,861	59,008,273
Total liabilities, deferred inflows of resources and fund balances	$ 34,710,615	$ 10,651,466	$ 3,421,251	$ 3,526,136	$ 7,186,786	$ 6,192,703	$ 65,688,957

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Ending fund balance - governmental funds		$ 59,008,273
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.		
Governmental capital assets	$ 242,368,232	
Less accumulated depreciation	(78,921,308)	
Net capital assets		163,446,924
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		755,105
Assets that are not available to pay for current period expenditures are unavailable revenue in the fund statements		613,269
Deferred charges on refunding of long-term debt are shown as deferred outflows/inflows of resources in the government-wide financial statements; however, this amount is expensed in the governmental fund financial statements:		
Deferred amount on debt refunding		247,548
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable		(6,400,000)
Accrued interest		(19,893)
Compensated absences		(1,637,536)
Net position of governmental activities		$ 216,013,690

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, 2013

	General	Planning, Zoning and Building	Acme Improvement	Gas Tax Capital	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:							
Ad valorem taxes	$ 12,816,288	$ -	$ -		$ -	$ -	$ 12,816,288
Franchise fees and taxes	3,205,140	-	-		-	-	3,205,140
Utility and other taxes	6,804,277	-	-		-	-	6,804,277
Special assessments	-	-	5,009,053		-	-	5,009,053
Impact fees	-	-	-		-	786,353	786,353
Licenses and permits	760,223	3,846,454	-		-	-	4,606,677
Intergovernmental revenue	5,288,714	-	-	810,052	2,307	1,007,365	7,108,438
Charges for services	1,770,249	-	355,313		-	-	2,125,562
Fines and forfeitures	273,572	386,009	-		-	-	659,581
Investment income (net)	89,576	22,517	19,678	8,844	14,884	15,238	170,737
Miscellaneous	1,321,002	90,965	95,426	109,262	28	383,175	1,999,858
Total revenues	32,329,041	4,345,945	5,479,470	928,158	17,219	2,192,131	45,291,964

(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, 2013

	General	Planning, Zoning and Building	Acme Improvement	Gas Tax Capital	Capital Projects	Other Governmental Funds	Total Governmental Funds
Expenditures:							
Current:							
General government	$ 9,870,757	$ 988,893	$ -	$ -	$ -	$ -	$ 10,859,650
Public safety	7,865,863	2,900,411	-	-	-	-	10,766,274
Physical environment	6,301,185	-	3,286,901	-	-	-	9,588,086
Economic environment	698,604	-	-	-	-	-	698,604
Transportation	-	-	-	-	-	1,528,289	1,528,289
Culture and recreation	3,319,221	-	-	-	-	75	3,319,296
Capital outlay	268,673	1,493	117,713	2,787,181	5,030,505	3,749,490	11,955,055
Debt service:							
Principal	-	-	-	-	-	940,000	940,000
Interest and other fiscal charges	-	-	-	-	-	273,595	273,595
Total expenditures	28,324,303	3,890,797	3,404,614	2,787,181	5,030,505	6,491,449	49,928,849
Excess (deficiency) of revenues over expenditures	4,004,738	455,148	2,074,856	(1,859,023)	(5,013,286)	(4,299,318)	(4,636,885)
Other financing sources (uses):							
Transfers in	4,567,003	1,570,000	-	600,000	2,979,250	2,176,782	11,893,035
Transfers out	(4,790,926)	(2,066,699)	(1,816,875)	(56,926)	(563,000)	(1,416,031)	(10,710,457)
Net loss on sale or disposition of capital assets	-	-	-	-	(485,058)	-	(485,058)
Total other financing sources (uses)	(223,923)	(496,699)	(1,816,875)	543,074	1,931,192	760,751	697,520
Net change in fund balances	3,780,815	(41,551)	257,981	(1,315,949)	(3,082,094)	(3,538,567)	(3,939,365)
Fund balances, beginning of year	27,911,999	9,245,253	2,954,334	4,199,386	9,954,238	8,682,428	62,947,638
Fund balances, end of year	$ 31,692,814	$ 9,203,702	$ 3,212,315	$ 2,883,437	$ 6,872,144	$ 5,143,861	$ 59,008,273

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, 2013

Net change in fund balances - total governmental funds	$	(3,939,365)
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.		31,220
Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.		8,900,897
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.		(8,763,605)
In the statement of activities, only the gain (loss) on the sale of capital assets is reported		
Net book value of asset disposals		(651)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Principal payments on debt		940,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements.		613,269
Certain revenues were unearned for the fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the governmental fund financial statements.		(51,500)
Governmental funds report the effect of 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)
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		2,922
Change in compensated absences		(83,628)
Change in net position of governmental activities	$	(2,392,279)

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Utility System	Solid Waste	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 10,954,253	$ 3,364,494	$ 14,318,747
Investments	1,249,418	4,043,698	5,293,116
Receivables:			
Accounts, net of allowance for uncollectible amounts	1,917,926	70,313	1,988,239
Interest	34,898	10,198	45,096
Due from other funds	427,086	3,789	430,875
Due from other governments	-	32,846	32,846
Inventories	112,965	-	112,965
Prepaid expenses	3,519	-	3,519
Restricted cash and cash equivalents	3,983,105	-	3,983,105
Restricted investments	16,700,101	-	16,700,101
Total current assets	35,383,271	7,525,338	42,908,609
Noncurrent assets:			
Net other postemployment benefit asset	128,176	7,719	135,895
Property, plant and equipment (net of accumulated depreciation)	120,540,721	10,954	120,551,675
Total noncurrent assets	120,668,897	18,673	120,687,570
Total assets	$ 156,052,168	$ 7,544,011	$ 163,596,179
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 501,556	$ 555,634	$ 1,057,190
Due to other governments	7,006	14,950	21,956
Deposits, payable from restricted assets	1,013,870	-	1,013,870
Accured interest	30,000	-	30,000
Compensated absences payable - current portion	136,642	6,616	143,258
Revenue refunding bonds payable - current portion	1,500,000	-	1,500,000
Unearned revenue	17,960	-	17,960
Total current liabilities	3,207,034	577,200	3,784,234
Noncurrent liabilities:			
Compensated absences payable - net of current portion	85,515	1,373	86,888
Total noncurrent liabilities	85,515	1,373	86,888
Total liabilities	3,292,549	578,573	3,871,122
NET POSITION			
Net invested in capital assets	119,040,721	10,954	119,051,675
Restricted for capital improvements - capacity fees	3,015,783	-	3,015,783
Restricted for renewal and replacement of capital assets	16,700,101	-	16,700,101
Unrestricted	14,003,014	6,954,484	20,957,498
Total net position	$ 152,759,619	$ 6,965,438	$ 159,725,057

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2013

	Utility System	Solid Waste	Total
Operating revenues:			
Charges for services	$ 17,831,536	$ 134,430	$ 17,965,966
Special assessments	-	3,440,656	3,440,656
Intergovernmental revenue	-	66,333	66,333
Franchise fees	-	228,086	228,086
Other	76,829	21,058	97,887
Total operating revenues	17,908,365	3,890,563	21,798,928
Operating expenses:			
Water services	3,188,437	-	3,188,437
Wastewater services	2,693,782	-	2,693,782
Laboratory	112,870	-	112,870
Water distribution	947,221	-	947,221
Customer service	423,044	-	423,044
General and administrative	660,569	-	660,569
Solid waste	-	3,331,371	3,331,371
Depreciation	6,062,161	3,476	6,065,637
Total operating expenses	14,088,084	3,334,847	17,422,931
Income from operations	3,820,281	555,716	4,375,997
Nonoperating revenues (expenses):			
Investment income (net)	61,632	21,896	83,528
Net loss on sale or disposition of capital assets	(49,569)	-	(49,569)
Interest expense	(60,000)	-	(60,000)
Amortization	(134,809)	-	(134,809)
Total nonoperating revenues (expenses)	(182,746)	21,896	(160,850)
Income before contributions and transfers	3,637,535	577,612	4,215,147
Capital contributions:			
Capacity charges	2,061,508	-	2,061,508
Distribution lines	583,938	-	583,938
Meters	112,706	-	112,706
Transfers in	291,198		291,198
Transfers out	(1,137,957)	(335,819)	(1,473,776)
Change in net position	5,548,928	241,793	5,790,721
Net position - beginning, previously stated	147,254,308	6,723,645	153,977,953
Effect of adoption of GASB 65 (Note 1)	(43,617)	-	(43,617)
Net position - beginning, as restated	147,210,691	6,723,645	153,934,336
Net position, end of year	$ 152,759,619	$ 6,965,438	$ 159,725,057

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2013

	Utility System	Solid Waste	Total
Cash flows from operating activities:			
Receipts from customers	$ 18,034,206	$ 3,796,178	$ 21,830,384
Payments to suppliers for goods and services	(4,317,495)	(3,408,465)	(7,725,960)
Payments to employees for services	(3,951,317)	(154,525)	(4,105,842)
Other operating revenues	(353,486)	99,671	(253,815)
Net cash provided by operating activities	9,411,908	332,859	9,744,767
Cash flows from noncapital financing activities:			
Transfers from other funds	291,198	-	291,198
Transfers to other funds	(1,137,957)	(335,819)	(1,473,776)
Net cash (used) in noncapital financing activities	(846,759)	(335,819)	(1,182,578)
Cash flows from capital and related financing activities:			
Capital contributions	2,174,214	-	2,174,214
Loss from sale of property, plant and equipment	(49,569)	-	(49,569)
Acquisition of property, plant and equipment	(767,721)	-	(767,721)
Repayment of advances from other funds	-	(52,775)	(52,775)
Principal paid on indebtedness	(2,635,000)	-	(2,635,000)
Interest paid on indebtedness	(110,066)	-	(110,066)
Net cash (used) in capital and related financing activities	(1,388,142)	(52,775)	(1,440,917)
Cash flows from investing activities:			
Interest received	147,975	49,246	197,221
Sale of investments	6,982,134	2,816,640	9,798,774
Purchase of investments	(10,387,242)	(2,641,677)	(13,028,919)
Net cash provided/(used) by investing activities	(3,257,133)	224,209	(3,032,924)
Net increase in cash and cash equivalents	3,919,874	168,474	4,088,348
Cash and cash equivalents, beginning of year	11,017,484	3,196,020	14,213,504
Total cash and cash equivalents, end of year	$ 14,937,358	$ 3,364,494	$ 18,301,852
Cash and cash equivalents			
Unrestricted	$ 10,954,253	$ 3,364,494	$ 14,318,747
Restricted	3,983,105	-	3,983,105
Total cash and cash equivalents	$ 14,937,358	$ 3,364,494	$ 18,301,852

(Continued)

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Continued)

YEAR ENDED SEPTEMBER 30, 2013

	Utility System	Solid Waste	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 3,820,281	$ 555,716	$ 4,375,997
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	6,062,161	3,475	6,065,636
OPEB expense	(32,046)	(1,734)	(33,780)
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	127,766	(6,994)	120,772
Due from other funds	(427,086)	(3,789)	(430,875)
Due from other governments	-	6,470	6,470
Inventories	52,849	-	52,849
Prepaid expenses	2,888	-	2,888
Increase (decrease) in:			
Accounts payable and accrued liabilities	(306,348)	(228,009)	(534,357)
Due to other governments	(3,229)	9,599	6,370
Deposits	56,944	-	56,944
Unearned revenue	17,960	-	17,960
Compensated absences payable	39,768	(1,875)	37,893
Total adjustments	5,591,627	(222,857)	5,368,770
Net cash provided by operating activities	$ 9,411,908	$ 332,859	$ 9,744,767
Noncash investing, capital, and financing activities:			
Developer contributed distribution lines	$ 583,938	$ -	$ 583,938
Unrealized losses on investments	(104,277)	(31,125)	(135,402)
Amortization of premium on bonds	(27,792)	-	(27,792)

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2013

	Employee Retirement Healthcare Trust
ASSETS	
Investments	$ 1,125,449
NET POSITION	
Held in trust for other postemployment benefits	$ 1,125,449

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

YEAR ENDED SEPTEMBER 30, 2013

	Employee Retirement Healthcare Trust
ADDITIONS:	
Increase in the fair value of investments	$ 141,420
Change in net position	141,420
Net position held in trust for other postemployment benefits, beginning of year	984,029
Net position held in trust for other postemployment benefits, end of year	$ 1,125,449

See notes to basic financial statements

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 position 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)

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, assessments, intergovernmental revenue and licenses, 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 planning, zoning and building divisions. 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Wellington reports the following major proprietary funds:

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

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

Additionally, Wellington reports the following fiduciary fund:

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

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

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

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

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 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 services extending over more than one accounting period are accounted for as expenditures of the period of use.

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position. 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.

Deferred Outflows/Inflows of Resources

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For example, the Village would record deferred outflows of resources related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For example, when an asset is recorded in the governmental fund financial statements, but the revenue is not available, the Village reports a deferred inflow of resources until such times as the revenue becomes available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Wellington's employees are granted compensated absence pay for annual leave in varying amounts based on length of service. Annual leave is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the liability and it is probable that Wellington will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement.

Benefits for employees include major illness leave. This benefit accrues at 4 hours per month per employee. Employees may utilize this benefit for an illness lasting more than one day. Upon separation of service, and with 10 years of continuous service, any balance of these hours are valued at the current hourly pay rate, and are paid into the Retirement Health Savings Plan sponsored by ICMA. In this plan, monies are used by individuals to pay for qualified medical expenses, including premiums. For individuals that leave prior to 10 years of service, this time is forfeited. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured. For the governmental funds, compensated absences are liquidated by the fund in which employees are compensated. Those funds are the General; Planning, Zoning and Building; Acme Improvement and Gas Tax Maintenance.

Unavailable/Unearned Revenue

Unavailable revenue (a deferred inflow of resources) is recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not yet meet the criteria for revenue recognition, such as lease revenue collected in advance, are recorded as unearned revenue in the government-wide and fund statements.

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 position. Bond premiums and discounts 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 expensed when incurred.

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 Position

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the Village's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Assigned – Assigned fund balances include spendable amounts established by Wellington Council that are intended to be used for specific purposes, but are neither restricted nor committed. Assignments of fund balances are made through a motion by Wellington Council, are generally temporary and normally the same formal action need not be taken to remove the assignment.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Emergency Reserve – An Emergency Reserve 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. The current balance in this Fund at September 30, 2013 is $2,483,625.

Subsequent Year Capital Expenditures – A reserve established for the construction of the new Wellington Community Center and Tennis facilities.

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.

Property Taxes

Under Florida law, the assessment of all properties and the collection of county, municipal, school board, and special district property taxes are consolidated with 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 2013 fiscal year was 2.47 ($2.47 for each $1,000 of assessed valuation). This levy was based upon an assessed valuation as of January 1, 2012, of approximately $5.4 billion.

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1st following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1st following the tax year, certificates are offered for sale for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificate may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2013, unpaid delinquent taxes are not material and have not been recorded.

During 2007 the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments. For the fiscal year ended September 30, 2013, 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 years ended September 30, 2002 through 2012. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards Adopted

During fiscal year 2013, the Village adopted three new accounting standards as follows:

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement incorporates into the GASB's authoritative literature certain guidance that previously could only be found in certain FASB and AICPA pronouncements issued on or before November 30, 1989 and eliminates the selection to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources (previously reported as assets and liabilities) into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*

This Statement 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 implementation of GASB 65 resulted in the write off of Bond issuance costs and the effect of adoption of GASB 65 is the reduction of beginning net position by $30,967 of the governmental activities and $43,617 of the business-type activities. The effect on fiscal year 2012 had the implementation of GASB 65 occurred earlier would have resulted in a decrease in expenses of the governmental activities by $124,708 and a decrease in expenses of the business-type activities by $178,426.

Recent Accounting Pronouncements

GASBS 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*,

The objective of this statement is to improve 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*

The objective of this statement is to improve 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*

The objective of this statement is to improve 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.

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.

Statements 67 and 68 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.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*

The objective of this Statement is to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations by providing guidance specific to the situations and circumstances encountered within the governmental environment. This Statement is effective for periods beginning after December 15, 2013.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

The objective of this Statement is to enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees and requires disclosures about obligations that are issued with this type of financial guarantee. This Statement is effective for periods beginning after June 15, 2013.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for fiscal years beginning after June 15, 2014.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management has not completed an analysis of the effects of these GASB statements on the 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, 2013, include petty cash of $5,775, deposits with financial institutions with a carrying value of $41,030,127 and a bank balance of $41,694,291 and U.S. Government money market mutual funds with a carrying value of $5,557,596.

All of Wellington's bank deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act". Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels.

The pledging level may range from 25% to 125% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. The money market mutual fund deposits are uninsured and uncollateralized.

The State Board of Administration administers Florida PRIME pursuant to Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The fair value of the position in the external investment pool is the same as the value of the pool shares. Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund. These investments are valued using the pooled share price.

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

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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, 2013, the Fund B investments had a net asset value of $171,606.

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:

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, 2013 Florida PRIME has a weighted average maturity of 44 days, Fund B has a weighted average maturity of 4.04 years, and the investment in the Florida Municipal Investment Trust has a weighted average maturity of 1.52 years for the 1-3 Year High Quality Bond Fund and 3.71 years for the Intermediate High Quality Bond Fund. As of September 30, 2013, Wellington had the following additional investments in its internal investment pool:

		Investment Maturities In Years	
Investment Type	Fair Value	Less Than 1	1-5
U.S. Treasuries	$ 15,460,033	$ 3,182,197	$ 12,277,836
U.S. Agency and Instrumentality securities	39,460,950	18,616,191	20,844,759
Total	$ 54,920,983	$ 21,798,388	$ 33,122,595

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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)	$ 171,606	Not rated	N/A
U.S. government agencies and instrumentalities:			
Fannie Mae	19,292,010	AA+	S&P
Freddie Mac	12,160,364	AA+	S&P
Federal Home Loan Bank	8,008,576	AA+	S&P
Florida Municipal Investment Trust			
1 - 3 year high quality bond fund	100,347	AAA	Fitch
Intemediate high quality bond fund	737,845	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.

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, 2013, Wellington had more than 5% of its investments in the following:

Issuer	Fair Value	Percentage
Fannie Mae	$ 19,292,010	49.2%
Freddie Mac	12,160,364	31.0%
Federal Home Loan Bank	8,008,576	20.4%

NOTE 3. RECEIVABLES

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

	General	Planning, Zoning and Building	Acme Improvement	Gas Tax Capital	Capital Projects	Nonmajor Governmental Funds	Utility System	Solid Waste	Total
Utility taxes	$ 412,623	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 412,623
Franchise taxes	338,395	-	-	-	-	-	-	-	338,395
Accounts	57,164	248,766	13,269	-	-	-	2,086,226	70,313	2,475,738
Interest	42,927	13,268	5,875	5,106	9,384	7,933	34,898	10,198	129,589
Gross receivables	851,109	262,034	19,144	5,106	9,384	7,933	2,121,124	80,511	3,356,345
Less allowance for uncollectible accounts	-	-	-	-	-	-	(168,300)	-	(168,300)
	$ 851,109	$ 262,034	$ 19,144	$ 5,106	$ 9,384	$ 7,933	$ 1,952,824	$ 80,511	$ 3,188,045

In conjunction with the construction of the Boys & Girls Club facility, it was agreed that funding for the project would be provided upfront by the Village. After the completion, the Village would be reimbursed by the County and the Boys & Girls Club for their portion of the costs. The Boys & Girls Club portion of the costs was $1,185,371. It was agreed that the amount would be paid over a 10 year period at 0% interest, allowing for annual payments of $118,537. A long-term receivable has been recorded on the government-wide statements for the entire balance owed.

Further, the County's portion of the costs was $600,000 of which $540,000 was received subsequent to year end. A due from other government is reported on the balance sheet for the entire amount owed.

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	Gas Tax Capital	Capital Projects	Nonmajor Governmental Funds	Solid Waste	Total
Federal Government:								
Grants	$ -	$ -	$ -	$ -	$ 1,060	-	$ -	$ 1,060
State of Florida:								
Half cent sales tax	626,695	-	-	-	-	-	-	626,695
Communication services tax	216,365	-	-	-	-	-	-	216,365
Local option gas tax	-	-	-	41,095	-	83,995	-	125,090
Palm Beach County:								
County shared revenues	26,567	31,811	-	-	-	-	11,788	70,166
PBC Tax Collector	-	-	30,369	-	-	-	21,058	51,427
Palm Beach County	-	-	-			600,000	-	600,000
Pine Tree Water Control Dist.	-	-	19,354	-	-	-	-	19,354
	$ 869,627	$ 31,811	$ 49,723	$ 41,095	$ 1,060	$ 683,995	$ 32,846	$ 1,710,157

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 31, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 19,821,956	$ -	$ -	$ -	$ 19,821,956
Construction in progress	2,004,463	8,848,516	(333,841)	(7,850,352)	2,668,786
Infrastructure	73,963,938	-	-	2,474,739	76,438,677
Total capital assets, not being depreciated	95,790,357	8,848,516	(333,841)	(5,375,613)	98,929,419
Capital assets, being depreciated:					
Buildings	26,562,432	-	-	3,931,670	30,494,102
Improvements	90,617,060	23,893	-	1,054,134	91,695,087
Machinery and equipment	20,700,682	362,329	(203,196)	389,809	21,249,624
Total capital assets, being depreciated	137,880,174	386,222	(203,196)	5,375,613	143,438,813
Less accumulated depreciation for:					
Buildings	(4,946,404)	(934,965)	-	-	(5,881,369)
Improvements	(46,940,874)	(6,412,699)	-	-	(53,353,573)
Machinery and equipment	(18,472,970)	(1,415,941)	202,545	-	(19,686,366)
Total accumulated depreciation	(70,360,248)	(8,763,605)	202,545	-	(78,921,308)
Total capital assets, being depreciated, net	67,519,926	(8,377,383)	(651)	5,375,613	64,517,505
Governmental activities capital assets, net	$ 163,310,283	$ 471,133	$ (334,492)	$ -	$ 163,446,924

NOTE 5. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 8,996,705	$ -	$ -	$ -	$ 8,996,705
Construction in progress	285,714	746,347	(178,800)	(624,125)	229,136
Total capital assets, not being depreciated	9,282,419	746,347	(178,800)	(624,125)	9,225,841
Capital assets, being depreciated:					
Buildings	4,707,693	-	-	-	4,707,693
Land improvements	4,660,704	-	-	414,994	5,075,698
Furniture, fixtures, equipment and vehicles	4,139,539	249,744	(7,170)	36,396	4,418,509
Meters	4,790,127	-	-	-	4,790,127
Major equipment	9,741,257	-	(98,877)	65,147	9,707,527
Water and wastewater plant	72,045,787	-	(18,140)	-	72,027,647
Wells	11,645,901	-	-	73,693	11,719,594
Telemetry	854,707	-	-	-	854,707
Distribution lines	82,867,847	583,938	-	33,895	83,485,680
Total capital assets, being depreciated	195,453,562	833,682	(124,187)	624,125	196,787,182
Less accumulated depreciation for:					
Buildings	(1,134,315)	(153,325)	-	-	(1,287,640)
Land improvements	(2,068,542)	(430,141)	-	-	(2,498,683)
Furniture, fixtures, equipment and vehicles	(3,622,806)	(278,939)	7,170	-	(3,894,575)
Meters	(2,079,657)	(479,131)	-	-	(2,558,788)
Major equipment	(8,794,482)	(113,830)	63,721	-	(8,844,591)
Water and wastewater plant	(19,163,186)	(2,212,430)	3,727	-	(21,371,889)
Wells	(7,487,725)	(303,761)	-	-	(7,791,486)
Telemetry	(481,535)	(18,983)	-	-	(500,518)
Distribution lines	(34,638,081)	(2,075,097)	-	-	(36,713,178)
Total accumulated depreciation	(79,470,329)	(6,065,637)	74,618	-	(85,461,348)
Total capital assets, being depreciated, net	115,983,233	(5,231,955)	(49,569)	624,125	111,325,834
Business-type activities capital assets, net	$ 125,265,652	$ (4,485,608)	$ (228,369)	$ -	$ 120,551,675

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 991,130
Public Safety	29,445
Planning and development	73,764
Engineering and public works	1,049,518
Community development	16,638
Surface water management	3,949,762
Transportation	490,493
Culture and recreation	2,162,855
Total depreciation expense - governmental activities	$ 8,763,605
Business-type activities:	
Water utility	$ 6,062,161
Solid waste	3,476
Total depreciation expense - business-type activities	$ 6,065,637

NOTE 6. NONCURRENT LIABILITIES

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended September 30, 2013, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Public Service Tax Revenue Refunding Bonds, Series 2005	$ 7,340,000	$ -	$ (940,000)	$ 6,400,000	$ 970,000
Compensated absences payable	1,553,908	1,151,000	(1,067,373)	1,637,535	810,814
Total	$ 8,893,908	$ 1,151,000	$ (2,007,373)	$ 8,037,535	$ 1,780,814

$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 $970,000 to $1,165,000 with the final payment due September 1, 2019. At September 30, 2013, the outstanding balance was $6,400,000.

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

Future debt service requirements to maturity are:

	Principal	Interest	Total
Year Ending September 30:			
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	1,130,000	85,604	1,215,604
2019	1,165,000	43,455	1,208,455
Total Public Service Tax Revenue Refunding Bonds, Series 2005	$ 6,400,000	$ 861,445	$ 7,261,445

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 $7,261,445. Total principal and interest paid for the current year and total public service tax revenues were $1,213,782 and $10,009,417, 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	$ 4,135,000	$ -	$ (2,635,000)	$ 1,500,000	$ 1,500,000
Plus unamortized bond premium	27,792	-	(27,792)	-	-
Less unamortized refunding loss	(162,601)	-	162,601	-	-
Total Bonds Payable	4,000,191	-	(2,500,191)	1,500,000	1,500,000
Compensated absences payable	192,253	230,963	(193,070)	230,146	136,642
Total	$ 4,192,444	$ 230,963	$ (2,693,261)	$ 1,730,146	$ 1,636,642

NOTE 6. NONCURRENT LIABILITIES (Continued)

Business-type Activities (Continued)

$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 final remaining principal of $1,500,000 is 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, 2013, the outstanding balance was $1,500,000.

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

	Principal	Interest	Total
Year Ending September 30, 2014	$ 1,500,000	$ 30,000	$ 1,530,000
Total Utility System Revenue Refunding and Improvement Bonds, Series 2003	$ 1,500,000	$ 30,000	$ 1,530,000

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, 2013 is $1,530,000. Total principal and interest paid for the current year and total water and sewer net revenues were $2,745,066 and $9,882,442, respectively.

Interest Expense

Total interest costs incurred and paid on all Wellington debt for the year ended September 30, 2013 totaled $330,673 and $383,661, 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, 2013 is as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
Planning, Zoning and Building	General	$ 29,487
Acme Improvement	General	46,872
Gas Tax Maintenance (Nonmajor Fund)	General	32,552
Utility System	General	427,086
Solid Waste	General	3,789

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.

Interfund Transfers and Indirect Cost Allocation

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, 2013 were as follows:

	Transfers In	Transfers Out
General	$ 4,567,003	$ 4,790,926
Planning, Zoning and Building	1,570,000	2,066,699
Acme Improvement	-	1,816,875
Gas Tax Capital	600,000	56,926
Capital Projects	2,979,250	563,000
Nonmajor governmental funds	2,176,782	1,416,031
Utility System	291,198	1,137,957
Solid Waste	-	335,819
Total	$ 12,184,233	$ 12,184,233

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. ENCUMBRANCES

Purchase orders are issued throughout the year to encumber budgets in the governmental funds. Encumbrances as of September 30, 2013 are as follows:

Major funds:	
General Fund	$ 166,971
Planning, Zoning and Building	36,097
Acme Improvement	25,611
Gas Tax Capital	91,335
Capital Projects	653,333
Total Major Funds	973,347
Non-Major Governmental Funds	27,637
Total Encumbrances	$ 1,000,984

NOTE 9. 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 5.18% for the period October 1, 2012 through June 30, 2013 and 5.72% for the period July 1, 2013 through September 30, 2013 for the Regular Class members. Contributions to FRS for the years ended September 30, 2013, 2012, and 2011 were $998,176, $775,443 and $1,364,766, respectively, equal to 100% of the required contributions for each year.

NOTE 10. 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. Surplus funds of $321,000 from the termination of the CIGNA plan will be used to absorb the increased health care costs and maintain 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. During the 2013 fiscal year Wellington utilized $110,000 of these surplus funds to offset rising healthcare costs.

NOTE 11. 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; coverage may not extend to all situations. 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 12. 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.

NOTE 13. 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. This agreement was amended during 2012. According to the agreement, Welllington will pay SunGard Puclic Sector, Inc. $158,000 annually through 2014. For the year ended September 30, 2013, amounts were remitted pursuant to this agreement and the total amount of the contract remaining is $158,000.

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 1st 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, 2013.

Solid Waste Collection and Recycling

During the year ended September 30, 2008, the contract for waste and recycling collection services was awarded to Waste Management. 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 paid pursuant to this agreement in fiscal year 2013 total $3,093,769. According to the agreement, future year payments to Waste Management, Inc. will be adjusted by a yearly CPI index.

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 was 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, 2013, cumulative expenditures total $2.4 million. This project was completed in October 2013.

NOTE 14. 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, 2013.

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 ($33,000), 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, 2013 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
9/30/2011	(1,000)	n/a	765,000
9/30/2012	(29,000)	n/a	826,000
9/30/2013	(33,000)	n/a	891,000

Annual required contribution	$ (60,000)
Interest on OPEB obligation	(58,000)
Adjustment to annual required contribution	85,000
Annual OPEB cost	(33,000)
Employer Contributions	(32,000)
Change in net OPEB asset	(65,000)
Net OPEB liability (asset), beginning of year	(826,000)
Net OPEB liability (asset), end of year	$ (891,000)

The annual required contributions for 2013 and 2012 were $(60,000) and $(53,000), respectively, of which Wellington made contributions of $0 each year.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) / (2)	(4) 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.

NOTE 15. SUBSEQUENT EVENT

In December 2013 Wellington purchased the Lake Wellington Professional Centre located on Forest Hill Boulevard for $5 million. As part of the sales agreement the seller made a $1 million donation to the Village in December that was deposited into the General Fund. This purchase was funded with available funds in the General Fund ($3.5 million) and in the Capital Projects Fund ($1.5 million).

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules:

General Fund

Special Revenue Funds:

Planning, Zoning and Building

Acme Improvement

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2013

	Original Adopted Budget	Prior Year Carryforward and Transfers	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:					
Ad valorem taxes	$ 12,729,156	$ -	$ 12,729,156	$ 12,816,288	$ 87,132
Franchise fees and taxes	3,000,000	-	3,000,000	3,205,140	205,140
Utility and other taxes	6,200,000	-	6,200,000	6,804,277	604,277
Licenses and permits	316,500	-	316,500	760,223	443,723
Intergovernmental	4,546,547	-	4,546,547	5,288,714	742,167
Charges for services	1,505,700	-	1,505,700	1,770,249	264,549
Fines and forfeitures	80,000	-	80,000	273,572	193,572
Investment income (net)	180,000	-	180,000	89,576	(90,424)
Miscellaneous	161,088	2,500,000	2,661,088	1,321,002	(1,340,086)
Total revenues	28,718,991	2,500,000	31,218,991	32,329,041	1,110,050

(Continued)

See notes to required supplementary information

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE (Continued)

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2013

	Original Adopted Budget	Prior Year Carryforward and Transfers	Legally Adopted Budget Amendments	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures:						
General government:						
Village council	$ 267,247	$ 37,500	$ -	$ 304,747	$ 314,307	$ (9,560)
Village clerk	838,148	(14,000)	-	824,148	787,214	36,934
Village manager	1,292,015	72,000	-	1,364,015	1,335,841	28,174
Customer service	381,480	60,000	-	441,480	435,491	5,989
Financial services	2,103,223	(51,045)	70,000	2,122,178	2,009,536	112,642
Strategic planning	247,910	61,000	-	308,910	330,994	(22,084)
Human resources	363,483	50,000	-	413,483	392,928	20,555
Risk management	996,985	(20,000)	-	976,985	677,897	299,088
Legal	400,000	3,626	400,000	803,626	768,993	34,633
Technology services	2,042,121	169,696	-	2,211,817	2,002,335	209,482
Construction and engineering	293,622	-	-	293,622	268,216	25,406
Other	986,640	(143,941)	-	842,699	547,005	295,694
Total general government	10,212,874	224,836	470,000	10,907,710	9,870,757	1,036,953
Public safety:						
Law enforcement	7,702,431	-	-	7,702,431	7,677,404	25,027
Emergency management	28,700	78,775	-	107,475	188,166	(80,691)
Safe neighborhoods code	-	-	-	-	293	(293)
Total public safety	7,731,131	78,775	-	7,809,906	7,865,863	(55,957)
Physical environment:						
Public works	3,976,986	3,545	-	3,980,531	3,805,011	175,520
Nuisance abatement	164,739	-	-	164,739	146,397	18,342
Aquatics and sports fields	2,499,562	-	-	2,499,562	2,349,777	149,785
Total physical environment	6,641,287	3,545	-	6,644,832	6,301,185	343,647
Economic environment:						
Community services	614,240	469,792	-	1,084,032	683,197	400,835
Community development block grant	-	30,570	-	30,570	15,407	15,163
Total economic environment	614,240	500,362	-	1,114,602	698,604	415,998
Culture and recreation:						
Parks and recreation administration	464,666	-	-	464,666	458,888	5,778
Recreation programs	378,098	-	-	378,098	362,269	15,829
Athletic programs	1,349,872	(60,672)	-	1,289,200	1,272,426	16,774
Tennis program	91,900	-	-	91,900	110,000	(18,100)
Aquatics	674,682	(52,392)	-	622,290	668,513	(46,223)
Cultural and recreational facilities	394,401	3,380	-	397,781	387,540	10,241
Senior resource and advocacy	86,150	-	-	86,150	59,585	26,565
Total culture and recreation	3,439,769	(109,684)	-	3,330,085	3,319,221	10,864
Capital outlay	181,260	52,975	-	234,235	268,673	(34,438)
Total expenditures	28,820,561	750,809	470,000	30,041,370	28,324,303	1,717,067
Excess (deficiency) of revenues over expenditures	(101,570)	1,749,191	(470,000)	1,177,621	4,004,738	2,827,117
Other financing sources (uses):						
Transfers in	4,779,975	-	-	4,779,975	4,567,003	(212,972)
Transfers out	(4,499,728)	-	-	(4,499,728)	(4,790,926)	(291,198)
Total other financing sources (uses)	280,247	-	-	280,247	(223,923)	(504,170)
Net change in fund balances	178,677	1,749,191	(470,000)	1,457,868	3,780,815	2,322,947
Fund balances, beginning of year	27,911,999	-	-	27,911,999	27,911,999	-
Fund balances, end of year	$ 28,090,676	$ 1,749,191	$ (470,000)	$ 29,369,867	$ 31,692,814	$ 2,322,947

See notes to required supplementary information

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

PLANNING, ZONING AND BUILDING - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2013

	Original Adopted Budget	Prior Year Carryforward and Transfers	Legally Adopted Budget Amendments	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:						
Licenses and permits	$ 2,445,124	$ -	$ -	$ 2,445,124	$ 3,846,454	$ 1,401,330
Fines and forfeitures	382,000	-	-	382,000	386,009	4,009
Investment income (net)	50,000	-	-	50,000	22,517	(27,483)
Miscellaneous	40,000	-	-	40,000	90,965	50,965
Total revenues	2,917,124	-	-	2,917,124	4,345,945	1,428,821
Expenditures:						
Current:						
General government:						
Planning & zoning	907,009	28,992	-	936,001	988,893	(52,892)
Public safety:						
Code compliance	1,066,734	(28,992)	-	1,037,742	1,046,125	(8,383)
Building	1,673,993	35,317	441,000	2,150,310	1,854,286	296,024
Total public safety	2,740,727	6,325	441,000	3,188,052	2,900,411	287,641
Capital outlay	-	-	20,000	20,000	1,493	18,507
Total expenditures	3,647,736	35,317	461,000	4,144,053	3,890,797	253,256
Excess (deficiency) of revenues over expenditures	(730,612)	(35,317)	(461,000)	(1,226,929)	455,148	1,682,077
Other financing sources (uses):						
Transfers in	1,570,000	-	-	1,570,000	1,570,000	-
Transfers out	(1,415,800)	-	-	(1,415,800)	(2,066,699)	(650,899)
Total other financing sources (uses)	154,200	-	-	154,200	(496,699)	(650,899)
Net change in fund balances	(576,412)	(35,317)	(461,000)	(1,072,729)	(41,551)	1,031,178
Fund balances, beginning of year	9,245,253	-	-	9,245,253	9,245,253	-
Fund balances, end of year	$ 8,668,841	$ (35,317)	$ (461,000)	$ 8,172,524	$ 9,203,702	$ 1,031,178

See notes to required supplementary information

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

ACME IMPROVEMENT - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2013

	Original Adopted Budget	Prior Year Carryforward and Transfers	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:					
Special assessments	$ 4,893,450	$ -	$ 4,893,450	$ 5,009,053	$ 115,603
Charges for services	357,500	-	357,500	355,313	(2,187)
Investment income (net)	25,000	-	25,000	19,678	(5,322)
Miscellaneous	70,000	-	70,000	95,426	25,426
Total revenues	5,345,950	-	5,345,950	5,479,470	133,520
Expenditures:					
Current:					
Physical environment:					
Environmental services	642,113	(10,000)	632,113	597,869	34,244
Neighborhood parks	323,771	10,000	333,771	329,896	3,875
Surface water management	2,374,186	(1,977)	2,372,209	2,359,136	13,073
Total physical environment	3,340,070	(1,977)	3,338,093	3,286,901	51,192
Capital outlay	75,250	36,560	111,810	117,713	(5,903)
Total expenditures	3,415,320	34,583	3,449,903	3,404,614	45,289
Excess (deficiency) of revenues over expenditures	1,930,630	(34,583)	1,896,047	2,074,856	178,809
Other financing uses:					
Transfers out	(1,913,500)	-	(1,913,500)	(1,816,875)	96,625
Total other financing uses	(1,913,500)	-	(1,913,500)	(1,816,875)	96,625
Net change in fund balances	17,130	(34,583)	(17,453)	257,981	275,434
Fund balances, beginning of year	2,954,334	-	2,954,334	2,954,334	-
Fund balances, end of year	$ 2,971,464	$ (34,583)	$ 2,936,881	$ 3,212,315	$ 275,434

See notes to required supplementary information

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, 2013, several supplementary appropriations were necessary. The supplementary appropriations and use of reserves increased the general fund budget by $1.2 million and the major special revenue funds budgets by $530,900. 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
EMPLOYMENT RETIREMENT PLAN
SEPTEMBER 30, 2013

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, 2013

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

Percentage of lane miles in good or better condition

Overall System:

2011	100%
2012	100%
2013	100%

Percentage of lane miles in substandard condition

Overall System:

2011	0%
2012	0%
2013	0%

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION

	Needed	Actual	Difference
Overall System:			
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	3,558,491	3,279,772	(278,719)
2013	3,484,657	3,234,855	(249,802)
Total	$ 13,668,241	$ 11,715,359	$ (1,952,882)

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.

OTHER SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

CAPITAL PROJECTS FUNDS

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

Recreation Impact Fees Fund – Accounts for impact fee revenues and expenditures for recreation construction projects.

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

DEBT SERVICE FUND

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

VILLAGE OF WELLINGTON, FLORIDA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	Special Revenue Funds		Capital Project Funds			
	Gas Tax Maintenance	Wellington Community Foundation	Recreation Impact Fees	Road Impact Fees	Debt Service Fund	Total Nonmajor Funds
ASSETS						
Cash and cash equivalents	$ 517,921	$ 51,416	$ 662,606	$ 1,245,254	$ 34,309	$ 2,511,506
Investments	622,475	-	796,368	1,496,639	41,235	2,956,717
Accrued interest receivable	1,615	-	3,170	3,148	-	7,933
Due from other funds	32,552	-	-	-	-	32,552
Due from other governments	83,995	-	600,000	-	-	683,995
Total assets	$ 1,258,558	$ 51,416	$ 2,062,144	$ 2,745,041	$ 75,544	$ 6,192,703
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	$ 37,848	$ -	$ 17,579	$ 7,204	$ -	$ 62,631
Unearned revenue	-	-	-	386,211	-	386,211
Total liabilities	37,848	-	17,579	393,415	-	448,842
Deferred inflows of resources:						
Unavailable revenue	-	-	600,000	-	-	600,000
Fund balances:						
Restricted for:						
Capital projects	-	-	1,444,565	2,351,626	-	3,796,191
Road maintenance	1,216,210	-	-	-	-	1,216,210
Wellington community foundation	-	51,416	-	-	-	51,416
Debt service	-	-	-	-	75,544	75,544
Assigned for:						
Subsequent year operating expenditures	4,500	-	-	-	-	4,500
Total fund balances	1,220,710	51,416	1,444,565	2,351,626	75,544	5,143,861
Total liabilities, deferred inflows of resources and fund balances	$ 1,258,558	$ 51,416	$ 2,062,144	$ 2,745,041	$ 75,544	$ 6,192,703

VILLAGE OF WELLINGTON, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds		Capital Project Funds			
	Gas Tax Maintenance	Wellington Community Foundation	Recreation Impact Fees	Road Impact Fees	Debt Service Fund	Total Nonmajor Funds
Revenues:						
Impact fees	$ -	$ -	$ 365,025	$ 421,328	$ -	$ 786,353
Intergovernmental revenue	1,007,365	-	-	-	-	1,007,365
Investment income (net)	2,701	50	6,490	5,997	-	15,238
Miscellaneous	16,825	1,250	100	365,000	-	383,175
Total revenues	1,026,891	1,300	371,615	792,325	-	2,192,131
Expenditures:						
Current:						
Transportation	1,528,289	-	-	-	-	1,528,289
Culture and recreation	-	75	-	-	-	75
Capital outlay	-	-	2,801,056	948,434	-	3,749,490
Debt service:						
Principal	-	-	-	-	940,000	940,000
Interest and other charges	-	-	-	-	273,595	273,595
Total expenditures	1,528,289	75	2,801,056	948,434	1,213,595	6,491,449
Excess (deficiency) of revenues over expenditures	(501,398)	1,225	(2,429,441)	(156,109)	(1,213,595)	(4,299,318)
Other financing sources (uses):						
Transfers in	400,000	-	563,000	-	1,213,782	2,176,782
Transfers out	(309,653)	(500)	(1,020,669)	(85,209)	-	(1,416,031)
Total other financing sources (uses)	90,347	(500)	(457,669)	(85,209)	1,213,782	760,751
Net change in fund balances	(411,051)	725	(2,887,110)	(241,318)	187	(3,538,567)
Fund balances, beginning of year	1,631,761	50,691	4,331,675	2,592,944	75,357	8,682,428
Fund balances, end of year	$ 1,220,710	$ 51,416	$ 1,444,565	$ 2,351,626	$ 75,544	$ 5,143,861

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	$ 1,000,000	$ 1,000,000	$ 1,007,365	$ 7,365
Investment income (net)	15,625	15,625	2,701	(12,924)
Miscellaneous	-	-	16,825	16,825
Total revenues	1,015,625	1,015,625	1,026,891	11,266
Expenditures:				
Current:				
Transportation	1,655,264	1,659,544	1,528,289	131,255
Capital outlay	-	-	-	-
Total expenditures	1,655,264	1,659,544	1,528,289	131,255
Excess (deficiency) of revenues over expenditures	(639,639)	(643,919)	(501,398)	142,521
Other financing sources (uses):				
Transfers in	400,000	400,000	400,000	-
Transfers out	(428,200)	(428,200)	(309,653)	118,547
Total other financing sources	(28,200)	(28,200)	90,347	118,547
Net change in fund balances	(667,839)	(672,119)	(411,051)	261,068
Fund balances, beginning of year	1,631,761	1,631,761	1,631,761	-
Fund balances, end of year	$ 963,922	$ 959,642	$ 1,220,710	$ 261,068

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Impact fees	$ 541,650	$ 541,650	$ 365,025	$ (176,625)
Intergovernmental revenue	-	600,000	-	(600,000)
Investment income (net)	62,500	62,500	6,490	(56,010)
Miscellaneous	-	-	100	100
Total revenues	604,150	1,204,150	371,615	(832,535)
Expenditures:				
Capital outlay	-	4,482,040	2,801,056	1,680,984
Excess (deficiency) of revenues over expenditures	604,150	(3,277,890)	(2,429,441)	848,449
Other financing sources (uses):				
Transfers in	-	563,000	563,000	-
Transfers out	(1,020,669)	(1,020,669)	(1,020,669)	-
Total other financing (uses)	(1,020,669)	(457,669)	(457,669)	-
Net change in fund balances	(416,519)	(3,735,559)	(2,887,110)	848,449
Fund balances, beginning of year	4,331,675	4,331,675	4,331,675	-
Fund balances, end of year	$ 3,915,156	$ 596,116	$ 1,444,565	$ 848,449

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Impact fees	$ 189,000	$ 189,000	$ 421,328	$ 232,328
Investment income (net)	31,250	31,250	5,997	(25,253)
Miscellaneous	-	-	365,000	365,000
Total revenues	220,250	220,250	792,325	572,075
Expenditures:				
Capital outlay	145,000	2,247,292	948,434	1,298,858
Excess (deficiency) of revenues over expenditures	75,250	(2,027,042)	(156,109)	1,870,933
Other financing uses:				
Transfers out	(85,209)	(85,209)	(85,209)	-
Total other financing uses	(85,209)	(85,209)	(85,209)	-
Net change in fund balances	(9,959)	(2,112,251)	(241,318)	1,870,933
Fund balances, beginning of year	2,592,944	2,592,944	2,592,944	-
Fund balances, end of year	$ 2,582,985	$ 480,693	$ 2,351,626	$ 1,870,933

VILLAGE OF WELLINGTON, FLORIDA

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

DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	$ -	$ -	$ -	$ -
Expenditures:				
Debt service:				
Principal	940,000	940,000	940,000	-
Interest and other fiscal charges	273,782	273,782	273,595	187
Total expenditures	1,213,782	1,213,782	1,213,595	187
Excess (deficiency) of revenues over expenditures	(1,213,782)	(1,213,782)	(1,213,595)	187
Other financing sources:				
Transfers in	1,213,782	1,213,782	1,213,782	-
Total other financing sources	1,213,782	1,213,782	1,213,782	-
Net change in fund balances	-	-	187	187
Fund balances, beginning of year	75,357	75,357	75,357	-
Fund balances, end of year	$ 75,357	$ 75,357	$ 75,544	$ 187

MAJOR CAPITAL PROJECTS FUNDS

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

Capital Projects Fund – Accounts for general government capital expenditures.

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

GAS TAX CAPITAL - CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2013

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	$ 725,000	$ 725,000	$ 810,052	$ 85,052
Investment income (net)	30,000	30,000	8,844	(21,156)
Miscellaneous	-	722,000	109,262	(612,738)
Total revenues	755,000	1,477,000	928,158	(548,842)
Expenditures:				
Capital outlay	1,603,000	5,767,600	2,787,181	$ 2,980,419
Excess (deficiency) of revenues over expenditures	(848,000)	(4,290,600)	(1,859,023)	2,431,577
Other financing sources (uses):				
Transfers in	600,000	600,000	600,000	-
Transfers out	(56,926)	(56,926)	(56,926)	-
Total other financing sources (uses)	543,074	543,074	543,074	-
Net change in fund balances	(304,926)	(3,747,526)	(1,315,949)	2,431,577
Fund balances, beginning of year	4,199,386	4,199,386	4,199,386	-
Fund balances, end of year	$ 3,894,460	$ 451,860	$ 2,883,437	$ 2,431,577

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2013

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	$ 115,000	$ 117,307	$ 2,307	$ (115,000)
Investment income (net)	31,250	31,250	14,884	(16,366)
Miscellaneous	-	-	28	28
Total revenues	146,250	148,557	17,219	(131,338)
Expenditures:				
Capital outlay:				
Community services	-	86,935	7,595	79,340
Surface water management	1,100,000	5,064,853	1,270,484	3,794,369
Operations	315,000	1,541,104	447,001	1,094,103
Parks and recreation	1,710,000	4,784,362	3,305,425	1,478,937
Total expenditures	3,125,000	11,477,254	5,030,505	6,446,749
Excess (deficiency) of revenues over expenditures	(2,978,750)	(11,328,697)	(5,013,286)	6,315,411
Other financing sources (uses):				
Transfers in	2,978,750	2,978,750	2,979,250	500
Transfers out	-	(563,000)	(563,000)	-
Net loss on sale or disposition of assets	-	-	(485,058)	(485,058)
Total other financing sources (uses)	2,978,750	2,415,750	1,931,192	(484,558)
Net change in fund balances	-	(8,912,947)	(3,082,094)	5,830,853
Fund balances, beginning of year	9,954,238	9,954,238	9,954,238	-
Fund balances, end of year	$ 9,954,238	$ 1,041,291	$ 6,872,144	$ 5,830,853

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.

Contents **Page**

Financial Trends

These schedules contain trend information to help the reader understand how Wellington's financial performance and well-being have changed over time. These schedules include:

Net Position by Component	**78**
Changes in Net Position	**80**
Fund Balances of Governmental Funds	**84**
Changes in Fund Balances of Governmental Funds	**86**

Revenue Capacity

These schedules contain information to help the reader assess the most significant local revenue source, the property tax.

Net Assessed Value and Estimated Actual Value of Taxable Property	**88**
Property Tax Rates - Direct and Overlapping Governments	**89**
Principal Property Taxpayers	**90**
Property Tax Levies and Collections	**91**

Debt Capacity

These schedules present information to help the reader assess the affordability of the current levels of outstanding debt and the ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	**92**
Direct and Overlapping Governmental Activities Debt	**93**
Pledged Revenue Coverage	**94**
Debt Compliance	**95**

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the financial activities take place.

Demographic and Economic Statistics	**96**
Principal Employers	**97**

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services Wellington provides and the activities it performs.

Full-Time Equivalent Village Government Employees by Function	**98**
Operating Indicators by Function/Program	**99**
Capital Asset Statistics by Function/Program	**100**

Source: Unless other wise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year

VILLAGE OF WELLINGTON, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	$ 82,441,223	$ 87,127,009	$ 93,261,010	$ 102,900,650
Restricted	28,588,134	31,215,236	35,387,426	31,349,198
Unrestricted	17,165,777	20,093,412	19,920,739	33,216,768
Total governmental activities net position	128,195,134	138,435,657	148,569,175	167,466,616
Business-type activities:				
Net investment in capital assets	63,977,950	67,896,249	72,761,237	80,708,481
Restricted	35,173,687	48,595,838	30,963,300	33,665,075
Unrestricted	22,308,368	9,074,416	34,588,893	29,172,362
Total business-type activities net position	121,460,005	125,566,503	138,313,430	143,545,918
Total government:				
Net investment in capital assets	146,419,173	155,023,258	166,022,247	183,609,131
Restricted	63,761,821	79,811,074	66,350,726	65,014,273
Unrestricted	39,474,145	29,167,828	54,509,632	62,389,130
Total government net position	$ 249,655,139	$ 264,002,160	$ 286,882,605	$ 311,012,534

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 105,313,318	$ 114,279,239	$ 140,245,218	$ 148,993,447	$ 156,259,669	$ 157,294,472
50,931,320	50,325,250	43,881,398	35,101,628	15,688,323	13,054,226
25,448,440	32,332,563	29,210,936	34,009,368	46,488,944	45,664,992
181,693,078	196,937,052	213,337,552	218,104,443	218,436,936	216,013,690
96,014,639	99,398,303	108,139,572	119,615,685	121,309,078	119,051,675
8,742,086	21,642,000	16,090,694	11,959,724	14,600,130	19,715,884
39,994,834	20,153,787	21,338,373	16,818,277	18,068,745	20,957,498
144,751,559	141,194,090	145,568,639	148,393,686	153,977,953	159,725,057
201,327,957	213,677,542	248,384,790	268,609,132	277,568,747	276,346,147
59,673,406	71,967,250	59,972,092	47,061,352	30,288,453	32,770,110
65,443,274	52,486,350	50,549,309	50,827,645	64,557,689	66,622,490
$ 326,444,637	$ 338,131,142	$ 358,906,191	$ 366,498,129	$ 372,414,889	$ 375,738,747

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 9,819,425	$ 9,203,136	$ 10,291,524	$ 10,834,479	$ 10,721,542	$ 10,855,805
6,457,703	6,986,980	7,386,470	7,461,621	7,839,229	10,795,719
3,883,055	3,505,764	2,561,247	3,043,497	3,182,725	1,115,287
6,175,334	7,901,374	8,504,675	7,772,874	7,833,701	7,412,473
-	-	-	-	-	1,249,167
2,377,394	3,023,475	4,323,388	6,418,491	6,679,956	7,895,591
2,813,499	2,629,113	2,333,704	1,815,080	3,052,299	3,621,583
9,425,290	8,421,140	5,107,602	5,722,589	5,440,873	6,211,642
936,748	882,802	822,027	762,276	404,574	270,673
41,888,448	42,553,784	41,330,637	43,830,907	45,154,899	49,427,940
(5,453,586)	(3,643,904)	(1,831,073)	(1,938,467)	(1,616,157)	(1,182,578)
36,434,862	38,909,880	39,499,564	41,892,440	43,538,742	48,245,362
12,089,449	16,051,971	12,915,882	13,288,369	13,599,774	14,332,462
2,228,903	5,837,492	3,129,986	3,175,847	3,287,632	3,334,847
14,318,352	21,889,463	16,045,868	16,464,216	16,887,406	17,667,309
5,453,586	3,643,904	1,831,073	1,938,467	1,616,157	1,182,578
19,771,938	25,533,367	17,876,941	18,402,683	18,503,563	18,849,887
$ 56,206,800	$ 64,443,247	$ 57,376,505	$ 60,295,123	$ 62,042,305	$ 67,095,249
$ -	$ -	$ -	$ -	$ -	$ 204,281
308,626	391,333	380,068	388,311	357,628	3,030,725
3,262,929	3,090,636	3,439,374	4,098,700	4,941,844	1,689,196
289,984	82,541	-	14,031	5,664	436,166
3,865,813	3,831,805	4,536,675	5,154,746	5,597,298	5,364,366
334,597	102,042	118,893	409,993	374,677	421,328
2,256,172	1,732,729	1,710,091	2,208,716	1,999,818	2,041,164
2,057,158	2,696,528	1,559,255	1,527,840	1,496,711	1,546,079
2,590,188	6,344,784	12,217,514	3,897,603	33,692	1,432,186
14,965,467	18,272,398	23,961,870	17,699,940	14,807,332	16,165,491
13,129,276	14,502,578	15,094,014	16,649,755	17,723,213	17,831,536
3,018,730	3,690,053	3,689,852	3,686,592	3,747,741	3,803,172
1,522,575	-	1,503,794	166,415	105,973	66,333
1,068,875	2,093,940	1,347,655	350,943	2,353,122	2,758,152
18,739,456	20,286,571	21,635,315	20,853,705	23,930,049	24,459,193
$ 33,704,923	$ 38,558,969	$ 45,597,185	$ 38,553,645	$ 38,737,381	$ 40,624,684

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ (21,469,395)	$ (20,637,482)	$ (15,537,694)	$ (24,192,500)	$ (28,731,410)	$ (32,079,871)
(1,032,482)	(5,246,796)	3,758,374	2,451,022	5,426,486	5,609,306
$ (22,501,877)	$ (25,884,278)	$ (11,779,320)	$ (21,741,478)	$ (23,304,924)	$ (26,470,565)
$ 17,412,203	$ 16,049,186	$ 14,459,669	$ 12,876,240	$ 13,340,895	$ 12,816,288
3,492,742	3,594,701	3,298,051	3,266,018	3,157,328	3,205,140
6,184,787	6,634,632	6,771,127	6,656,092	6,635,232	6,804,277
3,837,153	3,382,611	3,400,224	3,538,673	3,705,576	3,927,338
1,231,994	1,288,129	1,336,641	1,194,213	1,151,415	1,302,835
2,910,930	3,401,293	1,335,770	834,816	523,538	170,738
-	-	482,601	29,138	9,250	-
626,048	534,529	854,111	564,201	540,669	1,460,976
-	-	-	-	-	-
35,695,857	34,885,081	31,938,194	28,959,391	29,063,903	29,687,592
2,238,123	1,689,327	616,175	365,721	144,603	83,528
-	-	-	8,304	10,692	-
-	-	-	-	2,486	97,887
-	-	-	-	-	-
2,238,123	1,689,327	616,175	374,025	157,781	181,415
$ 37,933,980	$ 36,574,408	$ 32,554,369	$ 29,333,416	$ 29,221,684	$ 29,869,007
$ 14,226,462	$ 14,247,599	$ 16,400,500	$ 4,766,891	$ 332,493	$ (2,392,279)
1,205,641	(3,557,469)	4,374,549	2,825,047	5,584,267	5,790,721
$ 15,432,103	$ 10,690,130	$ 20,775,049	$ 7,591,938	$ 5,916,760	$ 3,398,442

VILLAGE OF WELLINGTON, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2004	2005	2006	2007
General fund:				
Reserved	$ 5,721,818	$ 4,701,922	$ 4,422,049	$ 5,222,484
Unreserved	12,216,791	12,831,399	13,010,430	24,344,604
Nonspendable:				
Inventory	-	-	-	-
Prepaid expenditures	-	-	-	-
Long-term advance	-	-	-	-
Restricted for:				
Contracts	-	-	-	-
Committed for:				
Debt service	-	-	-	-
Rate stabilization	-	-	-	-
Insurance	-	-	-	-
Disaster recovery	-	-	-	-
Subsequent year capital expenditures	-	-	-	-
Subsequent year operating expenditures	-	-	-	-
Assigned for:				
Contracts	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total general fund	17,938,609	17,533,321	17,432,479	29,567,088
All other governmental funds:				
Reserved	23,384,127	26,593,673	36,074,651	31,256,900
Unreserved, reported in:				
Special revenue funds	5,170,854	7,992,828	2,862,045	4,320,374
Nonspendable:				
Prepaid expenditures	-	-	-	-
Assets held for resale	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Building	-	-	-	-
Road maintenance	-	-	-	-
Wellington community foundation	-	-	-	-
Debt service	-	-	-	-
Assigned for:				
Surface water management	-	-	-	-
Planning and zoning	-	-	-	-
Contracts	-	-	-	-
Capital projects	-	-	-	-
Subsequent year operating expenditures	-	-	-	-
Total all other governmental funds	28,554,981	34,586,501	38,936,696	35,577,274
Total governmental funds	$ 46,493,590	$ 52,119,822	$ 56,369,175	$ 65,144,362

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 918,193	$ 646,625	$ 720,464	$ -	$ -	$ -
21,717,188	23,577,651	23,759,589	-	-	-
-	-	-	186,739	255,960	13,880
-	-	-	12,088	12,943	268,948
-	-	-	167,969	-	-
-	-	-	1,201,681	-	-
-	-	-	2,268,107	-	-
-	-	-	3,000,000	2,785,000	2,385,000
-	-	-	540,000	540,000	540,000
-	-	-	3,000,000	2,483,625	2,483,625
-	-	-	5,200,000	5,200,000	9,200,000
-	-	-	643,000	-	-
-	-	-	-	657,660	455,320
-	-	-	24,824	14,375	38,353
-	-	-	14,135,136	15,962,436	16,307,688
22,635,381	24,224,276	24,480,053	30,379,544	27,911,999	31,692,814
49,680,929	49,378,996	42,645,511	-	-	-
4,737,308	9,574,791	6,622,626	-	-	-
-	-	-	158,321	2,847	8,231
-	-	-	-	708,146	225,236
-	-	-	20,272,900	10,392,601	6,588,293
-	-	-	2,431,454	4,246,883	5,064,384
-	-	-	1,647,113	963,922	1,216,210
-	-	-	766	50,691	51,416
-	-	-	-	75,357	75,544
-	-	-	1,844,878	2,951,487	3,183,185
-	-	-	4,905,650	4,403,958	4,098,509
-	-	-	-	-	133,946
-	-	-	-	9,246,092	6,666,005
-	-	-	8,457,230	1,975,655	4,500
54,418,237	58,953,787	49,268,137	39,718,312	35,017,639	27,315,459
$ 77,053,618	$ 83,178,063	$ 73,748,190	$ 70,097,856	$ 62,929,638	$ 59,008,273

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Ad valorem taxes	$ 9,276,804	$ 11,305,840	$ 14,618,529	$ 18,591,345
Franchise fees and taxes	2,379,764	2,744,351	3,430,912	3,512,575
Utility and other taxes	4,863,526	5,493,443	6,044,216	6,130,417
Special assessments	2,824,179	2,827,653	2,847,120	2,862,096
Impact fees	3,631,777	5,190,651	2,334,864	1,280,370
Licenses and permits	5,600,787	6,608,264	5,262,986	4,132,615
Intergovernmental revenue	5,922,997	6,770,194	8,290,170	14,832,375
Charges for services	2,285,833	2,199,144	2,069,176	2,223,313
Fines and forfeitures	275,880	403,526	258,301	747,439
Investment income	562,948	1,054,410	2,494,561	3,644,017
Miscellaneous	782,116	1,680,232	2,948,972	626,192
Total revenues	38,406,611	46,277,708	50,599,807	58,582,754
Expenditures:				
Current:				
General government	6,765,480	7,733,680	8,588,524	9,928,265
Public safety	4,634,172	5,031,954	5,099,928	5,719,752
Physical environment	7,716,972	9,076,637	10,493,497	10,437,973
Economic environment	-	-	-	-
Transportation	1,510,342	1,614,248	1,678,057	1,392,802
Culture and recreation	4,426,043	6,044,649	7,012,595	7,334,738
Capital outlay	11,756,471	9,337,123	13,630,058	15,073,268
Debt service:				
Principal retirement	985,000	1,110,000	1,115,000	1,170,000
Interest and other fiscal charges	1,222,401	1,125,985	1,041,979	987,385
Total expenditures	39,016,881	41,074,276	48,659,638	52,044,183
Excess (deficiency) of revenues over expenditures	(610,270)	5,203,432	1,940,169	6,538,571
Other financing sources (uses):				
Transfers in	22,539,411	26,800,713	23,552,453	28,615,829
Transfers out	(22,016,050)	(26,746,301)	(21,302,453)	(26,392,561)
Bond proceeds	-	9,995,000	-	-
Payment to refunded bond escrow agent	-	(9,931,197)	-	-
Sale of capital assets	895,709	304,585	59,184	13,348
Contribution of properties	-	-	-	-
Total other financing sources (uses)	1,419,070	422,800	2,309,184	2,236,616
Net change in fund balances	$ 808,800	$ 5,626,232	$ 4,249,353	$ 8,775,187
Debt service as a percentage of non-capital expenditures	7.73%	6.76%	5.89%	5.71%

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 17,412,203	$ 16,049,186	$ 14,459,669	$ 12,876,240	$ 13,340,895	$ 12,816,288
3,492,742	3,594,701	3,298,051	3,266,018	3,157,328	3,205,140
6,184,787	6,634,632	6,771,127	6,656,092	6,635,232	6,804,277
3,572,397	3,549,190	4,193,890	4,787,957	5,242,755	5,009,053
676,741	356,648	479,118	1,057,618	841,752	786,353
3,276,635	2,963,269	3,314,643	3,698,233	4,688,586	4,606,677
9,716,493	13,507,676	18,247,748	9,529,672	6,331,199	7,108,438
2,145,313	1,766,751	1,710,416	1,942,911	1,957,485	2,125,562
613,082	540,967	447,439	726,229	546,350	659,581
2,910,930	3,401,293	1,335,770	834,816	523,538	170,737
660,002	793,166	1,159,591	684,172	545,365	1,999,858
50,661,325	53,157,479	55,417,462	46,059,958	43,810,485	45,291,964
9,228,588	8,776,393	9,931,835	9,778,406	10,013,562	10,859,650
6,457,703	6,986,980	7,386,470	7,461,621	7,812,972	10,766,274
10,379,479	11,443,114	12,172,833	12,919,949	12,762,389	9,588,086
-	-	-	-	-	698,604
1,453,173	1,526,599	1,399,144	1,511,575	1,529,301	1,528,289
7,035,024	6,016,607	2,872,983	3,041,699	3,137,982	3,319,296
7,500,174	13,773,712	31,637,022	15,386,283	7,620,150	11,955,055
1,215,000	1,270,000	1,325,000	1,385,000	4,900,000	940,000
936,915	883,533	824,483	765,102	579,153	273,595
44,206,056	50,676,938	67,549,770	52,249,635	48,355,509	49,928,849
6,455,269	2,480,541	(12,132,308)	(6,189,677)	(4,545,024)	(4,636,885)
64,196,121	29,451,290	20,093,367	17,979,048	15,075,310	11,893,035
(58,742,535)	(25,807,386)	(18,262,294)	(16,040,581)	(13,459,153)	(10,710,457)
-	-	-	-	-	-
-	-	-	-	(4,383,407)	-
400	-	871,362	30,635	162,056	(485,058)
-	-	-	570,241	-	-
5,453,986	3,643,904	2,702,435	2,539,343	(2,605,194)	697,520
$ 11,909,255	$ 6,124,445	$ (9,429,873)	$ (3,650,334)	$ (7,150,218)	$ (3,939,365)
5.74%	5.75%	5.94%	5.82%	13.08%	2.96%

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			
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
2013	4,217,895,919	488,694,893	97,198,984	399,055,830	197,097,940	5,399,943,566	2.47

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

			Overlapping Rates (1)							
Fiscal Year	Tax Roll Year	Village General Operations	Palm Beach County School Board	Palm Beach County	Palm Beach County Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Florida Inland Navigation District	Total Direct and Overlapping Rates
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
2013	2012	2.47	7.59	8.44	1.08	0.61	0.41	0.70	0.03	21.33

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

Note: 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).

VILLAGE OF WELLINGTON, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	2013			2004		
Taxpayer	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	$ 129,142,205	1	2.39%	$ 129,001,850	1	2.95%
Florida Power & Light Corp	83,661,340	2	1.55%			
City National Bank of Florida TR	45,854,112	3	0.85%			
Polo Lakes Apartments LLC	44,855,524	4	0.83%	$ 39,489,312	4	0.90%
Universal Health Realty Income	39,144,523	5	0.72%			
Autc Polo Chase Florida LLC	30,716,641	6	0.57%			
Aerc Wellington, LLC.	28,638,360	7	0.53%			
Centre at Wellington Green	23,770,338	8	0.44%	23,022,435	7	0.53%
Shoppes at Isla Verde Ltd.	24,000,000	9	0.44%			
Far niente Stables VI, Inc	24,546,708	10	0.45%			
Minto Communities				93,619,388	2	2.14%
Kpers Realty Holdings #42 Inc				43,803,457	3	1.00%
Transeastern Versailles LLC				29,734,365	5	0.68%
Wellington Development LC				23,000,000	6	0.53%
IMT LB South Florida				19,142,307	8	0.44%
Palm Beach Polo Inc.				16,414,712	9	0.38%
Palm Beach Polo Holdings, Inc.				17,930,370	10	0.41%
	$ 474,329,751		8.77%	$ 435,158,196		9.96%

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
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%	8,331	11,314,171	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%	107,068	18,698,413	97.10%
2008	18,270,635	17,412,203	95.30%	239,555	17,651,758	96.61%
2009	16,864,233	16,049,186	95.17%	261,095	16,310,281	96.72%
2010	15,195,405	14,361,389	94.51%	481,804	14,843,193	97.68%
2011	13,492,233	12,414,291	92.01%	513,736	12,928,027	95.82%
2012	13,435,067	12,393,022	92.24%	22,165	12,415,187	92.41%
2013	13,399,112	11,868,415	88.58%	-	11,868,415	88.58%

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)
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	7,050,614	4,000,191	11,050,805	n/a	200
2013	6,400,000	1,500,000	7,900,000	n/a	136

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, 2013

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	$ 187,210,000	4.308%	$ 8,065,007
Palm Beach County School Board	26,370,000	4.308%	1,136,020
Other debt:			
Palm Beach County	745,634,291	4.308%	32,121,925
Palm Beach County School Board	1,877,566,000	4.308%	80,885,543
Subtotal, Overlapping Debt			122,208,495
Village of Wellington Direct Debt			6,400,000
Total Direct and Overlapping Debt			$ 128,608,495

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 Sept. 30	Utility Charges and Other	Less Operating Expenses Excluding Depreciation	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Public Service Taxes (1)	Debt Service Principal	Debt Service Interest	Coverage
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
2013	17,908,365	8,025,923	9,882,442	2,635,000	110,066	3.60	10,009,417	940,000	273,782	8.25

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, 2013

	Policy Limit	Actual
General government debt service as a percentage of non-ad valorem general fund expenditures:		
Debt Limit	20.00%	3.38%
Contribution to CIP from general governmental capital and debt service:	$ 5,188,781	$ 1,482,455
Weighted average maturity of all debt programs:		
Governmental	15 years	6 years
Enterprise	20 years	1 years
General government debt per capita:	$ 850	$ 110
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%	0.17%
General fund reserve as a percentage of future year's operating budget:	25-30%	49%
Revenue bond coverage		
As a percentage of maximum annual debt service	110.00%	654.21%
As a percentage of average annual debt service	125.00%	654.21%

VILLAGE OF WELLINGTON, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

	Village of Wellington		Palm Beach County		
Year	Population	School Enrollment (2)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (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%
2013	58,108	13,222	n/a	n/a	6.7%

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

	2013			2004		
Employer	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 PB Healthcare System, Inc.				4,000	3	0.71%
Boca Raton Resort and Club				2,380	6	0.43%
US Sugar Corp				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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of Employees:										
General government	35.3	44.3	48.3	53.3	50.3	50.3	53.2	63.6	58.0	68.0
Culture and recreation	53.9	59.2	60.4	52.4	45.4	19.4	15.4	16.0	18.0	17.0
Planning and development	41.0	47.8	48.8	51.8	39.0	38.0	40.6	36.6	35.0	43.0
Engineering and public works	69.2	68.5	77.5	88.5	91.8	115.0	102.0	100.0	98.0	98.0
Economic development	-	-	-	-	-	4.0	8.0	5.0	9.0	6.0
Utility system	49.0	45.0	44.0	46.0	47.0	52.0	44.0	43.0	44.0	44.0
Solid waste	2.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Total Number of Employees	250.4	267.8	282.0	295.0	275.5	280.7	265.2	266.2	264.0	278.0

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.

VILLAGE OF WELLINGTON, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government:										
Bids, contracts awarded & administered	32	33	38	30	20	24	33	37	41	38
Purchase orders processed	1,155	973	1,016	838	795	939	971	1,245	1,352	1,011
Payroll transactions	7,689	7,880	8,193	8,232	8,985	8,194	7,762	7,666	7,801	9,143
Public safety:										
Police personnel and officers	83	88	88	102	115	117	117	117	117	134
Fire personnel	36	36	68	71	71	71	71	71	71	71
Calls for service	40,458	40,228	32,458	36,714	35,163	33,453	34,672	34,478	34,874	34,662
Physical environment - Surface water:										
Aquatic weed control in acres	2,833	2,837	1,454	1,332	1,380	710	826	507	365	596
Water quality samples analyzed	1,257	1,233	1,236	992	777	896	861	802	833	836
Canal right-of-way miles maintained	530	495	547	560	560	560	560	305	265	700
Physical environment - Engineering & public works:										
Work orders performed	1,111	872	1,146	1,108	1,034	869	997	1,163	1,359	1,454
Inspections performed	7,024	6,814	3,592	3,998	1,052	n/a	n/a	1,050	1,331	1,289
Planning and development:										
Building inspections	65,187	67,054	49,359	26,657	21,327	15,781	16,774	23,979	28,146	35,384
Single family building permits issued	1,535	1,175	402	232	118	94	130	197	226	232
Transportation:										
Miles of roads resurfaced	6	17	18	8	15	14	18	15	14	16
Miles of streets cleaned/swept	908	1,201	932	2,168	1,065	1,512	2,224	3,056	2,581	3,369
Signs repaired	871	1,463	907	373	374	1,654	955	1,124	1,121	1,427
Culture and recreation:										
Participants registered:										
Athletics	7,749	15,839	32,732	32,607	11,282	15,829	16,599	12,726	12,962	10,282
Community programs	6,241	4,495	9,768	4,519	2,549	2,081	1,760	2,344	2,683	2,353
Pool	1,847	2,544	1,935	13,949	13,150	11,058	16,468	34,538	32,786	31,114
Number of program sessions	n/a	1,347	1,793	2,085	1,526	1,227	1,048	1,070	1,091	1,140
Utility system:										
Active accounts - water	18,917	19,030	19,536	19,695	19,851	19,682	19,701	19,785	19,929	20,052
Active accounts - sewer	16,367	16,718	17,919	17,994	18,004	17,867	18,024	18,028	18,658	18,781
Water production (millions of gallons)	2,096	2,046	2,019	1,841	1,684	1,848	2,102	2,187	2,052	2,065
Solid waste:										
Residential accounts	19,055	19,030	21,133	22,274	21,977	22,103	22,166	22,294	22,468	22,673

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	4	4	4	4	4	4	4	4
Suppression units	6	6	6	6	6	9	9	9	9	9
Early response stabilization units	3	3	3	3	3	4	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	179	179	178	174	176	152	152	152	152	152
Number of street lights	1,245	1,245	2,187	2,187	2,187	2,311	2,311	2,311	2,465	2,465
Miles of bike paths	33	33	32	40	40	40	40	40	40	40
Miles of sidewalks	290	286	286	348	348	348	348	348	348	348
Culture and recreation:										
Parks acreage	267	274	274	342	342	342	342	348	348	350
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	3	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	526	526	526	526	526	526	526	526
Fire hydrants - Wellington	1,503	1,503	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746
Fire hydrants - Outside Wellington	173	173	195	195	195	195	195	195	195	195

Source: Various Wellington Departments

Note: Indicators are not available for the solid waste function

COMPLIANCE SECTION

Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

2700 North Military Trail ▪ Suite 350
Boca Raton, Florida 33431
(561) 994-9299 ▪ (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

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

Honorable Mayor and Village Council
Village of Wellington, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wellington, Florida, (the "Village") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 3, 2014, which includes an emphasis of matter paragraph.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

However, we noted certain matters involving the internal control over financial reporting and compliance that we have reported to management of the District in a separate letter dated March 3, 2014.

Village's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying Management Letter. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grant & Associates

March 3, 2014

Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

2700 North Military Trail ▪ Suite 350
Boca Raton, Florida 33431
(561) 994-9299 ▪ (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

MANAGEMENT LETTER PURSUANT TOTHE 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, 2013, and have issued a report thereon dated March 3, 2014, which includes an emphasis of matter paragraph.

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.

In addition, we have issued our Independent Auditor's 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* and Chapter 10.550, Rules of the Auditor General dated March 3, 2014. 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and Village Council 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.

Grau & Associates

March 3, 2014

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2012-01 Utility Billing:

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

Oversight – the Village does not have adequate documentation regarding oversight/supervision of the utility function in the Finance department. As a result, the utility function is not adequately supervised.

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 and related account.

Recommendation: The Village should document and implement procedures to ensure proper supervision and oversight of the utility 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. Documentation should also be maintained that demonstrates compliance with the oversight and reconciliation procedures.

Management Response: Management has implemented monthly, detailed reconciliation procedures as part of the monthly closing process. Another accounting supervisor has been hired to address supervisory concerns.

2013-01 Escrow Accounts:

Observation: During procedures in the prior and current year, it was noted that the Village has several escrow/deposit accounts in the general fund and planning, zoning and building fund used to hold cash collected in advance of services being rendered or as deposits held until completion of projects (for example, engineering fees and builder deposits). For certain accounts, the balances have been held prior to 2008. Approximately $500,000 is being held by the Village that should potentially be returned to customers.

Recommendation: The Village should do a complete accounting of the amounts and contact the entities or individuals for refunds. If it is determined that the Village has the authority to retain any of the funds, those amounts should be reclassified into revenue.

Management Response: Management concurs with this recommendation and has begun the reconciliation process.

2013-02 Disposal of Fixed Assets:

Observation: Pursuant to the accounting manual, disposals are to be approved by Council. During procedures Council approval was not provided for certain assets that were disposed. In addition, there was a disposal that occurred in 2011 but was not removed from the fixed asset schedule until the current year.

Recommendation: The Village should ensure that all disposals follow the procedures as outlined in the accounting manual. In addition, adjustments to the fixed asset system should be done on a timelier basis.

Management Response: Management concurs with this recommendation.

2013-03 Workers Compensation Payable

Observation: The Village, through its financial reporting system, computes the balance owed for workers compensation premium at the end of the fiscal year. The liability is recorded only in the general fund even though it is for employees for all departments within the Village. As a result, the general fund had an over-accrual of approximately $188,000 at the end of the fiscal year.

Recommendation: Since the annual cost for each employee is insignificant, the Village should record the liability based on the premium invoice it receives from the insurance agent and allocate that liability among the funds within the Village.

Management Response: Management concurs with this recommendation and has implemented these changes.

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Significant Deficiency

2012-01 Utility Billing

Current Status: The matter has not been completely resolved and portions will be repeated, but not as a significant deficiency.

2012-02 Capital Assets

Current Status: The matter has been resolved and will not be repeated.

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, 2012, 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, 2013, except as noted above.

4. Noncompliance with 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 which warrants the attention of those charged with governance.

   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, 2013, except as noted above.

5. The name or official title and legal authority of the Village are disclosed in the notes to the financial statements.

6. 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, 2013 financial audit report.

7. The Village has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

8. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted as of September 30, 2013. 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

OFFICE OF FINANCIAL MANAGEMENT AND BUDGET
12300 FOREST HILL BOULEVARD
WELLINGTON, FLORIDA 33414
561-791-4000
WWW.WELLINGTONFL.GOV

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2013