

# Village of Wellington, Florida

---

Comprehensive Annual Financial Report  
for the year ended September 30, 2014

Prepared by:  
The Office of Financial Management and Budget



**VILLAGE OF WELLINGTON, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INTRODUCTORY SECTION</b>	
Transmittal Letter	i
List of Principal Officials	xii
Organizational Chart	xiii
Certificate of Achievement for Excellence in Financial Reporting	xiv
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
<b>BASIC FINANCIAL STATEMENTS:</b>	
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
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Budgetary Comparison Schedule – General Fund	56
Budgetary Comparison Schedule – Building - Special Revenue Fund	58
Budgetary Comparison Schedule – Acme Improvement – Special Revenue Fund	59
Note to Budgetary Comparison Schedules	60
Schedule of Funding Progress	61
Condition Rating of Street System	62
<b>OTHER SUPPLEMENTARY INFORMATION:</b>	
<b>Combining Nonmajor Fund Financial Statements and Other Supplementary Information:</b>	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	67
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Gas Tax Maintenance Special Revenue Fund	68
Recreation Impact Fees - Capital Projects Fund	69
Gas Tax - Capital Projects Fund	70
Road Impact Fees – Capital Projects Fund	71

**VILLAGE OF WELLINGTON, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: (Continued)	
Saddle Trail – Capital Projects Fund	72
Debt Service Fund	73
Budgetary Comparison Schedules – Major Capital Projects Funds	
Capital Projects – Capital Projects Fund	75
 <b>STATISTICAL SECTION</b>	
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
 <b>COMPLIANCE SECTION</b>	
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 <i>Government Auditing Standards</i>	102
Independent Auditor’s Report on Compliance with the Requirements of Section 218.415, Required by Rule 10.556(10) of the Auditor General of the State of Florida	104
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	105

---

## **INTRODUCTORY SECTION**

---



**Council**

Bob Margolis, Mayor  
John Greene, Vice Mayor  
Matt Willhite, Councilman  
Anne Gerwig, Councilwoman  
John T. McGovern, Councilman

**Manager**  
Paul Schofield

March 12, 2015

***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, 2014. 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 & Associates, Inc., independent auditors, have issued an unqualified opinion on the Village of Wellington’s financial statements for the fiscal year ended September 30, 2014. 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 2014 Comprehensive Annual Financial Report is the nineteenth 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 2014 economic indicators have provided some positive signs that the national and local economies continue to be on a path towards economic recovery.

In 2014, both the national Consumer Price Index (CPI) and the local CPI increased. 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, 2014 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, 2013.

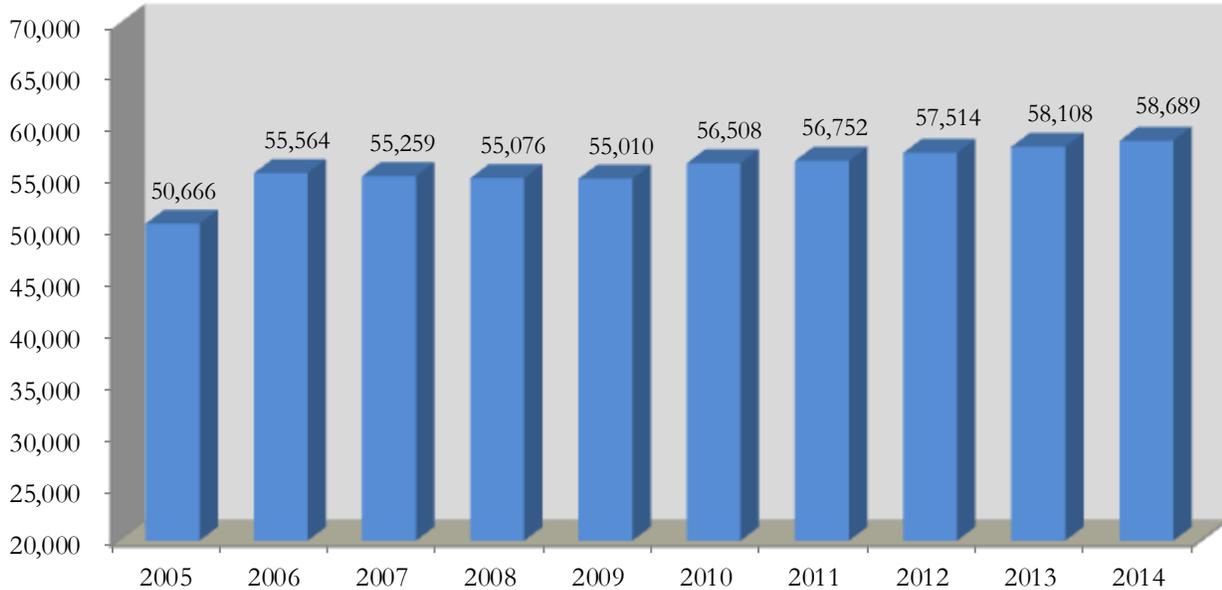
For the fiscal year ending September 30, 2015 the Council adopted a rate of 2.45 mills. This millage rate results in a total tax levy of \$14.69 million, representing an increase of \$1.18 million, or 9% from the property tax levy for 2014. Future property tax growth is limited to the annual growth rate 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 2015 budget development and impact the major programs and issues described later.

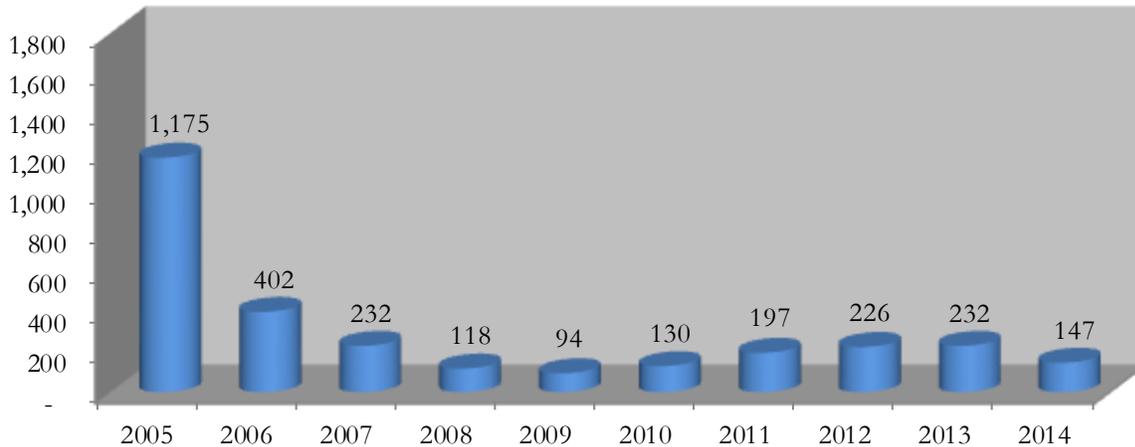
Between 2004 and 2006, total employment in Palm Beach County was relatively stable while population increased at an average annual rate of approximately 6%. Since 2007, Wellington has seen average population growth of 1% while unemployment rates went up dramatically due to the economic downturn. Wellington's current unemployment rate stands at 4.6%. 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.

## 2005-2014 HISTORICAL POPULATION

Wellington's estimated 2014 permanent population of 58,689 (excluding seasonal residents) makes it the 5th largest municipality in Palm Beach County.



## 2005-2014 SINGLE FAMILY BUILDING PERMITS



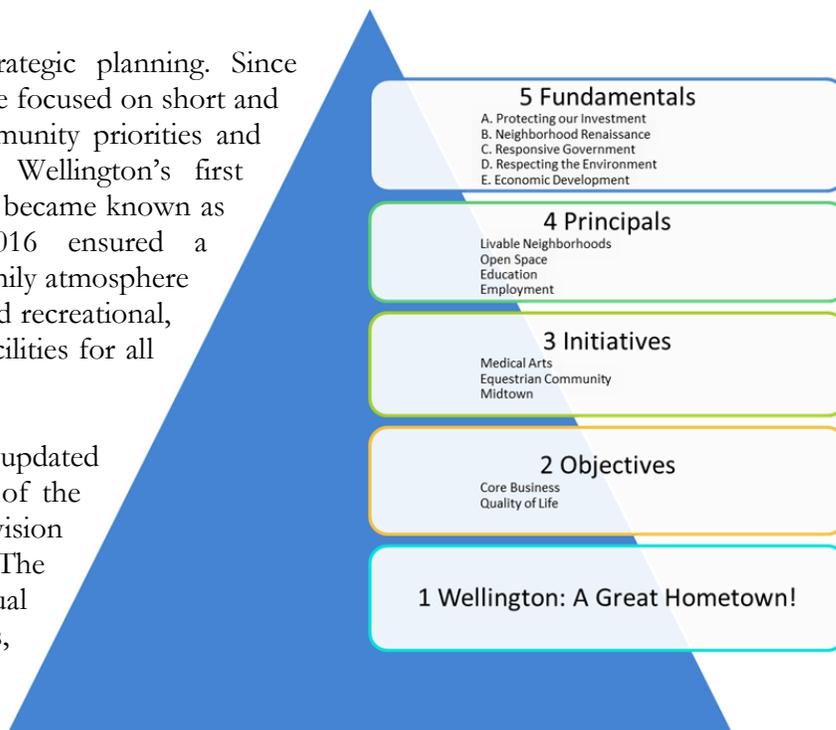
The strength of the local economy can also be seen in the beginning of this decade by the number of single family building permits issued. The local housing market saw a large boom beginning in 2002, with major new developments coming on line. This boom was evidenced in the increase in single family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

## 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 18 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 2014 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 2015 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 2014.

- ❖ 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, 2013. This award has been received for eighteen consecutive years.
- ❖ GFOA Award for Distinguished Budget Presentation was received for Wellington's Annual Budget for the fiscal year beginning October 1, 2013. This award has been received for nineteen 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.
- ❖ Completed the following capital projects during 2014:
  - ❖ Wellington Environmental Preserve Bathrooms
  - ❖ Lift Station Rehabs
  - ❖ Sidewalk upgrades for ADA compliance
  - ❖ Dog Park Pavilion

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

- ❖ Relocation the Tennis Center
- ❖ Wellington Community Center demolition and rebuild.

## **Water Quality Issues**

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

Completed Water Quality Improvement projects include:

### *Wellington Environmental Preserve*

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

## ***FINANCIAL INFORMATION & RELEVANT FINANCIAL POLICIES***

### **Accounting and Administrative Controls**

Wellington's internal control structure is designed to ensure that Wellington's assets are protected against loss from theft, unauthorized use, or disposition and to ensure that adequate and reliable financial records are available for preparing financial statements in conformity with U.S. generally accepted accounting principles. The internal controls provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework and it is our belief that Wellington's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

### **Budgetary Control**

Wellington adopts fiscal year budgets for all funds and maintains budgetary controls with the objective being to ensure compliance with legal provisions contained in the annual appropriated budget approved by the Council. The level of budgetary control is established at the department level. The Wellington Manager or designee is authorized to transfer budgeted amounts within departments of any fund, while revisions that alter the budgeted totals of any fund require approval of the Council. Monthly budget reports are prepared in detail for each department, with actual revenues and expenditures being compared with appropriated revenues and estimated expenditures. Corrective actions are initiated as necessary to maintain budgetary compliance.

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

## **Capital Financing**

In conjunction with the operating budget, the Manager annually presents a program to provide for improvements to Wellington's public facilities for the ensuing fiscal year and next four years, along with proposals for the financing of these improvements. This five-year plan is called the Capital Improvement Program. The first year of the program constitutes the capital budget for the coming fiscal year; the remaining years are used as a planning guide. The program allocates funding over five years for Wellington's roads, park development, public works projects, and new equipment. Wellington's Capital Improvement Program for fiscal years 2015 through 2019 calls for expenditures approximating \$29 million in the governmental funds and approximately \$38.7 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 capital projects on a pay-as-you-go basis.
- ✓ To maintain operations at high levels in difficult economic times.
- ✓ To reserve up to \$3 million for possible future storm event expenditures.
- ✓ To fund a millage rate stabilization account to offset the need for future rate increases.
- ✓ To supply funds for renewal and replacement of capital projects and equipment.
- ✓ To reduce/pay off debt for future debt service savings.
- ✓ To fully fund Other Postemployment Benefits (OPEB).
- ✓ To fully fund increases in medical premiums to reduce the burden on employees.

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, 2013. 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 eighteen consecutive years (1996-2013). 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, 2013. 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 fourth 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, 2013. Wellington has received this award for the last nineteen 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 & 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, 2014

### *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*

*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*

*Nicole Evangelista*

*Parks and Recreation Director*

*Bruce Delaney*

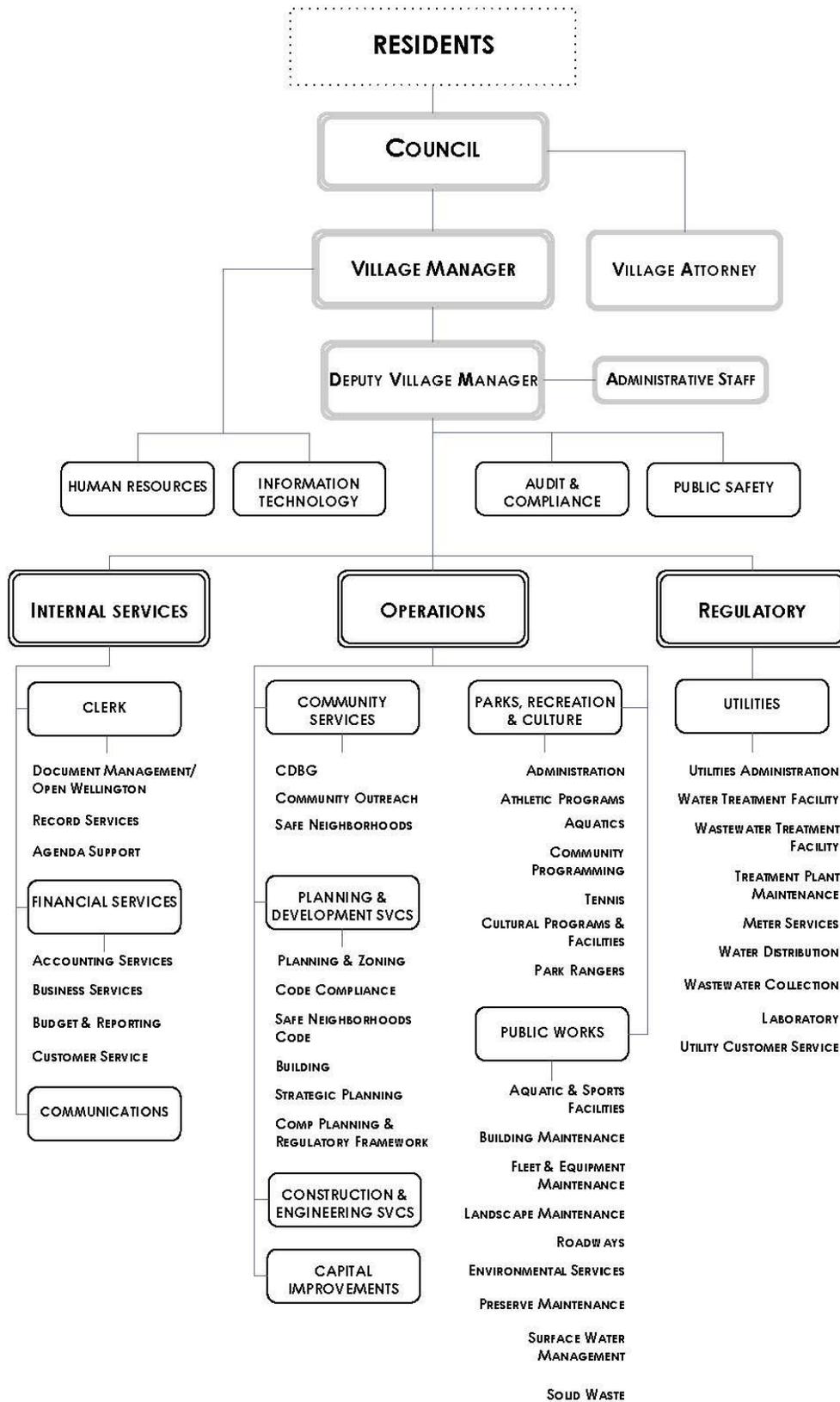
*Planning and Development Services*

*Tim Stillings*

*Public Works Director*

*Mitch Fleury*

**VILLAGE OF WELLINGTON, FLORIDA**  
**ORGANIZATIONAL CHART**  
 SEPTEMBER 30, 2014





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, 2013**

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](http://www.graucpa.com)

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wellington, Florida ("Village") as of and for the fiscal year ended September 30, 2014, 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, 2014, 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.

## 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 12, 2015, 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.

### **Report on Other Legal and Regulatory Requirements**

We have also issued our report dated March 12, 2015, on our consideration of the Village's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



March 12, 2015

---

---

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

---

---

# VILLAGE OF WELLINGTON, FLORIDA

## Management's Discussion and Analysis

September 30, 2014

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 \$380 million, which is an increase of 1% or \$4.2 million over the prior year. Of this amount, \$71 million is in unrestricted net position, which is available to meet the ongoing commitments to citizens and creditors.
- ❖ Net position of governmental activities decreased \$6.6 million, or 3%.
- ❖ Government-wide total revenues were \$74 million, while government-wide total expenses were \$70 million. The total revenues increased 5% or \$3.6 million while total expenses increased 4% or \$2.8 million.
- ❖ Governmental Activities generated \$48 million in revenue with \$50 million in expenses.
- ❖ Business-type Activities generated \$26 million in revenue with \$20 million in expenses.
- ❖ Net investment in capital assets accounts for \$275 million of total net position of \$380 million.
- ❖ Governmental funds ended the year with a combined fund balance of \$56 million, which is a decrease of 5% or \$2.7 million from the prior year. Of that amount, the unassigned portion is \$17.2 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

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

The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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), solid waste services and Lake Wellington Professional Centre 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.

Four 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, 2014 are:

- ❖ General Fund
- ❖ Building Special Revenue Fund
- ❖ Acme Improvement Special Revenue 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, solid waste collection and recycling and the Lake Wellington Professional Centre operations. Major enterprise funds for the year ended September 30, 2014 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 56-62 of this report.

The budgetary comparison schedule for the major capital project fund and the nonmajor governmental funds along with the combining statements are presented immediately following the required supplementary information. These schedules can be found on pages 66-75 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 \$380 million at the close of the most recent year. The largest portion of net position (72%) 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 \$34 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 capital and maintenance; or debt service activities. The remaining unrestricted net position may be used to meet the government's ongoing operations.

## Wellington's Net Position

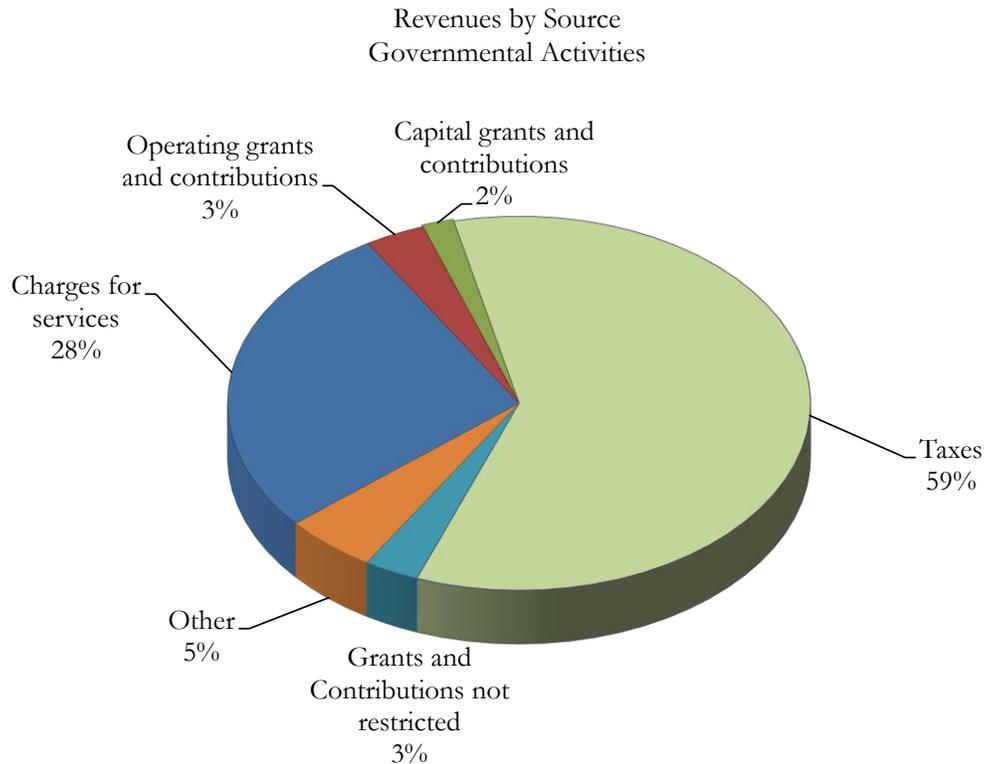
	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 64,671,398	\$ 65,904,276	\$ 51,635,104	\$ 43,044,504	\$ 116,306,502	\$ 108,948,780
Noncurrent assets	159,109,634	163,446,924	121,767,825	120,551,675	280,877,459	283,998,599
<b>Total Assets</b>	<b>\$ 223,781,032</b>	<b>\$ 229,351,200</b>	<b>\$ 173,402,929</b>	<b>\$ 163,596,179</b>	<b>\$ 397,183,961</b>	<b>\$ 392,947,379</b>
Deferred charges on refunding (debit)	\$ 205,710	\$ 247,548	\$ -	\$ -	\$ 205,710	\$ 247,548
<b>Total Deferred Outflows of Resources</b>	<b>\$ 205,710</b>	<b>\$ 247,548</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 205,710</b>	<b>\$ 247,548</b>
Noncurrent liabilities	\$ 7,132,845	\$ 8,037,535	\$ 255,881	\$ 1,730,146	\$ 7,388,726	\$ 9,767,681
Other liabilities	7,483,353	5,547,523	2,564,293	2,140,976	10,047,646	7,688,499
<b>Total Liabilities</b>	<b>\$ 14,616,198</b>	<b>\$ 13,585,058</b>	<b>\$ 2,820,174</b>	<b>\$ 3,871,122</b>	<b>\$ 17,436,372</b>	<b>\$ 17,456,180</b>
Net Position:						
Net investment in capital assets	\$ 152,841,077	\$ 157,294,472	\$ 121,767,825	\$ 119,051,675	\$ 274,608,902	\$ 276,346,147
Restricted	11,860,096	13,054,226	22,519,428	19,715,884	34,379,524	32,770,110
Unrestricted	44,669,371	45,664,992	26,295,502	20,957,498	70,964,873	66,622,490
<b>Total Net Position</b>	<b>\$ 209,370,544</b>	<b>\$ 216,013,690</b>	<b>\$ 170,582,755</b>	<b>\$ 159,725,057</b>	<b>\$ 379,953,299</b>	<b>\$ 375,738,747</b>

## Wellington's Change In Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 13,192,163	\$ 13,187,226	\$ 22,754,440	\$ 21,634,708	\$ 35,946,603	\$ 34,821,934
Operating grants and contributions	1,593,870	1,546,079	58,880	66,333	1,652,750	1,612,412
Capital grants and contributions	842,361	1,432,186	2,399,062	2,758,152	3,241,423	4,190,338
General revenues:						
Taxes	28,515,252	26,753,043	-	-	28,515,252	26,753,043
Grants and contributions not restricted to specific programs	1,464,034	1,302,835	-	-	1,464,034	1,302,835
Investment earnings	222,055	170,738	133,156	83,528	355,211	254,266
Other	2,250,818	1,460,976	671,911	97,887	2,922,729	1,558,863
<b>Total Revenues</b>	<b>48,080,553</b>	<b>45,853,083</b>	<b>26,017,449</b>	<b>24,640,608</b>	<b>74,098,002</b>	<b>70,493,691</b>
<b>Program expenses including indirect expenses:</b>						
General government	7,338,431	6,213,632	-	-	7,338,431	6,213,632
Public safety	12,965,396	11,876,970	-	-	12,965,396	11,876,970
Physical environment	16,736,938	-	-	-	16,736,938	-
Planning and development	-	1,485,806	-	-	-	1,485,806
Engineering and public works	-	7,178,747	-	-	-	7,178,747
Economic environment	921,133	1,436,741	-	-	921,133	1,436,741
Surface water management	-	8,612,466	-	-	-	8,612,466
Transportation	3,520,865	3,931,236	-	-	3,520,865	3,931,236
Culture and recreation	7,979,653	7,239,091	-	-	7,979,653	7,239,091
Interest on debt	235,607	270,673	-	-	235,607	270,673
Water and wastewater	-	-	16,068,650	15,179,221	16,068,650	15,179,221
Solid waste	-	-	3,667,826	3,670,666	3,667,826	3,670,666
Lake Wellington Professional Centre	-	-	448,951	-	448,951	-
<b>Total expenses</b>	<b>49,698,023</b>	<b>48,245,362</b>	<b>20,185,427</b>	<b>18,849,887</b>	<b>69,883,450</b>	<b>67,095,249</b>
Change in net position before transfers	(1,617,470)	(2,392,279)	5,832,022	5,790,721	4,214,552	3,398,442
<b>Transfers in (out)</b>	<b>(5,025,676)</b>	<b>-</b>	<b>5,025,676</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in net position	(6,643,146)	(2,392,279)	10,857,698	5,790,721	4,214,552	3,398,442
Beginning net position	216,013,690	218,405,969	159,725,057	153,934,336	375,738,747	372,340,305
<b>Ending net position</b>	<b>\$ 209,370,544</b>	<b>\$ 216,013,690</b>	<b>\$ 170,582,755</b>	<b>\$ 159,725,057</b>	<b>\$ 379,953,299</b>	<b>\$ 375,738,747</b>

Notable changes for both governmental activities and business-type activities are highlighted next.

### Governmental Activities



Governmental activities decreased Wellington’s net position by \$6.6 million.

Revenues increased from prior year by \$2.2 million or 5%. Key elements of this increase are as follows:

- ❖ Total taxes increased by \$1.8 million due to an increase in property taxable value over prior year as well as increases to utility taxes and franchise fees.
- ❖ Capital grants and contributions decreased by \$590,000 from the prior year due to a nonrecurring contribution related to the Boys and Girls Club facility that was completed in FY 2013.
- ❖ Other revenue increased by \$760,000 mainly due to revenue from the Boys and Girls receivable being recognized in FY 2014.

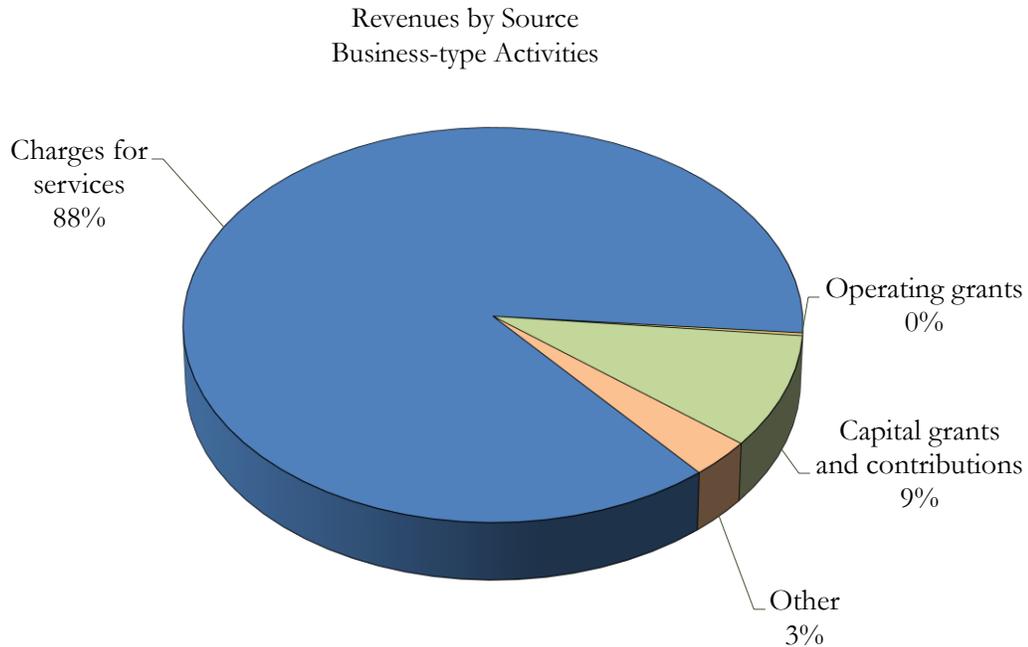
Direct expenses increased by \$1.8 million or approximately 4%. Key elements of this increase are as follows:

- ❖ General government increased by \$1.2 million due to planning and development being transferred to general government in FY 2014.
- ❖ Public safety increased by \$988,000. This is mainly due to the increase in the law enforcement contract (\$556,000) as well as code enforcement being classified as public safety beginning in FY 2014.
- ❖ Physical environment increased by \$2 million mainly due to an increase in depreciation of \$1.4 million due to the transfer of capital assets from culture and recreation as well as an increase in capital maintenance expenses of \$492,000 and operating expenses of \$156,000.
- ❖ Economic environment decreased by \$576,500 mainly due to the loss on sale of assets held for resale of \$485,000 recognized in FY 2013.

- ❖ Transportation decreased by \$445,000 due to a reduction in roadway overlay expenditures in FY 2014.
- ❖ Culture and recreation decreased by \$185,000. Depreciation expense was reduced by \$1.2 million due to retirement and transfers of capital assets out of culture and recreation. This decrease was offset by the transfer in of the neighborhood parks division (\$692,600) as well as an increase in operating expenses of \$245,000.

Transfers between the governmental and enterprise funds increased by \$5 million. This is due to the capital project fund paying for the purchase of the Lake Wellington Professional Centre in December 2013 on behalf of the Lake Wellington Professional Centre fund.

### Business-type Activities



Business-type activities increased net position by \$10.9 million.

Revenues increased by \$1.4 million or 5% over the prior year. Key elements of this increase are as follows:

- ❖ Charges for services increased \$1.1 million or 5% mainly due to growth in the number of water accounts related to new building construction.
- ❖ Capital grants and contributions decreased by \$359,000. Capacity charges decreased by \$1.1 million while distribution line contributions increased by \$750,000.
- ❖ Other revenues increased by \$502,000 mainly due to the addition of Lake Wellington Professional Centre lease revenues beginning in FY 2014.

Expenses increased by \$1.3 million or 7% over the prior year mainly due to expenses related to the new Lake Wellington Professional Centre operations (\$450,000), an increase in the indirect cost allocation to the general fund (\$344,000) as well as an increase in overall personnel costs (\$506,000).

### 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, 2014, Wellington's governmental funds reported combined ending fund balances of \$56 million, a decrease of \$2.7 million from prior year.

The unassigned fund balance of \$17.2 million is available for spending at Wellington's discretion. The remainder of fund balance of \$39.1 million is either nonspendable, restricted, assigned or committed to indicate that it is not available for new spending. Funds are either nonspendable (\$593,000), have already been assigned to liquidate contracts and purchase orders (\$13.6 million), restricted or assigned for capital improvements (\$6.2 million), restricted to pay debt service (\$75,000), committed for future emergencies (\$2.5 million) and committed for stabilizing millage or rate increases (\$2.4 million), or other specified purposes (\$13.7 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 \$17.5 million, while the total fund balance was \$24.7 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 2015 general fund budgeted expenditures and transfers. Total revenues in the general fund were \$35.6 million which represents an increase of approximately \$3.3 million from the prior year or 10%. This increase is mainly due to higher than anticipated taxes (\$1.5 million), licenses, permits, and fines related to the planning, zoning and code functions that transferred to the general fund in FY 2014 (\$1.4 million) and an increase in state shared revenue and sales taxes (\$254,000).

The building fund is used to account for the building function. At the end of the current fiscal year, \$4.6 million was restricted for future building department expenditures. Building permit fees may only be used for expenditures related to building and inspection services. Revenues for the fund were \$2.9 million and \$4.4 million for fiscal years 2014 and 2013, respectively. This represents a decrease of approximately \$1.5 million, or 34% from prior year. This is due to the planning, zoning and code enforcement function being transferred to the general fund in FY 2014.

The Acme improvement fund accounts for the operations of the Acme Improvement District, a dependent special district of Wellington, related to water management facilities. At the end of the fiscal year total fund balance was \$3.6 million, of which \$14,400 is related to nonspendable prepaid expenditures and the remainder is assigned for future expenditures. Revenues for the fund were \$5.4 million and \$5.5 million for 2014 and 2013, respectively. This represents a decrease of approximately \$95,000 or 2% over the prior year. This is mainly due to a decrease in special assessments collected in FY 2014.

### **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 \$26.3 million; \$18.9 million for the Utility System, \$7.2 million for Solid Waste and \$217,000 for the Lake Wellington Professional Centre. Total net position for these funds was \$171 million, representing an increase of \$10.8 million, or 7%. Approximately 50% of this increase is due to the purchase of the Lake Wellington Professional Centre while the remaining increase is due to revenues exceeding expenses during the year.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget total a decrease of \$306,791, 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). These can be briefly summarized as follows:

- ❖ \$8,157 decrease allocated to grant revenue
- ❖ \$59,170 increase allocated to general government
- ❖ \$54,620 decrease allocated to public safety
- ❖ \$115,573 increase allocated to physical environment
- ❖ \$165,499 increase allocated to economic environment
- ❖ \$1,500 increase allocated to culture and recreation
- ❖ \$8,376 decrease allocated to capital outlay

Actual results of operations were greater than the final amended budget by \$7.7 million, excluding transfers. These results can be mainly attributed to the following:

- ❖ Revenues were \$4.7 million more than budget mainly due to higher than anticipated communication and utility taxes, sales tax, state revenue sharing and property taxes. In addition, the planning, zoning and code enforcement functions were moved to the general fund in FY 2014.
- ❖ Personnel costs were less than budget by \$500,000 due to budgeted positions that were open throughout the year.
- ❖ Operating costs were \$3 million less than anticipated mainly due to insurance expenditures (\$350,000); outside services, professional and legal fees (\$1,100,000); and operation supplies and training fees (\$700,000) 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 with available fund balance. 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 \$7,388,726. Governmental activities debt of \$5,430,000 is for revenue bonds and loans issued to finance capital improvements for roadways, parks and recreation, public building and infrastructure. An additional \$1.96 million for compensated absences is also outstanding. No new debt was issued during FY 2014. Additional information on long-term debt can be found in Note 6 of this report.

<b>Wellington's Outstanding Debt</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenue bonds and loans	\$ 5,430,000	\$6,400,000	\$0	\$1,500,000	\$5,430,000	\$7,900,000
Compensated absences	1,702,845	1,637,535	255,881	230,146	1,958,726	1,867,681
<b>Total</b>	<b>\$7,132,845</b>	<b>\$8,037,535</b>	<b>\$255,881</b>	<b>\$1,730,146</b>	<b>\$7,388,726</b>	<b>\$9,767,681</b>

### Capital Assets Activity

Wellington's net investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$280 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

<b>Wellington's Capital Assets</b> (net of accumulated depreciation)						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Land	\$ 19,821,956	\$ 19,821,956	\$ 9,579,678	\$ 8,996,705	\$ 29,401,634	\$ 28,818,661
Buildings	25,944,357	24,612,733	7,666,435	3,420,053	33,610,792	28,032,786
Improvements	32,856,668	38,341,514	2,508,272	2,577,015	35,364,940	40,918,529
Machinery and equipment	1,964,829	1,563,258	1,750,771	1,741,059	3,715,600	3,304,317
Water and wastewater plant	-	-	48,470,176	50,655,758	48,470,176	50,655,758
Meters	-	-	1,752,208	2,231,339	1,752,208	2,231,339
Wells	-	-	3,622,156	3,928,108	3,622,156	3,928,108
Distribution lines	-	-	46,007,480	46,772,502	46,007,480	46,772,502
Infrastructure	76,438,677	76,438,677	-	-	76,438,677	76,438,677
Construction in progress	1,038,880	2,668,786	410,649	229,136	1,449,529	2,897,922
<b>Total</b>	<b>\$ 158,065,367</b>	<b>\$ 163,446,924</b>	<b>\$ 121,767,825</b>	<b>\$ 120,551,675</b>	<b>\$ 279,833,192</b>	<b>\$ 283,998,599</b>

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 2014 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:

- ❖ Wellington Environmental Preserve Bathrooms
- ❖ Sidewalk upgrades for ADA compliance

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 and increasing property insurance rates.

While property taxes are important, they represent only 11% of total revenue. Another 37% comes from program revenues such as licenses, permits, and other charges for services, while approximately 11% is related to intergovernmental revenue. Additionally, special assessments levied total approximately 11% and utility taxes and franchise fees total another 14%. Wellington monitors all of its resources and determines the need for program adjustments or fee increases accordingly.

### **Next Year's Budget and Rates**

The operating millage rate of 2.45 mills for fiscal year 2015 is down .02 from the millage rate for the 2014 fiscal year. This millage resulted in a total tax levy of approximately \$14.69 million, an increase of \$1.18 million, or 9% from the property tax levy for 2014. The Surface Water Management Assessment rate increased \$30 for a total of \$230 per unit in the fiscal year 2015. The Solid Waste Assessment is unchanged for fiscal year 2015 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](http://www.wellingtonfl.gov)

---

---

## **BASIC FINANCIAL STATEMENTS**

---

---



# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 24,559,369	\$ 14,832,101	\$ 39,391,470
Investments	36,349,275	10,519,644	46,868,919
Receivables (net)	1,166,264	2,464,883	3,631,147
Due from other governments	1,176,842	34,776	1,211,618
Prepaid expenses	348,856	-	348,856
Inventories	13,200	107,651	120,851
Deposits	2,520	-	2,520
Assets held for resale	228,061	-	228,061
Restricted assets:			
Cash	-	5,020,689	5,020,689
Investments	-	18,503,371	18,503,371
Net other postemployment benefit asset	827,011	151,989	979,000
Long-term note receivable	1,044,267	-	1,044,267
Capital assets:			
Capital assets not being depreciated	97,299,513	9,990,327	107,289,840
Capital assets being depreciated, net	60,765,854	111,777,498	172,543,352
Total assets	\$ 223,781,032	\$ 173,402,929	\$ 397,183,961
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding (debit)	205,710	-	205,710
Total deferred outflows of resources	205,710	-	205,710
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 3,093,391	\$ 1,480,073	\$ 4,573,464
Contracts and retainage payable	65,208	-	65,208
Due to other governments	431,433	29,762	461,195
Deposits payable from restricted assets	-	1,004,632	1,004,632
Unearned revenue	3,876,443	49,826	3,926,269
Accrued interest payable	16,878	-	16,878
Noncurrent liabilities:			
Due within one year	1,879,417	153,146	2,032,563
Due in more than one year	5,253,428	102,735	5,356,163
Total liabilities	14,616,198	2,820,174	17,436,372
<b>NET POSITION</b>			
Net investment in capital assets	152,841,077	121,767,825	274,608,902
Restricted for:			
Debt service	58,764	-	58,764
Building department	5,152,421	-	5,152,421
Road capital and maintenance	3,586,163	-	3,586,163
Capital projects	3,062,748	22,519,428	25,582,176
Unrestricted	44,669,371	26,295,502	70,964,873
Total net position	\$ 209,370,544	\$ 170,582,755	\$ 379,953,299

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2014

Function/Program Activities	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:					
General government	\$ 12,054,127	\$ (4,715,696)	\$ 1,764,741	\$ -	\$ -
Public safety	11,783,514	1,181,882	3,013,632	14,095	-
Physical environment	17,276,231	(539,293)	5,258,966	-	-
Economic environment	672,675	248,458	521,575	80,510	302,361
Transportation	3,176,258	344,607	282,850	1,499,265	-
Culture and recreation	6,025,857	1,953,796	2,350,399	-	540,000
Interest on long-term debt	<u>235,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>51,224,269</u>	<u>(1,526,246)</u>	<u>13,192,163</u>	<u>1,593,870</u>	<u>842,361</u>
Business-type activities:					
Utility system	14,775,996	1,292,654	18,893,050	-	2,399,062
Solid waste	3,434,234	233,592	3,788,513	58,880	-
Lake Wellington Professional Centre	<u>448,951</u>	<u>-</u>	<u>72,877</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>18,659,181</u>	<u>1,526,246</u>	<u>22,754,440</u>	<u>58,880</u>	<u>2,399,062</u>
Total primary government	<u>\$ 69,883,450</u>	<u>\$ -</u>	<u>\$ 35,946,603</u>	<u>\$ 1,652,750</u>	<u>\$ 3,241,423</u>

General revenues:

Taxes:

- Property taxes
- Franchise fees and taxes
- Utility and other taxes
- Sales tax

Grants and contributions not restricted  
to specific programs

- Investment earnings
- Gain on sale of assets
- Other

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

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
\$ (5,573,690)	\$ -	\$ (5,573,690)
(9,937,669)	-	(9,937,669)
(11,477,972)	-	(11,477,972)
(16,687)	-	(16,687)
(1,738,750)	-	(1,738,750)
(5,089,254)	-	(5,089,254)
(235,607)	-	(235,607)
<u>(34,069,629)</u>	<u>-</u>	<u>(34,069,629)</u>
-	5,223,462	5,223,462
-	179,567	179,567
-	(376,074)	(376,074)
-	<u>5,026,955</u>	<u>5,026,955</u>
<u>(34,069,629)</u>	<u>5,026,955</u>	<u>(29,042,674)</u>
13,690,328	-	13,690,328
3,481,665	-	3,481,665
7,107,577	-	7,107,577
4,235,682	-	4,235,682
1,464,034	-	1,464,034
222,055	133,156	355,211
29,694	71,679	101,373
2,221,124	600,232	2,821,356
(5,025,676)	<u>5,025,676</u>	-
<u>27,426,483</u>	<u>5,830,743</u>	<u>33,257,226</u>
(6,643,146)	10,857,698	4,214,552
<u>216,013,690</u>	<u>159,725,057</u>	<u>375,738,747</u>
<u>\$ 209,370,544</u>	<u>\$ 170,582,755</u>	<u>\$ 379,953,299</u>

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## BALANCE SHEET

### GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	General	Building	Acme Improvement	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 10,762,080	\$ 2,193,930	\$ 1,527,916	\$ 6,683,419	\$ 3,392,024	\$ 24,559,369
Investments	16,364,414	3,266,732	2,270,540	9,931,818	4,515,771	36,349,275
Current receivables:						
Utility taxes	463,606	-	-	-	-	463,606
Franchise fees	356,748	-	-	-	-	356,748
Accounts	280,400	439	-	-	-	280,839
Interest	33,008	5,828	4,606	12,750	8,879	65,071
Advances to other funds	300,000	-	-	-	-	300,000
Due from other governments	949,707	60	42,970	1,060	183,045	1,176,842
Prepaid expenditures	307,136	27,346	14,374	-	-	348,856
Inventory	13,200	-	-	-	-	13,200
Deposits	2,520	-	-	-	-	2,520
Long-term note receivable	1,044,267	-	-	-	-	1,044,267
Assets held for resale	-	-	-	228,061	-	228,061
Total assets	\$ 30,877,086	\$ 5,494,335	\$ 3,860,406	\$ 16,857,108	\$ 8,099,719	\$ 65,188,654

(Continued)

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET (Continued)

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	General	Building	Acme Improvement	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,767,429	\$ 132,652	\$ 211,636	\$ 653,366	\$ 328,308	\$ 3,093,391
Contracts and retainage payable	-	-	-	65,208	-	65,208
Advances from other funds	-	-	-	-	300,000	300,000
Due to other governments	176,261	142,503	-	112,669	-	431,433
Unearned revenue	3,182,898	39,413	-	100	654,032	3,876,443
Total liabilities	5,126,588	314,568	211,636	831,343	1,282,340	7,766,475
Deferred inflows of resources:						
Unavailable revenue	1,044,267	-	13,669	-	60,000	1,117,936
Fund balances:						
Nonspendable:						
Prepaid expenditures	307,136	27,346	14,374	-	-	348,856
Inventory	13,200	-	-	-	-	13,200
Deposits	2,520	-	-	-	-	2,520
Assets held for resale	-	-	-	228,061	-	228,061
Advances to other funds	300,000	-	-	-	-	300,000
Restricted for:						
Capital projects	-	-	-	-	3,062,748	3,062,748
Building	-	4,560,745	-	-	-	4,560,745
Road capital and maintenance	-	-	-	-	3,483,801	3,483,801
Wellington community foundation	-	-	-	-	53,227	53,227
Debt service	-	-	-	-	75,642	75,642
Committed for:						
Rate stabilization	2,385,000	-	-	-	-	2,385,000
Insurance	440,000	-	-	-	-	440,000
Emergency	2,483,625	-	-	-	-	2,483,625
Assigned for:						
Surface Water Management	-	-	3,294,115	-	-	3,294,115
Contracts	382,887	129,715	15,121	12,786,980	330,921	13,645,624
Capital projects	25,000	-	-	3,010,724	50,000	3,085,724
Subsequent year operating expenditures	1,138,900	461,961	311,491	-	-	1,912,352
Unassigned	17,227,963	-	-	-	(298,960)	16,929,003
Total fund balances	24,706,231	5,179,767	3,635,101	16,025,765	6,757,379	56,304,243
Total liabilities, deferred inflows of resources and fund balances	\$ 30,877,086	\$ 5,494,335	\$ 3,860,406	\$ 16,857,108	\$ 8,099,719	\$ 65,188,654

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, 2014

Ending fund balance - governmental funds \$ 56,304,243

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	\$ 244,276,580	
Less accumulated depreciation	<u>(86,211,213)</u>	
Net capital assets		158,065,367

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 827,011

Assets that are not available to pay for current period expenditures are unavailable revenue in the fund statements 1,117,936

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	205,710
-----------------------------------	---------

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

Bonds payable	(5,430,000)
Accrued interest	(16,878)
Compensated absences	<u>(1,702,845)</u>

Net position of governmental activities \$ 209,370,544

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, 2014

	<u>General</u>	<u>Building</u>	<u>Acme Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Ad valorem taxes	\$ 13,690,328	\$ -	\$ -	\$ -	\$ -	\$ 13,690,328
Franchise fees and taxes	3,481,665	-	-	-	-	3,481,665
Utility and other taxes	7,107,577	-	-	-	-	7,107,577
Special assessments	-	-	4,939,815	-	-	4,939,815
Impact fees	-	-	-	-	879,450	879,450
Licenses and permits	1,864,631	2,722,321	6,405	-	-	4,593,357
Intergovernmental revenue	5,448,262	-	-	-	2,409,139	7,857,401
Grant revenue	94,605	-	-	302,361	-	396,966
Charges for services	1,759,907	-	306,638	-	-	2,066,545
Fines and forfeitures	592,896	1,680	-	-	-	594,576
Investment income (net)	114,791	29,852	21,767	31,123	24,521	222,054
Miscellaneous	1,479,363	100,258	110,250	-	26,587	1,716,458
Total revenues	<u>35,634,025</u>	<u>2,854,111</u>	<u>5,384,875</u>	<u>333,484</u>	<u>3,339,697</u>	<u>47,546,192</u>

(Continued)

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

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

### GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	General	Building	Acme Improvement	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Expenditures:</b>						
Current:						
General government	\$ 11,176,906	\$ -	\$ -	\$ -	-	\$ 11,176,906
Public safety	9,270,695	2,112,680	-	-	-	11,383,375
Physical environment	7,114,810	-	2,669,671	-	-	9,784,481
Economic environment	1,001,063	-	-	-	-	1,001,063
Transportation	-	-	-	-	1,647,185	1,647,185
Culture and recreation	3,564,163	-	692,604	-	61	4,256,828
Capital outlay	732,943	19,097	263,581	3,740,122	1,626,445	6,382,188
Debt service:						
Principal	-	-	-	-	970,000	970,000
Interest and other fiscal charges	-	-	-	-	238,622	238,622
Total expenditures	<u>32,860,580</u>	<u>2,131,777</u>	<u>3,625,856</u>	<u>3,740,122</u>	<u>4,482,313</u>	<u>46,840,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,773,445</u>	<u>722,334</u>	<u>1,759,019</u>	<u>(3,406,638)</u>	<u>(1,142,616)</u>	<u>705,544</u>
<b>Other financing sources (uses):</b>						
Transfers in	6,282,828	-	-	17,585,935	2,393,720	26,262,483
Transfers out	(16,098,767)	(4,756,007)	(1,340,968)	(5,025,676)	(2,540,495)	(29,761,913)
Proceeds from sale of capital assets	<u>55,911</u>	<u>9,738</u>	<u>4,735</u>	<u>-</u>	<u>19,472</u>	<u>89,856</u>
Total other financing sources (uses)	<u>(9,760,028)</u>	<u>(4,746,269)</u>	<u>(1,336,233)</u>	<u>12,560,259</u>	<u>(127,303)</u>	<u>(3,409,574)</u>
Net change in fund balances	(6,986,583)	(4,023,935)	422,786	9,153,621	(1,269,919)	(2,704,030)
Fund balances, beginning of year	<u>31,692,814</u>	<u>9,203,702</u>	<u>3,212,315</u>	<u>6,872,144</u>	<u>8,027,298</u>	<u>59,008,273</u>
Fund balances, end of year	<u>\$ 24,706,231</u>	<u>\$ 5,179,767</u>	<u>\$ 3,635,101</u>	<u>\$ 16,025,765</u>	<u>\$ 6,757,379</u>	<u>\$ 56,304,243</u>

See notes to basic financial statements

## VILLAGE OF WELLINGTON, FLORIDA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2014

Net change in fund balances - total governmental funds	\$ (2,704,030)
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.	71,906
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.	3,355,487
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(8,676,883)
In the statement of activities, only the gain (loss) on the sale of capital assets is reported	
Net book value of asset disposals	(60,160)
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	970,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements.	1,117,936
Certain revenues were unavailable 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.	(613,269)
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	3,015
Change in compensated absences	<u>(65,310)</u>
Change in net position of governmental activities	<u>\$ (6,643,146)</u>

See notes to basic financial statements



# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

SEPTEMBER 30, 2014

	Major		Nonmajor	
	Utility System	Solid Waste	Lake Wellington Professional Centre	Total
<b>ASSETS</b>				
Current assets:				
Cash	\$ 11,438,347	\$ 3,073,928	\$ 319,826	\$ 14,832,101
Investments	5,951,671	4,567,973	-	10,519,644
Receivables:				
Accounts, net of allowance for uncollectible amounts	2,353,517	66,227	48	2,419,792
Interest	36,869	8,222	-	45,091
Due from other governments	-	34,776	-	34,776
Inventories	107,651	-	-	107,651
Restricted cash	5,020,689	-	-	5,020,689
Restricted investments	<u>18,503,371</u>	<u>-</u>	<u>-</u>	<u>18,503,371</u>
Total current assets	<u>43,412,115</u>	<u>7,751,126</u>	<u>319,874</u>	<u>51,483,115</u>
Noncurrent assets:				
Net other postemployment benefit asset	143,256	8,286	447	151,989
Property, plant and equipment (net of accumulated depreciation)	<u>116,854,598</u>	<u>7,478</u>	<u>4,905,749</u>	<u>121,767,825</u>
Total noncurrent assets	<u>116,997,854</u>	<u>15,764</u>	<u>4,906,196</u>	<u>121,919,814</u>
Total assets	<u>\$ 160,409,969</u>	<u>\$ 7,766,890</u>	<u>\$ 5,226,070</u>	<u>\$ 173,402,929</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 866,056	\$ 551,328	\$ 62,689	\$ 1,480,073
Due to other governments	7,765	12,439	9,558	29,762
Deposits, payable from restricted assets	1,004,632	-	-	1,004,632
Compensated absences payable - current portion	147,590	5,556	-	153,146
Unearned revenue	<u>18,678</u>	<u>-</u>	<u>31,148</u>	<u>49,826</u>
Total current liabilities	<u>2,044,721</u>	<u>569,323</u>	<u>103,395</u>	<u>2,717,439</u>
Noncurrent liabilities:				
Compensated absences payable - net of current portion	<u>97,606</u>	<u>5,129</u>	<u>-</u>	<u>102,735</u>
Total noncurrent liabilities	<u>97,606</u>	<u>5,129</u>	<u>-</u>	<u>102,735</u>
Total liabilities	<u>2,142,327</u>	<u>574,452</u>	<u>103,395</u>	<u>2,820,174</u>
<b>NET POSITION</b>				
Net invested in capital assets	116,854,598	7,478	4,905,749	121,767,825
Restricted for capital improvements - capacity fees	4,016,057	-	-	4,016,057
Restricted for renewal and replacement of capital assets	18,503,371	-	-	18,503,371
Unrestricted	<u>18,893,616</u>	<u>7,184,960</u>	<u>216,926</u>	<u>26,295,502</u>
Total net position	<u>\$ 158,267,642</u>	<u>\$ 7,192,438</u>	<u>\$ 5,122,675</u>	<u>\$ 170,582,755</u>

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, 2014

	Major		Nonmajor	Total
	Utility System	Solid Waste	Lake Wellington Professional Centre	
<b>Operating revenues:</b>				
Charges for services	\$ 18,893,050	\$ 37,228	\$ 72,877	\$ 19,003,155
Special assessments	-	3,453,282	-	3,453,282
Licenses and permits	-	47,947	-	47,947
Intergovernmental revenue	-	58,880	-	58,880
Franchise fees	-	250,056	-	250,056
Rent revenue	-	-	458,180	458,180
Other	107,696	19,463	14,893	142,052
Total operating revenues	<u>19,000,746</u>	<u>3,866,856</u>	<u>545,950</u>	<u>23,413,552</u>
<b>Operating expenses:</b>				
Water services	3,556,055	-	-	3,556,055
Wastewater services	2,709,823	-	-	2,709,823
Laboratory	118,985	-	-	118,985
Water distribution	889,902	-	-	889,902
Customer service	556,103	-	-	556,103
General and administrative	856,889	-	-	856,889
Operations and maintenance	-	-	324,548	324,548
Solid waste	-	3,430,758	-	3,430,758
Depreciation	6,059,377	3,476	124,403	6,187,256
Total operating expenses	<u>14,747,134</u>	<u>3,434,234</u>	<u>448,951</u>	<u>18,630,319</u>
Income from operations	<u>4,253,612</u>	<u>432,622</u>	<u>96,999</u>	<u>4,783,233</u>
<b>Nonoperating revenues (expenses):</b>				
Investment income (net)	105,186	27,970	-	133,156
Net gain on sale or disposition of capital assets	71,679	-	-	71,679
Interest expense	(28,862)	-	-	(28,862)
Total nonoperating revenues (expenses)	<u>148,003</u>	<u>27,970</u>	<u>-</u>	<u>175,973</u>
Income before contributions and transfers	<u>4,401,615</u>	<u>460,592</u>	<u>96,999</u>	<u>4,959,206</u>
<b>Capital contributions:</b>				
Capacity charges	1,000,274	-	-	1,000,274
Distribution lines	1,333,368	-	-	1,333,368
Meters	65,420	-	-	65,420
Transfers in	-	-	5,025,676	5,025,676
Transfers out	(1,292,654)	(233,592)	-	(1,526,246)
Change in net position	5,508,023	227,000	5,122,675	10,857,698
Net position - beginning	<u>152,759,619</u>	<u>6,965,438</u>	<u>-</u>	<u>159,725,057</u>
Net position - end of year	<u>\$ 158,267,642</u>	<u>\$ 7,192,438</u>	<u>\$ 5,122,675</u>	<u>\$ 170,582,755</u>

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Major		Nonmajor	
	Utility System	Solid Waste	Lake Wellington Professional Centre	Total
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 18,448,939	\$ 3,744,652	\$ 562,157	\$ 22,755,748
Payments to suppliers for goods and services	(3,874,547)	(3,274,933)	(140,860)	(7,290,340)
Payments to employees for services	(4,431,918)	(158,003)	(121,446)	(4,711,367)
Other operating revenues	535,541	125,638	24,451	685,630
Net cash provided by operating activities	10,678,015	437,354	324,302	11,439,671
<b>Cash flows from noncapital financing activities:</b>				
Transfers to other funds	(1,292,654)	(233,592)	-	(1,526,246)
Net cash (used) in noncapital financing activities	(1,292,654)	(233,592)	-	(1,526,246)
<b>Cash flows from capital and related financing activities:</b>				
Capital contributions	1,065,694	-	-	1,065,694
Sale proceeds of capital assets	71,679	-	-	71,679
Acquisition of property, plant and equipment	(1,039,886)	-	(4,476)	(1,044,362)
Principal paid on indebtedness	(1,500,000)	-	-	(1,500,000)
Interest paid on indebtedness	(58,862)	-	-	(58,862)
Net cash (used) in capital and related financing activities	(1,461,375)	-	(4,476)	(1,465,851)
<b>Cash flows from investing activities:</b>				
Interest received	103,803	32,912	-	136,715
Sale of investments	4,449,381	1,713,846	-	6,163,227
Purchase of investments	(10,955,492)	(2,241,086)	-	(13,196,578)
Net cash (used) by investing activities	(6,402,308)	(494,328)	-	(6,896,636)
Net increase (decrease) in cash	1,521,678	(290,566)	319,826	1,550,938
Cash, beginning of year	14,937,358	3,364,494	-	18,301,852
Total cash, end of year	\$ 16,459,036	\$ 3,073,928	\$ 319,826	\$ 19,852,790
Cash				
Unrestricted	\$ 11,438,347	\$ 3,073,928	\$ 319,826	\$ 14,832,101
Restricted	5,020,689	-	-	5,020,689
Total cash	\$ 16,459,036	\$ 3,073,928	\$ 319,826	\$ 19,852,790

(Continued)

See notes to basic financial statements

# VILLAGE OF WELLINGTON, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued) YEAR ENDED SEPTEMBER 30, 2014

	Major		Nonmajor	
	Utility System	Solid Waste	Lake Wellington Professional Centre	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 4,253,612	\$ 432,622	\$ 96,999	\$ 4,783,233
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	6,059,377	3,475	124,403	6,187,255
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(435,591)	4,086	(48)	(431,553)
Due from other funds	427,086	3,789		430,875
Due from other governments	-	(1,930)	-	(1,930)
Inventories	5,314	-	-	5,314
Prepaid expenses	3,519	-	-	3,519
OPEB expense	(15,080)	(567)	(447)	(16,094)
Increase (decrease) in:				
Accounts payable and accrued liabilities	364,500	(4,306)	62,689	422,883
Due to other governments	759	(2,511)	9,558	7,806
Deposits	(9,238)	-	-	(9,238)
Unearned revenue	718	-	31,148	31,866
Compensated absences payable	23,039	2,696	-	25,735
Total adjustments	6,424,403	4,732	227,303	6,656,438
Net cash provided by operating activities	\$ 10,678,015	\$ 437,354	\$ 324,302	\$ 11,439,671
Noncash investing, capital, and financing activities:				
Developer contributed distribution lines	\$ 1,333,368	\$ -	\$ -	\$ 1,333,368
Unrealized losses on investments	(588)	(2,966)	-	(3,554)
Contribution of capital assets	-	-	5,025,676	5,025,676

See notes to basic financial statements

**VILLAGE OF WELLINGTON, FLORIDA**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2014

	Employee Retirement Healthcare <u>Trust</u>
<b>ASSETS</b>	
Investments:	
Florida Municipal Pension Trust Fund - OPEB 70/30 Allocation	<u>\$ 1,236,215</u>
<b>NET POSITION</b>	
Held in trust for other postemployment benefits	<u>\$ 1,236,215</u>

See notes to basic financial statements

**VILLAGE OF WELLINGTON, FLORIDA**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
YEAR ENDED SEPTEMBER 30, 2014

	Employee Retirement Healthcare <u>Trust</u>
<b>Additions:</b>	
Investment income	\$ 112,461
<b>Deductions:</b>	
Administrative expense	<u>(1,695)</u>
Change in net position	110,766
Net position held in trust for other postemployment benefits, beginning of year	<u>1,125,449</u>
Net position held in trust for other postemployment benefits, end of year	<u><u>\$ 1,236,215</u></u>

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. 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 because the District is governed by a five-member board of supervisors that is the same as the governing body of Wellington. The District does not issue separate financial statements and is presented as a special revenue fund type – Acme Improvement 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)**

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as nonmajor funds.

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Wellington considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, 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.

**Building** – This special revenue fund accounts for revenues and expenditures applicable to the building function. The purpose of the fund is to segregate permitting services pertaining to building activities and to ensure that the fee structure for such activities is accurate.

**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)**

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

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***

These assets represent cash and investments set aside pursuant to debt covenants or other contractual restrictions.

***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)**

***Capital Assets and Depreciation*** (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 a major illness after they have used 40 hours of paid time-off. 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; 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.

### ***Refundings of Debt***

For current refundings and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources/deferred inflow of resources and recognized ratably as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In connection with the refunding, \$41,838 was recognized as a component of interest expense in the current fiscal year.

### ***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. . 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. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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)

### *Fund Equity* (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, 2014 is \$2,483,625.

### *Interfund Transactions*

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

### *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 2014 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, 2013, of approximately \$5.7 billion.

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1<sup>st</sup> following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1<sup>st</sup> following the tax year, certificates are offered for sale for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificate may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2014, 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. 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. 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)**

***Recent Accounting Pronouncements***

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 local governments for pensions. It also improves information provided by 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*, and 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. 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, 2014.

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, 2014.

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.

GASB Statement No. 72, *Fair Value Measurement and Application*

The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature. This Statement is effective for periods beginning after June 15, 2015.

Management has not completed an analysis of the effects of these GASB statements on the financial statements.

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

***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, commercial paper and money market and mutual funds that restrict its investments to obligations of the U.S. government.

Wellington's cash includes 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 at September 30, 2014, include petty cash of \$5,525, deposits with financial institutions with a carrying value of \$27,813,074 and a bank balance of \$28,865,878 and money market funds with a carrying value of \$16,593,560.

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 Florida Municipal Investment Trust was created under the laws of the State of Florida to provide eligible units of local governments with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust.

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

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

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Wellington's investment policy matches its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement or otherwise approved by Wellington's Council, Wellington will not directly invest in securities maturing in more than 5 years. As of September 30, 2014, Wellington had the following investments in its internal investment pool:

Investment Type	Fair Value	Investment Maturities	
		In Years	
		Less Than 1	1-5
U.S. Treasuries	\$ 20,812,148	\$ 4,575,027	\$ 16,237,121
U.S. Agency and Instrumentality securities	29,208,242	11,889,602	17,318,640
Commercial Paper	14,496,324	14,496,324	-
Florida Municipal Investment Trust	855,576	-	855,576
Total	<u>\$ 65,372,290</u>	<u>\$ 30,960,953</u>	<u>\$ 34,411,337</u>

***Credit Risk***

Wellington's policy is to limit investments to the safest types of securities, pre-qualified 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
U.S. government agencies and instrumentalities:			
Federal National Mortgage Association	\$ 19,391,421	AA+	S&P
Federal Home Loan Mortgage Corporation	5,013,422	AA+	S&P
Federal Home Loan Bank	4,803,399	AA+	S&P
Commercial paper	14,496,324	A-1+	S&P
Florida Municipal Investment Trust			
1 - 3 year high quality bond fund	100,937	AAA	Fitch
Intermediate high quality bond fund	754,639	AAA	Fitch

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

***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 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 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, 2014, Wellington had more than 5% of its investments in the following:

Issuer	Fair Value	Percentage
Federal National Mortgage Association	\$ 19,391,421	29.7%
Commercial Paper	14,496,324	22.2%
Federal Home Loan Mortgage Corporation	5,013,422	7.7%
Federal Home Loan Bank	4,803,399	7.3%

**NOTE 3. RECEIVABLES**

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

	General	Building	Acme Improvement	Capital Projects	Nonmajor Governmental Funds	Utility System	Solid Waste	Nonmajor Lake Wellington Professional Centre	Total
Utility taxes	\$ 463,606	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 463,606
Franchise taxes	356,748	-	-	-	-	-	61,427	-	418,175
Accounts	280,400	439	-	-	-	2,463,617	4,800	48	2,749,304
Interest	33,008	5,828	4,606	12,750	8,879	36,869	8,222	-	110,162
Gross receivables	1,133,762	6,267	4,606	12,750	8,879	2,500,486	74,449	48	3,741,247
Less allowance for uncollectible accounts	-	-	-	-	-	(110,100)	-	-	(110,100)
	<u>\$ 1,133,762</u>	<u>\$ 6,267</u>	<u>\$ 4,606</u>	<u>\$ 12,750</u>	<u>\$ 8,879</u>	<u>\$ 2,390,386</u>	<u>\$ 74,449</u>	<u>\$ 48</u>	<u>\$ 3,631,147</u>

**NOTE 4. DUE FROM OTHER GOVERNMENTS**

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

	<u>General</u>	<u>Building</u>	<u>Acme Improvement</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Solid Waste</u>	<u>Total</u>
Federal Government:							
Grants	\$ 12,400	\$ -	\$ -	\$ 1,060	\$ -	\$ -	\$ 13,460
State of Florida:							
Half cent sales tax	665,404	-	-	-	-	-	665,404
Communication services tax	207,943	-	-	-	-	-	207,943
Local option gas tax	-	-	-	-	123,045	-	123,045
Palm Beach County:							
County shared revenues	59,760	60	-	-	-	15,313	75,133
PBC Tax Collector	-	-	27,733	-	-	19,463	47,196
Board of County Commissioners	4,200	-	-	-	60,000	-	64,200
Pine Tree Water Control Dist.	-	-	15,237	-	-	-	15,237
	<u>\$ 949,707</u>	<u>\$ 60</u>	<u>\$ 42,970</u>	<u>\$ 1,060</u>	<u>\$ 183,045</u>	<u>\$ 34,776</u>	<u>\$ 1,211,618</u>

***Boys and Girls Club***

In the prior fiscal year, the Village wrapped up construction of the new Boys & Girls Club Center. Total construction costs were approximately \$3,956,000. The project was to be funded as follows: the Village (\$1.096 million), Palm Beach County (\$600,000) and the Boys & Girls Club (\$2.26 million). During the prior fiscal year, the Boys & Girls Club paid \$1.1 million to the Village leaving a balance owed of \$1.16 million. The Village and the Boys & Girls Club agreed that the remaining balance would be paid over ten years in annual amounts of \$116,030. At September 30, 2014, the amount owed is \$1,044,270 and is recorded as a long-term receivable and unavailable revenue on the fund financial statements.

Further, the County's portion of the costs was \$600,000 of which \$540,000 was received during 2014. A due from other government is reported on the balance sheet for the remaining amount owed.

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 19,821,956	\$ -	\$ -	\$ -	\$ 19,821,956
Construction in progress	2,668,786	1,925,581	(27,011)	(3,528,476)	1,038,880
Infrastructure	<u>76,438,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,438,677</u>
Total capital assets, not being depreciated	<u>98,929,419</u>	<u>1,925,581</u>	<u>(27,011)</u>	<u>(3,528,476)</u>	<u>97,299,513</u>
Capital assets, being depreciated:					
Buildings	30,494,102	-	-	2,431,854	32,925,956
Improvements	91,695,087	-	(14,105)	887,652	92,568,634
Machinery and equipment	<u>21,249,624</u>	<u>1,456,919</u>	<u>(1,433,037)</u>	<u>208,971</u>	<u>21,482,477</u>
Total capital assets, being depreciated	<u>143,438,813</u>	<u>1,456,919</u>	<u>(1,447,142)</u>	<u>3,528,477</u>	<u>146,977,067</u>
Less accumulated depreciation for:					
Buildings	(5,881,369)	(1,100,230)	-	-	(6,981,599)
Improvements	(53,353,573)	(6,372,498)	14,105	-	(59,711,966)
Machinery and equipment	<u>(19,686,366)</u>	<u>(1,204,157)</u>	<u>1,372,875</u>	<u>-</u>	<u>(19,517,648)</u>
Total accumulated depreciation	<u>(78,921,308)</u>	<u>(8,676,885)</u>	<u>1,386,980</u>	<u>-</u>	<u>(86,211,213)</u>
Total capital assets, being depreciated, net	<u>64,517,505</u>	<u>(7,219,966)</u>	<u>(60,162)</u>	<u>3,528,477</u>	<u>60,765,854</u>
Governmental activities capital assets, net	<u>\$ 163,446,924</u>	<u>\$ (5,294,385)</u>	<u>\$ (87,173)</u>	<u>\$ 1</u>	<u>\$ 158,065,367</u>

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

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 8,996,705	\$ 582,973	\$ -	\$ -	\$ 9,579,678
Construction in progress	229,136	662,983	-	(481,470)	410,649
Total capital assets, not being depreciated	<u>9,225,841</u>	<u>1,245,956</u>	-	<u>(481,470)</u>	<u>9,990,327</u>
Capital assets, being depreciated:					
Buildings	4,707,693	4,442,703	-	81,430	9,231,826
Land improvements	5,075,698	-	-	327,594	5,403,292
Furniture, fixtures, equipment and vehicles	4,418,509	381,379	(176,633)	7,649	4,630,904
Meters	4,790,127	-	-	-	4,790,127
Major equipment	9,707,527	-	-	37,297	9,744,824
Water and wastewater plant	72,027,647	-	-	27,500	72,055,147
Wells	11,719,594	-	-	-	11,719,594
Telemetry	854,707	-	-	-	854,707
Distribution lines	<u>83,485,680</u>	<u>1,333,368</u>	-	-	<u>84,819,048</u>
Total capital assets, being depreciated	<u>196,787,182</u>	<u>6,157,450</u>	<u>(176,633)</u>	<u>481,470</u>	<u>203,249,469</u>
Less accumulated depreciation for:					
Buildings	(1,287,640)	(277,751)	-	-	(1,565,391)
Land improvements	(2,498,683)	(396,337)	-	-	(2,895,020)
Furniture, fixtures, equipment and vehicles	(3,894,575)	(287,487)	176,633	-	(4,005,429)
Meters	(2,558,788)	(479,131)	-	-	(3,037,919)
Major equipment	(8,844,591)	(110,266)	-	-	(8,954,857)
Water and wastewater plant	(21,371,889)	(2,213,082)	-	-	(23,584,971)
Wells	(7,791,486)	(305,952)	-	-	(8,097,438)
Telemetry	(500,518)	(18,860)	-	-	(519,378)
Distribution lines	<u>(36,713,178)</u>	<u>(2,098,390)</u>	-	-	<u>(38,811,568)</u>
Total accumulated depreciation	<u>(85,461,348)</u>	<u>(6,187,256)</u>	<u>176,633</u>	<u>-</u>	<u>(91,471,971)</u>
Total capital assets, being depreciated, net	<u>111,325,834</u>	<u>(29,806)</u>	<u>-</u>	<u>481,470</u>	<u>111,777,498</u>
Business-type activities capital assets, net	<u>\$ 120,551,675</u>	<u>\$ 1,216,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,767,825</u>

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

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 844,425
Public Safety	79,699
Physical environment	6,351,564
Economic environment	30,352
Transportation	412,487
Culture and recreation	958,358
Total depreciation expense - governmental activities	<u>\$ 8,676,885</u>
Business-type activities:	
Water utility	\$ 6,059,377
Lake Wellington Professional Centre	124,403
Solid waste	3,476
Total depreciation expense - business-type activities	<u>\$ 6,187,256</u>

**NOTE 6. NONCURRENT LIABILITIES*****Changes in Noncurrent Liabilities***

Noncurrent liability activity for the year ended September 30, 2014, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Public Service Tax Revenue					
Refunding Bonds, Series 2005	\$ 6,400,000	\$ -	\$ (970,000)	\$ 5,430,000	\$ 1,005,000
Compensated absences payable	1,637,535	1,155,342	(1,090,032)	1,702,845	874,417
Total	<u>\$ 8,037,535</u>	<u>\$ 1,155,342</u>	<u>\$ (2,060,032)</u>	<u>\$ 7,132,845</u>	<u>\$ 1,879,417</u>

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

In May 2005, Wellington issued \$9,995,000 of Public Service Tax Revenue Refunding Bonds, Series 2005 to refund a portion of the Public Service Tax Revenue Bonds, Series 1999. Interest at a rate of 3.73% is payable semi-annually on March 1 and September 1. The remaining principal is payable in annual installments of \$1,005,000 to \$1,165,000 with the final payment due September 1, 2019. At September 30, 2014, the outstanding balance was \$5,430,000.

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

Future debt service requirements to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
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	<u>1,165,000</u>	<u>43,455</u>	<u>1,208,455</u>
Total Public Service Tax Revenue Refunding Bonds, Series 2005	<u>\$ 5,430,000</u>	<u>\$ 622,725</u>	<u>\$ 6,052,725</u>

***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 \$6,052,725. Total principal and interest paid for the current year and total public service tax revenues were \$1,208,622 and \$8,006,951, respectively.

***Changes in Noncurrent Liabilities***

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Utility System Revenue Refunding and Improvement Bonds	\$ 1,500,000	\$ -	\$ (1,500,000)	\$ -	\$ -
Total Bonds Payable	1,500,000	-	(1,500,000)	-	-
Compensated absences payable	<u>230,146</u>	<u>238,163</u>	<u>(212,428)</u>	<u>255,881</u>	<u>153,146</u>
Total	<u>\$ 1,730,146</u>	<u>\$ 238,163</u>	<u>\$ (1,712,428)</u>	<u>\$ 255,881</u>	<u>\$ 153,146</u>

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

In August 2003, Wellington issued \$22,355,000 of Utility System Revenue Refunding and Improvement Bonds, Series 2003. Interest, at rates ranging from 2.00% to 4.00%, is payable semi-annually on April 1 and October 1. The final remaining principal of \$1,500,000 is due October 1, 2014. 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. This bond was paid off in October 2013.

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

Business-type Activities (Continued)

***Debt Compliance***

Various bond indentures contain covenants which specify certain 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**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Saddle Trail Improvements	\$ 300,000

These balances include a loan that the general fund expects to collect in a subsequent year.

***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, 2014 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 6,282,828	\$ 16,098,767
Building	-	4,756,007
Acme Improvement	-	1,340,968
Capital Projects	17,585,935	5,025,676
Nonmajor governmental funds	2,393,720	2,540,495
Utility System	-	1,292,654
Lake Wellington Professional Centre	5,025,676	-
Solid Waste	-	233,592
Total	<u>\$ 31,288,159</u>	<u>\$ 31,288,159</u>

Transfers are used to (1) move revenues from the fund budgeted to collect them to the fund budgeted to expend them, (2) use unrestricted revenues collected in the general fund to finance the construction of the Wellington Community Center and tennis center, (3) move capital assets related to Lake Wellington Professional Centre and (4) 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, 2014 are as follows:

Major funds:	
General Fund	\$ 382,887
Building	129,715
Acme Improvement	15,121
Capital Projects	<u>12,786,980</u>
Total Major Funds	13,314,703
Non-Major Governmental Funds	<u>330,921</u>
Total Encumbrances	<u>\$ 13,645,624</u>

**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, 2014 and 5.72% for the period July 1, 2014 through September 30, 2014 for the Regular Class members. Contributions to FRS for the years ended September 30, 2014, 2013, and 2012 were \$1,296,634, \$998,176 and \$775,443, 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 2014 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 for a term of 5 years was executed during 2009 which provides for the use of the SunGard Public Sector, Inc. software package. This agreement was amended during 2012. Beginning October 1, 2014 this contract will automatically renew each year unless the Village opts to terminate the agreement. For the year ended September 30, 2014, amounts were remitted pursuant to this agreement. The amount owed for the 2015 fiscal year is \$142,313.

***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 \$8,135,346 for the year ended September 30, 2014.

***Wellington Community Center and Tennis Facility***

Wellington has contracted with Pirtle Construction Company for the demolition and new construction of the Wellington Community Center as well as the relocation of the tennis facility. A contract was awarded in April 2014 in the amount of \$12,555,000 with an anticipated completion date of May 2016 and is being accounted for in the Capital Projects Fund. As of September 30, 2014, cumulative expenditures total \$872,212.

***Solid Waste Collection and Recycling***

During the fiscal 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 2014 total \$3,182,420. According to the agreement, future year payments to Waste Management, Inc. will be adjusted by a yearly CPI index.

**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 three retirees eligible to receive benefits as of September 30, 2014.

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 member premiums. Plan members contribute 100% of the monthly premium ranging from a minimum of \$706 to a maximum of \$2,108.

Annual OPEB Cost: The annual other postemployment benefit (OPEB) cost for the fiscal year was (\$77,000), 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, 2014 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
9/30/2012	(29,000)	n/a	826,000
9/30/2013	(33,000)	n/a	891,000
9/30/2014	(77,000)	n/a	979,000
Annual required contribution			\$ (106,000)
Interest on OPEB obligation			(62,000)
Adjustment to annual required contribution			91,000
Annual OPEB cost			(77,000)
Employer Contributions			(11,000)
Change in net OPEB asset			(88,000)
Net OPEB liability (asset), beginning of year			(891,000)
Net OPEB liability (asset), end of year			<u>\$ (979,000)</u>

The annual required contributions for 2014 and 2013 were \$(106,000) and \$(60,000), respectively, of which Wellington made contributions of \$0 each year.

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

	(1)	(2)	(3)	(4)		
Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) / (2)	Covered Payroll	UAAL As % of Covered Payroll (3) / (4)
October 1, 2014	1,236,000	111,000	(1,125,000)	1113.5%	16,716,000	-6.7%

**NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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, 2014, 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 8% initially, reduced by decrements to an ultimate rate of 5.5% after five 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, 2014, were modified from the previous actuarial valuation for the plan. Assumption changes from the prior valuation are (1) the mortality basis was taken from a 2013 projection of the RP-2000 Mortality Table to a 2015 projection and (2) the implied subsidy at age 62 was reduced for the 2015 fiscal year from \$2,129 for the retiree and \$3,193 for the retiree's spouse to \$1,800 for the retiree and \$2,100 for the retiree's spouse. The net effect of these changes was to decrease the Village's annual OPEB cost from the amount shown in the previous report.

**NOTE 15. DEFECIT FUND EQUITY**

The saddle trail improvement fund had a deficit fund balance of (\$26,039) at September 30, 2014. The deficit will be covered in a subsequent year through the issuance of bonds.

**NOTE 16. SUBSEQUENT EVENT**

In October 2014 Wellington refinanced the Public Service Tax Revenue Refunding Bonds, Series 2005 of \$5,430,000 at an annual rate of 1.55%. The Village will realize a savings of approximately \$375,000 through the life of the bond which is set to mature on September 1, 2019.

---

---

**REQUIRED SUPPLEMENTARY INFORMATION**

---

---

# Budgetary Comparison Schedules:

---

General Fund

Special Revenue Funds:

Building

Acme Improvement

# VILLAGE OF WELLINGTON, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2014

	<u>Original</u>	<u>Prior</u>	<u>Legally</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Adopted</u>	<u>Year</u>	<u>Adopted</u>	<u>Budget</u>		<u>With</u>
	<u>Budget</u>	<u>and Transfers</u>	<u>Budget</u>	<u>Budget</u>		<u>Final Budget</u>
			<u>Amendments</u>			<u>Positive</u>
						<u>(Negative)</u>
<b>Revenues:</b>						
Ad valorem taxes	\$ 13,502,208	\$ -	\$ -	\$ 13,502,208	\$ 13,690,328	\$ 188,120
Franchise fees and taxes	3,000,000	-	-	3,000,000	3,481,665	481,665
Utility and other taxes	6,300,000	-	-	6,300,000	7,107,577	807,577
Licenses and permits	1,015,000	-	-	1,015,000	1,864,631	849,631
Intergovernmental	4,608,000	-	-	4,608,000	5,448,262	840,262
Grant revenue	98,667	(28,045)	19,888	90,510	94,605	4,095
Charges for services	1,498,500	-	-	1,498,500	1,759,907	261,407
Fines and forfeitures	460,000	-	-	460,000	592,896	132,896
Investment income (net)	180,000	-	-	180,000	114,791	(65,209)
Miscellaneous	238,340	-	-	238,340	1,479,363	1,241,023
Total revenues	<u>30,900,715</u>	<u>(28,045)</u>	<u>19,888</u>	<u>30,892,558</u>	<u>35,634,025</u>	<u>4,741,467</u>

(Continued)

See notes to required supplementary information

# VILLAGE OF WELLINGTON, FLORIDA

## BUDGETARY COMPARISON SCHEDULE (Continued)

### GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Adopted Budget	Prior Year Carryforward and Transfers	Legally Adopted Budget Amendments	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Expenditures:</b>						
General government:						
Village council	\$ 284,106	\$ 1,200	\$ -	\$ 285,306	\$ 276,071	\$ 9,235
Village clerk	1,021,557	(75,300)	-	946,257	970,866	(24,609)
Village manager	1,347,707	(71,888)	-	1,275,819	1,177,051	98,768
Customer service	348,532	156,100	-	504,632	477,924	26,708
Financial services	2,128,732	184,300	-	2,313,032	2,204,288	108,744
Strategic planning	1,600,036	53,956	-	1,653,992	1,442,349	211,643
Human resources	730,413	(35,189)	-	695,224	485,540	209,684
Risk management	1,027,800	-	-	1,027,800	685,530	342,270
Legal	992,866	(179)	-	992,687	689,358	303,329
Technology services	1,977,123	153,670	-	2,130,793	1,852,724	278,069
Construction and engineering	258,453	99,500	-	357,953	319,455	38,498
Other	1,567,278	(407,000)	-	1,160,278	595,750	564,528
Total general government	<u>13,284,603</u>	<u>59,170</u>	<u>-</u>	<u>13,343,773</u>	<u>11,176,906</u>	<u>2,166,867</u>
Public safety:						
Law enforcement	8,248,906	-	-	8,248,906	8,218,599	30,307
Emergency management	43,700	(11,920)	-	31,780	16,767	15,013
Code enforcement	1,141,291	(42,700)	-	1,098,591	1,035,329	63,262
Total public safety	<u>9,433,897</u>	<u>(54,620)</u>	<u>-</u>	<u>9,379,277</u>	<u>9,270,695</u>	<u>108,582</u>
Physical environment:						
Public works	7,209,161	115,573	-	7,324,734	7,114,810	209,924
Economic environment:						
Community services	1,148,350	165,499	19,888	1,333,737	1,001,063	332,674
Culture and recreation:						
Parks and recreation administration	482,929	15,000	-	497,929	495,263	2,666
Recreation programs	1,853,844	(30,600)	-	1,823,244	1,772,810	50,434
Aquatics	698,430	(18,700)	-	679,730	729,232	(49,502)
Cultural and recreational facilities	419,007	53,800	-	472,807	463,550	9,257
Park ranger program	85,798	(18,000)	-	67,798	47,843	19,955
Senior resource and advocacy	65,000	-	-	65,000	55,465	9,535
Total culture and recreation	<u>3,605,008</u>	<u>1,500</u>	<u>-</u>	<u>3,606,508</u>	<u>3,564,163</u>	<u>42,345</u>
Capital outlay	872,291	(8,376)	-	863,915	732,943	130,972
Total expenditures	<u>35,553,310</u>	<u>278,746</u>	<u>19,888</u>	<u>35,851,944</u>	<u>32,860,580</u>	<u>2,991,364</u>
Excess (deficiency) of revenues over expenditures	(4,652,595)	(306,791)	-	(4,959,386)	2,773,445	7,732,831
<b>Other financing sources (uses):</b>						
Transfers in	4,153,777	-	-	4,153,777	6,282,828	2,129,051
Transfers out	(798,767)	(9,200,000)	(6,400,000)	(16,398,767)	(16,098,767)	300,000
Proceeds from sale of capital assets	-	-	-	-	55,911	55,911
Total other financing sources (uses)	<u>3,355,010</u>	<u>(9,200,000)</u>	<u>(6,400,000)</u>	<u>(12,244,990)</u>	<u>(9,760,028)</u>	<u>2,484,962</u>
Net change in fund balances	(1,297,585)	(9,506,791)	(6,400,000)	(17,204,376)	(6,986,583)	10,217,793
Fund balances, beginning of year	31,692,814	-	-	31,692,814	31,692,814	-
Fund balances, end of year	<u>\$ 30,395,229</u>	<u>\$ (9,506,791)</u>	<u>\$ (6,400,000)</u>	<u>\$ 14,488,438</u>	<u>\$ 24,706,231</u>	<u>\$ 10,217,793</u>

See notes to required supplementary information

# VILLAGE OF WELLINGTON, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

### BUILDING - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Adopted Budget</u>	<u>Prior Year Carryforward and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues:</b>					
Licenses and permits	\$ 2,510,000	\$ -	\$ 2,510,000	\$ 2,722,321	\$ 212,321
Intergovernmental revenue	100,000	-	100,000	-	(100,000)
Fines and forfeitures	-	-	-	1,680	1,680
Investment income (net)	50,000	-	50,000	29,852	(20,148)
Miscellaneous	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>100,258</u>	<u>258</u>
Total revenues	<u>2,760,000</u>	<u>-</u>	<u>2,760,000</u>	<u>2,854,111</u>	<u>94,111</u>
<b>Expenditures:</b>					
Public safety:					
Building	<u>2,118,774</u>	<u>41,100</u>	<u>2,159,874</u>	<u>2,112,680</u>	<u>47,194</u>
Total public safety	<u>2,118,774</u>	<u>41,100</u>	<u>2,159,874</u>	<u>2,112,680</u>	<u>47,194</u>
Capital outlay	<u>152,000</u>	<u>(5,003)</u>	<u>146,997</u>	<u>19,097</u>	<u>127,900</u>
Total expenditures	<u>2,270,774</u>	<u>36,097</u>	<u>2,306,871</u>	<u>2,131,777</u>	<u>175,094</u>
Excess (deficiency) of revenues over expenditures	<u>489,226</u>	<u>(36,097)</u>	<u>453,129</u>	<u>722,334</u>	<u>269,205</u>
<b>Other financing sources (uses):</b>					
Transfers out	(681,900)	-	(681,900)	(4,756,007)	(4,074,107)
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,738</u>	<u>9,738</u>
Total other financing sources (uses)	<u>(681,900)</u>	<u>-</u>	<u>(681,900)</u>	<u>(4,746,269)</u>	<u>(4,064,369)</u>
Net change in fund balances	(192,674)	(36,097)	(228,771)	(4,023,935)	(3,795,164)
Fund balances, beginning of year	<u>9,203,702</u>	<u>-</u>	<u>9,203,702</u>	<u>9,203,702</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,011,028</u>	<u>\$ (36,097)</u>	<u>\$ 8,974,931</u>	<u>\$ 5,179,767</u>	<u>\$ (3,795,164)</u>

See notes to required supplementary information

# VILLAGE OF WELLINGTON, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

### ACME IMPROVEMENT - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Adopted Budget	Prior Year Carryforward and Transfers	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>					
Special assessments	\$ 4,893,640	\$ -	\$ 4,893,640	\$ 4,939,815	\$ 46,175
Charges for services	357,500	-	357,500	306,638	(50,862)
Investment income (net)	25,000	-	25,000	21,767	(3,233)
Licenses and permits	-	-	-	6,405	6,405
Miscellaneous	20,000	-	20,000	110,250	90,250
Total revenues	<u>5,296,140</u>	<u>-</u>	<u>5,296,140</u>	<u>5,384,875</u>	<u>88,735</u>
<b>Expenditures:</b>					
General government:					
Non departmental	55,480	(20,600)	34,880	-	34,880
Total general government	<u>55,480</u>	<u>(20,600)</u>	<u>34,880</u>	<u>-</u>	<u>34,880</u>
Physical environment:					
Environmental services	364,867	(3,300)	361,567	347,939	13,628
Surface water management	2,424,666	33,511	2,458,177	2,321,732	136,445
Total physical environment	<u>2,789,533</u>	<u>30,211</u>	<u>2,819,744</u>	<u>2,669,671</u>	<u>150,073</u>
Culture and recreation:					
Neighborhood parks	716,883	16,000	732,883	692,604	40,279
Total culture and recreation	<u>716,883</u>	<u>16,000</u>	<u>732,883</u>	<u>692,604</u>	<u>40,279</u>
Capital outlay	264,527	36,560	301,087	263,581	37,506
Total expenditures	<u>3,826,423</u>	<u>62,171</u>	<u>3,888,594</u>	<u>3,625,856</u>	<u>262,738</u>
Excess (deficiency) of revenues over expenditures	<u>1,469,717</u>	<u>(62,171)</u>	<u>1,407,546</u>	<u>1,759,019</u>	<u>351,473</u>
<b>Other financing uses:</b>					
Transfers out	(1,313,500)	-	(1,313,500)	(1,340,968)	(27,468)
Proceeds from sale of capital assets	-	-	-	4,735	4,735
Total other financing uses	<u>(1,313,500)</u>	<u>-</u>	<u>(1,313,500)</u>	<u>(1,336,233)</u>	<u>(22,733)</u>
Net change in fund balances	156,217	(62,171)	94,046	422,786	328,740
Fund balances, beginning of year	<u>3,212,315</u>	<u>-</u>	<u>3,212,315</u>	<u>3,212,315</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,368,532</u>	<u>\$ (62,171)</u>	<u>\$ 3,306,361</u>	<u>\$ 3,635,101</u>	<u>\$ 328,740</u>

See notes to required supplementary information

**VILLAGE OF WELLINGTON, FLORIDA**  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2014

**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, 2014, several supplementary appropriations were necessary. The supplementary appropriations and use of reserves increased the general fund budget by \$1.1 million and decreased the major special revenue funds budgets by \$98,260. 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**  
**OTHER POST EMPLOYMENT BENEFIT PLAN**  
**SEPTEMBER 30, 2014**

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%
October 1, 2014	1,236,000	111,000	(1,125,000)	1113.5%	16,716,000	-6.7%

**VILLAGE OF WELLINGTON, FLORIDA**  
**CONDITION RATING OF STREET SYSTEM**  
**SEPTEMBER 30, 2014**

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

Percentage of lane miles in good or better condition

Overall System:

2012	100%
2013	100%
2014	100%

Percentage of lane miles in substandard condition

Overall System:

2012	0%
2013	0%
2014	0%

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION

	<u>Needed</u>	<u>Actual</u>	<u>Difference</u>
Overall System:			
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)
2014	<u>2,905,530</u>	<u>3,168,757</u>	<u>263,227</u>
Total	<u>\$ 14,405,022</u>	<u>\$ 13,664,857</u>	<u>\$ (740,165)</u>

The condition of street pavement is measured using the Asphalt Pavement Rating Form as developed by the Asphalt Institute. The Asphalt Pavement Rating Form is based on a weighted average of thirteen defects found in pavement surfaces. The form uses a measurement scale that is based on a condition index rating from zero for failed pavement to 100 for pavement in perfect condition. The condition index is used to classify roads in seven categories: excellent (100-85), very good (84-70), good (69-55), fair (54-40), poor (39-25), very poor (24-10), failed (9-0). It is Wellington's policy to maintain at least 100% of its street system at a good or better condition. Needed maintenance is calculated based upon inspections and the condition assessment index.

In accordance with GASB Statement No. 34, Wellington is required to report at least one complete condition assessment at transition using the modified approach. The condition assessment was completed and documented that the eligible infrastructure assets are being preserved at or above the condition level established. Future assessments will be completed on a cyclical basis (one-third of all the streets in the network every year for three years).

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



---

---

**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.

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

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

**Saddle Trail Improvements Fund** – Accounts solely for interfund loans, bond proceeds and expenditures for the Saddle Trail Park Neighborhood Improvement Project.

### 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, 2014

	Special Revenue Funds			Capital Project Funds			Debt Service Fund	Total Nonmajor Funds
	Gas Tax Maintenance	Wellington Community Foundation	Recreation Impact Fees	Gas Tax Capital	Road Impact Fees	Saddle Trail Improvements		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 358,970	\$ 53,227	\$ 206,605	\$ 1,301,547	\$ 1,141,248	\$ 300,000	\$ 30,427	\$ 3,392,024
Investments	533,444	-	307,027	1,934,148	1,695,937	-	45,215	4,515,771
Receivables:								-
Accrued interest receivable	1,567	-	1,243	3,247	2,822	-	-	8,879
Due from other governments	83,639	-	60,000	39,406	-	-	-	183,045
Total assets	<u>\$ 977,620</u>	<u>\$ 53,227</u>	<u>\$ 574,875</u>	<u>\$ 3,278,348</u>	<u>\$ 2,840,007</u>	<u>\$ 300,000</u>	<u>\$ 75,642</u>	<u>\$ 8,099,719</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 49,067	\$ -	\$ -	\$ 253,202	\$ -	\$ 26,039	\$ -	\$ 328,308
Advance from other funds	-	-	-	-	-	300,000	-	300,000
Unearned revenue	-	-	-	367,536	286,496	-	-	654,032
Total liabilities	<u>49,067</u>	<u>-</u>	<u>-</u>	<u>620,738</u>	<u>286,496</u>	<u>326,039</u>	<u>-</u>	<u>1,282,340</u>
Deferred inflows of resources:								
Unavailable revenue	-	-	60,000	-	-	-	-	60,000
Fund balances:								
Restricted for:								-
Capital projects	-	-	514,875	-	2,547,873	-	-	3,062,748
Road capital and maintenance	831,576	-	-	2,652,225	-	-	-	3,483,801
Wellington Community Foundation	-	53,227	-	-	-	-	-	53,227
Debt service	-	-	-	-	-	-	75,642	75,642
Assigned for:								-
Contracts	46,977	-	-	5,385	5,638	272,921	-	330,921
Capital projects	50,000	-	-	-	-	-	-	50,000
Unassigned	-	-	-	-	-	(298,960)	-	(298,960)
Total fund balances	<u>928,553</u>	<u>53,227</u>	<u>514,875</u>	<u>2,657,610</u>	<u>2,553,511</u>	<u>(26,039)</u>	<u>75,642</u>	<u>6,757,379</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 977,620</u>	<u>\$ 53,227</u>	<u>\$ 574,875</u>	<u>\$ 3,278,348</u>	<u>\$ 2,840,007</u>	<u>\$ 300,000</u>	<u>\$ 75,642</u>	<u>\$ 8,099,719</u>

# VILLAGE OF WELLINGTON, FLORIDA

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

### NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Capital Project Funds							
	Gas Tax Maintenance	Wellington Community Foundation	Recreation Impact Fees	Gas Tax Capital	Road Impact Fees	Saddle Trail Improvements	Debt Service Fund	Total Nonmajor Funds
<b>Revenues:</b>								
Impact fees	\$ -	\$ -	\$ 596,600	\$ -	\$ 282,850	\$ -	\$ -	\$ 879,450
Intergovernmental revenue	1,014,886	-	540,000	854,253	-	-	-	2,409,139
Investment income (net)	1,920	72	4,342	9,725	8,462	-	-	24,521
Miscellaneous	17,197	1,800	200	7,390	-	-	-	26,587
Total revenues	1,034,003	1,872	1,141,142	871,368	291,312	-	-	3,339,697
<b>Expenditures:</b>								
Current:								
Transportation	1,647,185	-	-	-	-	-	-	1,647,185
Culture and recreation	-	61	-	-	-	-	-	61
Capital outlay	538,840	-	16,485	1,040,506	4,575	26,039	-	1,626,445
Debt service:								
Principal	-	-	-	-	-	-	970,000	970,000
Interest and other charges	-	-	-	-	-	-	238,622	238,622
Total expenditures	2,186,025	61	16,485	1,040,506	4,575	26,039	1,208,622	4,482,313
Excess (deficiency) of revenues over expenditures	(1,152,022)	1,811	1,124,657	(169,138)	286,737	(26,039)	(1,208,622)	(1,142,616)
<b>Other financing sources (uses):</b>								
Transfers in	1,185,000	-	-	-	-	-	1,208,720	2,393,720
Transfers out	(344,607)	-	(2,054,347)	(56,689)	(84,852)	-	-	(2,540,495)
Proceeds from sale of capital assets	19,472	-	-	-	-	-	-	19,472
Total other financing sources (uses)	859,865	-	(2,054,347)	(56,689)	(84,852)	-	1,208,720	(127,303)
Net change in fund balances	(292,157)	1,811	(929,690)	(225,827)	201,885	(26,039)	98	(1,269,919)
Fund balances, beginning of year	1,220,710	51,416	1,444,565	2,883,437	2,351,626	-	75,544	8,027,298
Fund balances, end of year	\$ 928,553	\$ 53,227	\$ 514,875	\$ 2,657,610	\$ 2,553,511	\$ (26,039)	\$ 75,642	\$ 6,757,379

## 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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 1,000,000	\$ 1,000,000	\$ 1,014,886	\$ 14,886
Investment income (net)	10,000	10,000	1,920	(8,080)
Miscellaneous	<u>-</u>	<u>-</u>	<u>17,197</u>	<u>17,197</u>
Total revenues	<u>1,010,000</u>	<u>1,010,000</u>	<u>1,034,003</u>	<u>24,003</u>
<b>Expenditures:</b>				
Current:				
Transportation	1,693,530	1,698,030	1,647,185	50,845
Capital outlay	<u>651,500</u>	<u>601,500</u>	<u>538,840</u>	<u>62,660</u>
Total expenditures	<u>2,345,030</u>	<u>2,299,530</u>	<u>2,186,025</u>	<u>113,505</u>
Excess (deficiency) of revenues over expenditures	<u>(1,335,030)</u>	<u>(1,289,530)</u>	<u>(1,152,022)</u>	<u>137,508</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,800,000	1,800,000	1,185,000	(615,000)
Transfers out	(428,200)	(428,200)	(344,607)	83,593
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>19,472</u>	<u>19,472</u>
Total other financing sources	<u>1,371,800</u>	<u>1,371,800</u>	<u>859,865</u>	<u>(511,935)</u>
Net change in fund balances	36,770	82,270	(292,157)	(374,427)
Fund balances, beginning of year	<u>1,220,710</u>	<u>1,220,710</u>	<u>1,220,710</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,257,480</u>	<u>\$ 1,302,980</u>	<u>\$ 928,553</u>	<u>\$ (374,427)</u>

## VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
RECREATION IMPACT FEES - CAPITAL PROJECTS FUND  
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Impact fees	\$ 550,000	\$ 600,100	\$ 596,600	\$ (3,500)
Intergovernmental revenue	-	540,000	540,000	-
Investment income (net)	13,000	13,000	4,342	(8,658)
Miscellaneous	-	-	200	200
Total revenues	<u>563,000</u>	<u>1,153,100</u>	<u>1,141,142</u>	<u>(11,958)</u>
<b>Expenditures:</b>				
Capital outlay	<u>400,000</u>	<u>22,841</u>	<u>16,485</u>	<u>6,356</u>
Excess (deficiency) of revenues over expenditures	163,000	1,130,259	1,124,657	(5,602)
<b>Other financing sources (uses):</b>				
Transfers out	<u>(1,016,413)</u>	<u>(2,054,348)</u>	<u>(2,054,347)</u>	<u>1</u>
Total other financing (uses)	<u>(1,016,413)</u>	<u>(2,054,348)</u>	<u>(2,054,347)</u>	<u>1</u>
Net change in fund balances	(853,413)	(924,089)	(929,690)	(5,601)
Fund balances, beginning of year	<u>1,444,565</u>	<u>1,444,565</u>	<u>1,444,565</u>	<u>-</u>
Fund balances, end of year	<u>\$ 591,152</u>	<u>\$ 520,476</u>	<u>\$ 514,875</u>	<u>\$ (5,601)</u>

# VILLAGE OF WELLINGTON, FLORIDA

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GAS TAX CAPITAL - CAPITAL PROJECTS FUND YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 1,505,000	\$ 1,505,000	\$ 854,253	\$ (650,747)
Investment income (net)	40,000	40,000	9,725	(30,275)
Miscellaneous	<u>-</u>	<u>-</u>	<u>7,390</u>	<u>7,390</u>
Total revenues	<u>1,545,000</u>	<u>1,545,000</u>	<u>871,368</u>	<u>(673,632)</u>
<b>Expenditures:</b>				
Capital outlay	<u>1,486,000</u>	<u>1,048,346</u>	<u>1,040,506</u>	<u>\$ 7,840</u>
Excess (deficiency) of revenues over expenditures	<u>59,000</u>	<u>496,654</u>	<u>(169,138)</u>	<u>(665,792)</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(56,689)</u>	<u>(56,689)</u>	<u>(56,689)</u>	<u>-</u>
Total other financing sources (uses)	<u>(56,689)</u>	<u>(56,689)</u>	<u>(56,689)</u>	<u>-</u>
Net change in fund balances	2,311	439,965	(225,827)	(665,792)
Fund balances, beginning of year	<u>2,883,437</u>	<u>2,883,437</u>	<u>2,883,437</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,885,748</u>	<u>\$ 3,323,402</u>	<u>\$ 2,657,610</u>	<u>\$ (665,792)</u>

## VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ROAD IMPACT FEES - CAPITAL PROJECTS FUND  
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Impact fees	\$ 350,000	\$ 350,000	\$ 282,850	\$ (67,150)
Investment income (net)	<u>5,000</u>	<u>5,000</u>	<u>8,462</u>	<u>3,462</u>
Total revenues	<u>355,000</u>	<u>355,000</u>	<u>291,312</u>	<u>(63,688)</u>
<b>Expenditures:</b>				
Capital outlay	<u>-</u>	<u>14,003</u>	<u>4,575</u>	<u>9,428</u>
Excess (deficiency) of revenues over expenditures	355,000	340,997	286,737	(54,260)
<b>Other financing uses:</b>				
Transfers out	<u>(84,852)</u>	<u>(84,852)</u>	<u>(84,852)</u>	<u>-</u>
Total other financing uses	<u>(84,852)</u>	<u>(84,852)</u>	<u>(84,852)</u>	<u>-</u>
Net change in fund balances	270,148	256,145	201,885	(54,260)
Fund balances, beginning of year	<u>2,351,626</u>	<u>2,351,626</u>	<u>2,351,626</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,621,774</u>	<u>\$ 2,607,771</u>	<u>\$ 2,553,511</u>	<u>\$ (54,260)</u>

# VILLAGE OF WELLINGTON, FLORIDA

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

### SADDLE TRAIL IMPROVEMENTS -CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital outlay	-	300,000	26,039	273,961
Total expenditures	<u>-</u>	<u>300,000</u>	<u>26,039</u>	<u>273,961</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(300,000)</u>	<u>(26,039)</u>	<u>273,961</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	300,000	-	(300,000)
Total other financing sources	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
Net change in fund balances	-	-	(26,039)	(26,039)
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,039)</u>	<u>\$ (26,039)</u>

# VILLAGE OF WELLINGTON, FLORIDA

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

### DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt service:				
Principal	970,000	970,000	970,000	-
Interest and other fiscal charges	<u>238,720</u>	<u>238,720</u>	<u>238,622</u>	<u>98</u>
Total expenditures	<u>1,208,720</u>	<u>1,208,720</u>	<u>1,208,622</u>	<u>98</u>
Excess (deficiency) of revenues over expenditures	(1,208,720)	(1,208,720)	(1,208,622)	98
<b>Other financing sources:</b>				
Transfers in	<u>1,208,720</u>	<u>1,208,720</u>	<u>1,208,720</u>	<u>-</u>
Total other financing sources	<u>1,208,720</u>	<u>1,208,720</u>	<u>1,208,720</u>	<u>-</u>
Net change in fund balances	-	-	98	98
Fund balances, beginning of year	<u>75,544</u>	<u>75,544</u>	<u>75,544</u>	<u>-</u>
Fund balances, end of year	<u>\$ 75,544</u>	<u>\$ 75,544</u>	<u>\$ 75,642</u>	<u>\$ 98</u>

## MAJOR CAPITAL PROJECTS FUNDS

---

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

# VILLAGE OF WELLINGTON, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

### CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2014

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Grant revenue	\$ 164,668	\$ 302,403	\$ 302,361	\$ (42)
Investment income (net)	30,000	30,000	31,123	1,123
Miscellaneous	-	-	-	-
Total revenues	<u>194,668</u>	<u>332,403</u>	<u>333,484</u>	<u>1,081</u>
<b>Expenditures:</b>				
Capital outlay:				
Other economic environment	-	5,000,000	-	5,000,000
Community services	125,000	935	301,441	(300,506)
Surface water management	500,000	1,929,304	1,546,251	383,053
Operations	367,668	439,976	64,678	375,298
Parks and recreation	450,000	14,523,288	1,827,752	12,695,536
Total expenditures	<u>1,442,668</u>	<u>21,893,503</u>	<u>3,740,122</u>	<u>18,153,381</u>
Excess (deficiency) of revenues over expenditures	<u>(1,248,000)</u>	<u>(21,561,100)</u>	<u>(3,406,638)</u>	<u>18,154,462</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,248,000	17,585,935	17,585,935	-
Transfers out	-	-	(5,025,676)	(5,025,676)
Total other financing sources (uses)	<u>1,248,000</u>	<u>17,585,935</u>	<u>12,560,259</u>	<u>(5,025,676)</u>
Net change in fund balances	-	(3,975,165)	9,153,621	13,128,786
Fund balances, beginning of year	<u>6,872,144</u>	<u>6,872,144</u>	<u>6,872,144</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,872,144</u>	<u>\$ 2,896,979</u>	<u>\$ 16,025,765</u>	<u>\$ 13,128,786</u>



## 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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how Wellington's financial performance and well-being have changed over time. These schedules include:</i>	
Net Position by Component	78
Changes in Net Position	80
Fund Balances of Governmental Funds	84
Changes in Fund Balances of Governmental Funds	86
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader assess the most significant local revenue source, the property tax.</i>	
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
<b>Debt Capacity</b>	
<i>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.</i>	
Ratios of Outstanding Debt by Type	92
Direct and Overlapping Governmental Activities Debt	93
Pledged Revenue Coverage	94
Debt Compliance	95
<b>Demographic and Economic Information</b>	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the financial activities take place.</i>	
Demographic and Economic Statistics	96
Principal Employers	97
<b>Operating Information</b>	
<i>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.</i>	
Full-Time Equivalent Village Government Employees by Function	98
Operating Indicators by Function/Program	99
Capital Asset Statistics by Function/Program	100

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

# VILLAGE OF WELLINGTON, FLORIDA

## NET POSITION BY COMPONENT

### LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2005	2006	2007
Governmental activities:			
Net investment in capital assets	\$ 87,127,009	\$ 93,261,010	\$ 102,900,650
Restricted	31,215,236	35,387,426	31,349,198
Unrestricted	<u>20,093,412</u>	<u>19,920,739</u>	<u>33,216,768</u>
Total governmental activities net position	<u>138,435,657</u>	<u>148,569,175</u>	<u>167,466,616</u>
Business-type activities:			
Net investment in capital assets	67,896,249	72,761,237	80,708,481
Restricted	48,595,838	30,963,300	33,665,075
Unrestricted	<u>9,074,416</u>	<u>34,588,893</u>	<u>29,172,362</u>
Total business-type activities net position	<u>125,566,503</u>	<u>138,313,430</u>	<u>143,545,918</u>
Total government:			
Net investment in capital assets	155,023,258	166,022,247	183,609,131
Restricted	79,811,074	66,350,726	65,014,273
Unrestricted	<u>29,167,828</u>	<u>54,509,632</u>	<u>62,389,130</u>
Total government net position	<u>\$ 264,002,160</u>	<u>\$ 286,882,605</u>	<u>\$ 311,012,534</u>

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 105,313,318	\$ 114,279,239	\$ 140,245,218	\$ 148,993,447	\$ 156,259,669	\$ 157,294,472	\$ 152,841,077
50,931,320	50,325,250	43,881,398	35,101,628	15,688,323	13,054,226	11,860,096
25,448,440	32,332,563	29,210,936	34,009,368	46,488,944	45,664,992	44,669,371
<u>181,693,078</u>	<u>196,937,052</u>	<u>213,337,552</u>	<u>218,104,443</u>	<u>218,436,936</u>	<u>216,013,690</u>	<u>209,370,544</u>
96,014,639	99,398,303	108,139,572	119,615,685	121,309,078	119,051,675	121,767,825
8,742,086	21,642,000	16,090,694	11,959,724	14,600,130	19,715,884	22,519,428
39,994,834	20,153,787	21,338,373	16,818,277	18,068,745	20,957,498	26,295,502
<u>144,751,559</u>	<u>141,194,090</u>	<u>145,568,639</u>	<u>148,393,686</u>	<u>153,977,953</u>	<u>159,725,057</u>	<u>170,582,755</u>
201,327,957	213,677,542	248,384,790	268,609,132	277,568,747	276,346,147	274,608,902
59,673,406	71,967,250	59,972,092	47,061,352	30,288,453	32,770,110	34,379,524
65,443,274	52,486,350	50,549,309	50,827,645	64,557,689	66,622,490	70,964,873
<u>\$ 326,444,637</u>	<u>\$ 338,131,142</u>	<u>\$ 358,906,191</u>	<u>\$ 366,498,129</u>	<u>\$ 372,414,889</u>	<u>\$ 375,738,747</u>	<u>\$ 379,953,299</u>

# VILLAGE OF WELLINGTON, FLORIDA

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

	Fiscal Year		
	2005	2006	2007
Expenses:			
Governmental activities:			
General government	\$ 8,214,967	\$ 9,293,043	\$ 10,385,722
Public safety	5,031,954	5,099,928	5,719,752
Planning and development	4,091,661	4,216,156	4,196,096
Engineering and public works	5,102,076	6,143,913	5,916,475
Physical environment			
Economic environment	-	-	-
Surface water management	1,582,326	1,693,334	1,994,542
Transportation	2,658,572	3,756,901	2,702,582
Culture and recreation	8,501,932	9,881,157	10,010,036
Interest on long-term debt	1,027,675	1,048,372	983,376
	<u>36,211,163</u>	<u>41,132,804</u>	<u>41,908,581</u>
Indirect expense allocation	(2,235,957)	(2,250,000)	(2,223,268)
Total governmental activities	<u>33,975,206</u>	<u>38,882,804</u>	<u>39,685,313</u>
Business-type activities:			
Utility system	10,945,930	11,082,245	11,747,934
Solid waste	6,238,214	8,407,711	2,145,953
Lake wellington professional centre	-	-	-
	<u>17,184,144</u>	<u>19,489,956</u>	<u>13,893,887</u>
Indirect expense allocation	2,235,957	2,250,000	2,223,268
Total business-type activities	<u>19,420,101</u>	<u>21,739,956</u>	<u>16,117,155</u>
Total government expenses	<u>\$ 53,395,307</u>	<u>\$ 60,622,760</u>	<u>\$ 55,802,468</u>
Program revenues:			
Governmental activities:			
Charges for services:			
General government	\$ -	\$ -	\$ -
Public safety	285,956	263,345	247,497
Planning and development	6,374,037	4,632,493	3,835,891
Engineering and public works	344,956	612,905	788,135
Physical environment			
Economic environment	-	-	-
Surface water management	3,126,587	3,144,338	3,157,024
Transportation	1,465,267	1,044,306	668,750
Culture and recreation	5,683,900	3,195,745	2,548,536
Operating grants and contributions	1,943,719	3,102,633	3,902,464
Capital grants and contributions	10,639	45,447	5,368,533
Total governmental activities			
program revenues:	<u>19,235,061</u>	<u>16,041,212</u>	<u>20,516,830</u>
Business-type activities:			
Charges for services:			
Utility system	13,642,693	13,799,601	13,459,355
Solid waste	2,480,804	4,833,697	2,834,369
Lake wellington professional centre	-	-	-
Operating grants and contributions	1,305,602	8,037,716	778,676
Capital grants and contributions	2,836,718	3,990,421	713,453
Total business-type activities			
program revenues	<u>20,265,817</u>	<u>30,661,435</u>	<u>17,785,853</u>
Total program revenues	<u>\$ 39,500,878</u>	<u>\$ 46,702,647</u>	<u>\$ 38,302,683</u>

		Fiscal Year						
		2008	2009	2010	2011	2012	2013	2014
\$	9,819,425	\$ 9,203,136	\$ 10,291,524	\$ 10,834,479	\$ 10,721,542	\$ 10,855,805	\$ 12,054,127	
	6,457,703	6,986,980	7,386,470	7,461,621	7,839,229	10,795,719	11,783,514	
	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	17,276,231	
	2,377,394	3,023,475	4,323,388	6,418,491	6,679,956	7,895,591	672,675	
	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	3,176,258	
	936,748	882,802	822,027	762,276	404,574	270,673	6,025,857	
	41,888,448	42,553,784	41,330,637	43,830,907	45,154,899	49,427,940	235,607	
	(5,453,586)	(3,643,904)	(1,831,073)	(1,938,467)	(1,616,157)	(1,182,578)	51,224,269	
	36,434,862	38,909,880	39,499,564	41,892,440	43,538,742	48,245,362	(1,526,246)	
	12,089,449	16,051,971	12,915,882	13,288,369	13,599,774	14,332,462	49,698,023	
	2,228,903	5,837,492	3,129,986	3,175,847	3,287,632	3,334,847	14,775,996	
	-	-	-	-	-	-	3,434,234	
	14,318,352	21,889,463	16,045,868	16,464,216	16,887,406	17,667,309	448,951	
	5,453,586	3,643,904	1,831,073	1,938,467	1,616,157	1,182,578	18,659,181	
	19,771,938	25,533,367	17,876,941	18,402,683	18,503,563	18,849,887	1,526,246	
\$	56,206,800	\$ 64,443,247	\$ 57,376,505	\$ 60,295,123	\$ 62,042,305	\$ 67,095,249	\$ 69,883,450	
	308,626	391,333	380,068	388,311	357,628	3,030,725	1,764,741	
	3,262,929	3,090,636	3,439,374	4,098,700	4,941,844	1,689,196	3,013,632	
	289,984	82,541	-	14,031	5,664	436,166	-	
	-	-	-	-	-	-	5,258,966	
	3,865,813	3,831,805	4,536,675	5,154,746	5,597,298	5,364,366	521,575	
	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	282,850	
	2,057,158	2,696,528	1,559,255	1,527,840	1,496,711	1,546,079	2,350,399	
	2,590,188	6,344,784	12,217,514	3,897,603	33,692	1,432,186	1,593,870	
	14,965,467	18,272,398	23,961,870	17,699,940	14,807,332	16,165,491	842,361	
	13,129,276	14,502,578	15,094,014	16,649,755	17,723,213	17,831,536	15,628,394	
	3,018,730	3,690,053	3,689,852	3,686,592	3,747,741	3,803,172	18,893,050	
	-	-	-	-	-	-	3,788,513	
	1,522,575	-	1,503,794	166,415	105,973	66,333	72,877	
	1,068,875	2,093,940	1,347,655	350,943	2,353,122	2,758,152	58,880	
	18,739,456	20,286,571	21,635,315	20,853,705	23,930,049	24,459,193	2,399,062	
\$	33,704,923	\$ 38,558,969	\$ 45,597,185	\$ 38,553,645	\$ 38,737,381	\$ 40,624,684	\$ 40,840,776	

(Continued)

# VILLAGE OF WELLINGTON, FLORIDA

## CHANGES IN NET POSITION (Continued)

### LAST TEN FISCAL YEARS

#### (ACCRUAL BASIS OF ACCOUNTING)

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

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ (21,469,395)	\$ (20,637,482)	\$ (15,537,694)	\$ (24,192,500)	\$ (28,731,410)	\$ (32,079,871)	\$ (34,069,629)
<u>(1,032,482)</u>	<u>(5,246,796)</u>	<u>3,758,374</u>	<u>2,451,022</u>	<u>5,426,486</u>	<u>5,609,306</u>	<u>5,026,955</u>
<u>\$ (22,501,877)</u>	<u>\$ (25,884,278)</u>	<u>\$ (11,779,320)</u>	<u>\$ (21,741,478)</u>	<u>\$ (23,304,924)</u>	<u>\$ (26,470,565)</u>	<u>\$ (29,042,674)</u>
\$ 17,412,203	\$ 16,049,186	\$ 14,459,669	\$ 12,876,240	\$ 13,340,895	\$ 12,816,288	\$ 13,690,328
3,492,742	3,594,701	3,298,051	3,266,018	3,157,328	3,205,140	3,481,665
6,184,787	6,634,632	6,771,127	6,656,092	6,635,232	6,804,277	7,107,577
3,837,153	3,382,611	3,400,224	3,538,673	3,705,576	3,927,338	4,235,682
1,231,994	1,288,129	1,336,641	1,194,213	1,151,415	1,302,835	1,464,034
2,910,930	3,401,293	1,335,770	834,816	523,538	170,738	222,055
-	-	482,601	29,138	9,250	-	29,694
626,048	534,529	854,111	564,201	540,669	1,460,976	2,221,124
-	-	-	-	-	-	(5,025,676)
<u>35,695,857</u>	<u>34,885,081</u>	<u>31,938,194</u>	<u>28,959,391</u>	<u>29,063,903</u>	<u>29,687,592</u>	<u>27,426,483</u>
2,238,123	1,689,327	616,175	365,721	144,603	83,528	133,156
-	-	-	8,304	10,692	-	71,679
-	-	-	-	2,486	97,887	600,232
-	-	-	-	-	-	5,025,676
<u>2,238,123</u>	<u>1,689,327</u>	<u>616,175</u>	<u>374,025</u>	<u>157,781</u>	<u>181,415</u>	<u>5,830,743</u>
<u>\$ 37,933,980</u>	<u>\$ 36,574,408</u>	<u>\$ 32,554,369</u>	<u>\$ 29,333,416</u>	<u>\$ 29,221,684</u>	<u>\$ 29,869,007</u>	<u>\$ 33,257,226</u>
\$ 14,226,462	\$ 14,247,599	\$ 16,400,500	\$ 4,766,891	\$ 332,493	\$ (2,392,279)	\$ (6,643,146)
<u>1,205,641</u>	<u>(3,557,469)</u>	<u>4,374,549</u>	<u>2,825,047</u>	<u>5,584,267</u>	<u>5,790,721</u>	<u>10,857,698</u>
<u>\$ 15,432,103</u>	<u>\$ 10,690,130</u>	<u>\$ 20,775,049</u>	<u>\$ 7,591,938</u>	<u>\$ 5,916,760</u>	<u>\$ 3,398,442</u>	<u>\$ 4,214,552</u>

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

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

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

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 918,193	\$ 646,625	\$ 720,464	\$ -	\$ -	\$ -	\$ -
21,717,188	23,577,651	23,759,589	-	-	-	-
-	-	-	12,088	12,943	268,948	307,136
-	-	-	186,739	255,960	13,880	13,200
-	-	-	-	-	-	2,520
-	-	-	167,969	-	-	-
-	-	-	2,268,107	-	-	-
-	-	-	3,000,000	2,785,000	2,385,000	2,385,000
-	-	-	540,000	540,000	540,000	440,000
-	-	-	3,000,000	2,483,625	2,483,625	2,483,625
-	-	-	5,200,000	5,200,000	9,200,000	-
-	-	-	1,201,681	657,660	455,320	382,887
-	-	-	24,824	14,375	38,353	25,000
-	-	-	643,000	-	-	1,138,900
-	-	-	14,135,136	15,962,436	16,307,688	17,227,963
<u>22,635,381</u>	<u>24,224,276</u>	<u>24,480,053</u>	<u>30,379,544</u>	<u>27,911,999</u>	<u>31,692,814</u>	<u>24,406,231</u>
49,680,929	49,378,996	42,645,511	-	-	-	-
4,737,308	9,574,791	6,622,626	-	-	-	-
-	-	-	158,321	2,847	8,231	41,720
-	-	-	-	708,146	225,236	228,061
-	-	-	20,272,900	10,392,601	6,588,293	3,062,748
-	-	-	2,431,454	4,246,883	5,064,384	4,560,745
-	-	-	1,647,113	963,922	1,216,210	3,483,801
-	-	-	766	50,691	51,416	53,227
-	-	-	-	75,357	75,544	75,642
-	-	-	1,844,878	2,951,487	3,183,185	3,294,115
-	-	-	4,905,650	4,403,958	4,098,509	-
-	-	-	-	-	133,946	13,262,737
-	-	-	-	9,246,092	6,666,005	3,060,724
-	-	-	8,457,230	1,975,655	4,500	773,452
-	-	-	-	-	-	(298,960)
<u>54,418,237</u>	<u>58,953,787</u>	<u>49,268,137</u>	<u>39,718,312</u>	<u>35,017,639</u>	<u>27,315,459</u>	<u>31,598,012</u>
<u>\$ 77,053,618</u>	<u>\$ 83,178,063</u>	<u>\$ 73,748,190</u>	<u>\$ 70,097,856</u>	<u>\$ 62,929,638</u>	<u>\$ 59,008,273</u>	<u>\$ 56,004,243</u>

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

	Fiscal Year		
	2005	2006	2007
<b>Revenues:</b>			
Ad valorem taxes	\$ 11,305,840	\$ 14,618,529	\$ 18,591,345
Franchise fees and taxes	2,744,351	3,430,912	3,512,575
Utility and other taxes	5,493,443	6,044,216	6,130,417
Special assessments	2,827,653	2,847,120	2,862,096
Impact fees	5,190,651	2,334,864	1,280,370
Licenses and permits	6,608,264	5,262,986	4,132,615
Intergovernmental revenue	6,770,194	8,290,170	14,832,375
Grant revenue	-	-	-
Charges for services	2,199,144	2,069,176	2,223,313
Fines and forfeitures	403,526	258,301	747,439
Investment income	1,054,410	2,494,561	3,644,017
Miscellaneous	1,680,232	2,948,972	626,192
Total revenues	<u>46,277,708</u>	<u>50,599,807</u>	<u>58,582,754</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	7,733,680	8,588,524	9,928,265
Public safety	5,031,954	5,099,928	5,719,752
Physical environment	9,076,637	10,493,497	10,437,973
Economic environment	-	-	-
Transportation	1,614,248	1,678,057	1,392,802
Culture and recreation	6,044,649	7,012,595	7,334,738
Capital outlay	9,337,123	13,630,058	15,073,268
<b>Debt service:</b>			
Principal retirement	1,110,000	1,115,000	1,170,000
Interest and other fiscal charges	1,125,985	1,041,979	987,385
Total expenditures	<u>41,074,276</u>	<u>48,659,638</u>	<u>52,044,183</u>
Excess (deficiency) of revenues over expenditures	<u>5,203,432</u>	<u>1,940,169</u>	<u>6,538,571</u>
<b>Other financing sources (uses):</b>			
Transfers in	26,800,713	23,552,453	28,615,829
Transfers out	(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	304,585	59,184	13,348
Contribution of properties	-	-	-
Total other financing sources (uses)	<u>422,800</u>	<u>2,309,184</u>	<u>2,236,616</u>
Net change in fund balances	<u>\$ 5,626,232</u>	<u>\$ 4,249,353</u>	<u>\$ 8,775,187</u>
Debt service as a percentage of non-capital expenditures	6.76%	5.89%	5.71%

		Fiscal Year					
2008	2009	2010	2011	2012	2013	2014	
\$ 17,412,203	\$ 16,049,186	\$ 14,459,669	\$ 12,876,240	\$ 13,340,895	\$ 12,816,288	\$ 13,690,328	
3,492,742	3,594,701	3,298,051	3,266,018	3,157,328	3,205,140	3,481,665	
6,184,787	6,634,632	6,771,127	6,656,092	6,635,232	6,804,277	7,107,577	
3,572,397	3,549,190	4,193,890	4,787,957	5,242,755	5,009,053	4,939,815	
676,741	356,648	479,118	1,057,618	841,752	786,353	879,450	
3,276,635	2,963,269	3,314,643	3,698,233	4,688,586	4,606,677	4,593,357	
9,716,493	13,507,676	18,247,748	9,529,672	6,331,199	7,108,438	7,857,401	
-	-	-	-	-	-	396,966	
2,145,313	1,766,751	1,710,416	1,942,911	1,957,485	2,125,562	2,066,545	
613,082	540,967	447,439	726,229	546,350	659,581	594,576	
2,910,930	3,401,293	1,335,770	834,816	523,538	170,737	222,054	
660,002	793,166	1,159,591	684,172	545,365	1,999,858	1,716,458	
<u>50,661,325</u>	<u>53,157,479</u>	<u>55,417,462</u>	<u>46,059,958</u>	<u>43,810,485</u>	<u>45,291,964</u>	<u>47,546,192</u>	
9,228,588	8,776,393	9,931,835	9,778,406	10,013,562	10,859,650	11,176,906	
6,457,703	6,986,980	7,386,470	7,461,621	7,812,972	10,766,274	11,383,375	
10,379,479	11,443,114	12,172,833	12,919,949	12,762,389	9,588,086	9,784,481	
-	-	-	-	-	698,604	1,001,063	
1,453,173	1,526,599	1,399,144	1,511,575	1,529,301	1,528,289	1,647,185	
7,035,024	6,016,607	2,872,983	3,041,699	3,137,982	3,319,296	4,256,828	
7,500,174	13,773,712	31,637,022	15,386,283	7,620,150	11,955,055	6,382,188	
1,215,000	1,270,000	1,325,000	1,385,000	4,900,000	940,000	970,000	
936,915	883,533	824,483	765,102	579,153	273,595	238,622	
<u>44,206,056</u>	<u>50,676,938</u>	<u>67,549,770</u>	<u>52,249,635</u>	<u>48,355,509</u>	<u>49,928,849</u>	<u>46,840,648</u>	
<u>6,455,269</u>	<u>2,480,541</u>	<u>(12,132,308)</u>	<u>(6,189,677)</u>	<u>(4,545,024)</u>	<u>(4,636,885)</u>	<u>705,544</u>	
64,196,121	29,451,290	20,093,367	17,979,048	15,075,310	11,893,035	26,262,483	
(58,742,535)	(25,807,386)	(18,262,294)	(16,040,581)	(13,459,153)	(10,710,457)	(29,761,913)	
-	-	-	-	-	-	-	
-	-	-	-	(4,383,407)	-	-	
400	-	871,362	30,635	162,056	(485,058)	89,856	
-	-	-	570,241	-	-	-	
<u>5,453,986</u>	<u>3,643,904</u>	<u>2,702,435</u>	<u>2,539,343</u>	<u>(2,605,194)</u>	<u>697,520</u>	<u>(3,409,574)</u>	
<u>\$ 11,909,255</u>	<u>\$ 6,124,445</u>	<u>\$ (9,429,873)</u>	<u>\$ (3,650,334)</u>	<u>\$ (7,150,218)</u>	<u>\$ (3,939,365)</u>	<u>\$ (2,704,030)</u>	
5.74%	5.75%	5.94%	5.82%	13.08%	2.96%	2.78%	

**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	Other Property			
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	
2014	4,482,004,183	519,295,069	103,285,207	424,043,156	209,439,448	5,738,067,063	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**

Fiscal Year	Tax Roll Year	Village General Operations	Overlapping Rates (1)							Total Direct and Overlapping Rates
			Palm Beach County School Board	Palm Beach County	Palm Beach County Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Florida Inland Navigation District	
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
2014	2013	2.45	7.59	8.43	1.08	0.55	0.38	0.67	0.03	21.18

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

Taxpayer	2014			2005		
	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	\$ 132,782,120	1	2.31%	\$ 135,001,850	1	2.40%
Florida Power & Light Corp	90,949,137	2	1.59%			
City National Bank of Florida TR	47,508,723	3	0.83%			
Polo Lakes Apartments LLC	45,112,702	4	0.79%	\$ 41,876,322	4	0.74%
Camden Court LLC	41,649,957	5	0.73%			
Universal Health Realty Income	40,877,401	6	0.71%			
Autc Polo Chase Florida LLC	33,213,231	7	0.58%			
Aerc Wellington, LLC.	29,452,137	8	0.51%			
Centre at Wellington Green	25,323,094	9	0.44%	26,501,855	6	0.47%
Shoppes at Isla Verde Ltd.	24,000,000	10	0.42%			
Wellington Preserve Corporation				40,326,912	5	0.72%
Minto Communities				80,472,317	2	1.43%
Kpers Realty Holdings #42 Inc				49,188,920	3	0.87%
TCRDAD Wellington Limited Partnership				18,887,457	10	0.34%
Transeastern Versailles LLC						-
Wellington Development LC				22,135,000	7	0.39%
IMT LB South Florida				20,016,515	9	0.36%
Palm Beach Polo Inc.						
Palm Beach Polo Holdings, Inc.				21,896,005	8	0.39%
	<u>\$ 510,868,502</u>		<u>8.91%</u>	<u>\$ 456,303,153</u>		<u>8.11%</u>

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

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

Fiscal Year Ended September 30,	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2005	11,805,991	11,305,840	95.76%	12,730	11,318,570	95.87%
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%	259,755	16,308,941	96.71%
2010	15,195,405	14,361,389	94.51%	481,768	14,843,157	97.68%
2011	13,492,233	12,414,291	92.01%	521,404	12,935,695	95.88%
2012	13,435,067	12,393,022	92.24%	347,864	12,740,886	94.83%
2013	13,399,112	11,868,415	88.58%	30,032	12,808,488	95.59%
2014	14,212,851	13,690,328	96.32%	-	13,690,328	96.32%

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 <u>September 30,</u>	<u>Governmental Activities Revenue Bonds</u>	<u>Business-Type Activities Revenue Bonds</u>	<u>Total</u>	Percent of Personal Income (1)	Per Capita (1)
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
2014	5,430,000	-	5,430,000	n/a	93

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, 2014**

<u>Government Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the Village of Wellington (1)</u>	<u>Amount Applicable to the Village of Wellington</u>
Debt repaid with property taxes:			
Palm Beach County	\$ 163,630,000	4.16%	\$ 6,807,008
Palm Beach County School Board	21,885,000	4.16%	910,416
Other debt:			
Palm Beach County	744,351,129	4.16%	30,965,007
Palm Beach County School Board	1,795,804,000	4.16%	<u>74,705,446</u>
Subtotal, Overlapping Debt			113,387,877
Village of Wellington Direct Debt			<u>5,430,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 118,817,877</u></u>

Sources: Data provided by the Palm Beach County Finance Department and the Palm Beach County School Board

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village of Wellington. This process recognizes that, when considering the Village's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values by taking the value that is within the Village's boundaries and dividing it by the County's and School Board's total taxable assessed value. This approach was also used for the other debt.

## VILLAGE OF WELLINGTON, FLORIDA

### PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year Ended Sept. 30	Utility Charges and Other	Less	Net Available Revenue	Debt Service			Public Service Taxes (1)	Debt Service		
		Operating Expenses Excluding Depreciation		Principal	Interest	Coverage		Principal	Interest	Coverage
2005	13,900,489	5,961,444	7,939,045	2,100,000	655,024	2.88	5,493,443	705,000	518,144	4.49
2006	13,799,601	6,277,571	7,522,030	2,140,000	612,224	2.73	6,044,216	700,000	507,905	5.00
2007	13,460,525	6,842,245	6,618,280	2,185,000	568,524	2.40	6,130,417	735,000	477,647	5.06
2008	13,129,276	7,273,946	5,855,330	2,225,000	517,349	2.14	6,184,787	765,000	445,065	5.11
2009	14,502,578	8,262,523	6,240,055	2,280,000	457,499	2.28	6,634,632	800,000	411,167	5.48
2010	15,094,014	7,179,471	7,914,543	2,335,000	377,449	2.92	6,771,127	835,000	374,246	5.60
2011	16,649,755	7,673,519	8,976,236	2,420,000	319,551	3.28	6,656,092	870,000	339,990	5.50
2012	17,725,699	7,919,743	9,805,956	2,535,000	341,713	3.41	6,635,232	905,000	339,990	5.33
2013	17,908,365	8,025,923	9,882,442	2,635,000	110,066	3.60	7,275,141	940,000	273,782	5.99
2014	19,000,746	8,687,757	10,312,989	1,500,000	58,862	6.62	8,006,951	970,000	238,622	6.62

Source: Wellington's Office of Financial Management and Budget

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

# VILLAGE OF WELLINGTON, FLORIDA

## DEBT COMPLIANCE

SEPTEMBER 30, 2014

	<u>Policy Limit</u>	<u>Actual</u>
General government debt service as a percentage of non-ad valorem general fund expenditures:		
Debt Limit	20.00%	3.78%
Contribution to CIP from general governmental capital and debt service:	\$ 5,542,643	\$ 1,941,663
Weighted average maturity of all debt programs:		
Governmental	15 years	6 years
Enterprise	20 years	1 years
General government debt per capita:	\$ 850	\$ 93
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%	0.14%
General fund reserve as a percentage of future year's operating budget:	25-30%	51%
Revenue bond coverage		
As a percentage of maximum annual debt service	110.00%	523.33%
As a percentage of average annual debt service	125.00%	523.33%

Source: Wellington's Office of Financial Management and Budget

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

Year	Village of Wellington		Palm Beach County		
	Population	School Enrollment (2)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (3)
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%
2014	58,689	13,223	n/a	n/a	6.0%

Sources: (1) University of Florida, Bureau of Economic Research; (2) Palm Beach County School Board Budget Office; and (3) the U.S. Department of Labor, Bureau of Labor Statistics.

Note 1: Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year. Personal income and per capita personal income were not available after 2008.

Note 2: Palm Beach County figures were used for total personal income and unemployment rate, as Wellington data is not available.

n/a Information not available

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School District	21,449	1	3.41%	21,618	1	3.61%
Tenet Healthcare Corp.	6,100	2	0.97%	5,000	3	0.54%
Palm Beach County	5,330	3	0.85%	6,379	2	1.88%
NextEra Energy	3,804	4	0.61%	2,924	5	0.50%
G4S (Wackenhut)	3,000	5	0.48%			
Florida Atlantic University	2,980	6	0.47%			
Hospital Corporation of America (HCA)	2,714	7	0.43%			
Veterans Health Administration	2,700	8	0.43%			
Bethesda Memorial Hospital	2,643	9	0.42%			
Boca Raton Regional Hospital	2,250	10	0.36%			
Columbia PB Healthcare System, Inc.				3,750	4	0.71%
Boca Raton Resort and Club				2,200	7	0.43%
US Sugar Corp				2,100	8	0.39%
Florida Crystals				2,000	9	0.36%
Office Depot				2,680	6	0.45%
City of Boca Raton				1,991	10	0.32%
	<u>52,970</u>		<u>8.43%</u>	<u>50,642</u>		<u>9.19%</u>

Source: Business Development Board of Palm Beach County

Note: Wellington is not a significant area for employment but rather a residential community. Therefore, Palm Beach County statistics were used.

**VILLAGE OF WELLINGTON, FLORIDA**  
**FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Number of Employees:										
General government	44.3	48.3	53.3	50.3	50.3	53.2	63.6	58.0	68.0	68.0
Culture and recreation	59.2	60.4	52.4	45.4	19.4	15.4	16.0	18.0	17.0	19.0
Planning and development	47.8	48.8	51.8	39.0	38.0	40.6	36.6	35.0	43.0	47.0
Public works and engineering	68.5	77.5	88.5	91.8	115.0	102.0	100.0	98.0	98.0	99.0
Economic development	-	-	-	-	4.0	8.0	5.0	9.0	6.0	7.0
Lake Wellington Professional Centre	-	-	-	-	-	-	-	-	-	3.0
Utility system	45.0	44.0	46.0	47.0	52.0	44.0	43.0	44.0	44.0	51.0
Solid waste	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>2.0</u>						
 Total Number of Employees	 <u>267.8</u>	 <u>282.0</u>	 <u>295.0</u>	 <u>275.5</u>	 <u>280.7</u>	 <u>265.2</u>	 <u>266.2</u>	 <u>264.0</u>	 <u>278.0</u>	 <u>296.0</u>

Source: Wellington's Office of Financial Management and Budget

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

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government:										
Bids, contracts awarded & administered	33	38	30	20	24	33	37	41	38	36
Purchase orders processed	973	1,016	838	795	939	971	1,245	1,352	1,011	1,008
Payroll transactions	7,880	8,193	8,232	8,985	8,194	7,762	7,666	7,801	9,143	9,721
Public safety:										
Police personnel and officers	88	88	102	115	117	117	117	117	134	132
Fire personnel	36	68	71	71	71	71	71	71	71	71
Calls for service	40,228	32,458	36,714	35,163	33,453	34,672	34,478	34,874	34,662	34,764
Physical environment - Surface water:										
Aquatic weed control in acres	2,837	1,454	1,332	1,380	710	826	507	365	596	568
Water quality samples analyzed	1,233	1,236	992	777	896	861	802	833	836	802
Canal right-of-way miles maintained	495	547	560	560	560	560	305	265	700	850
Physical environment - Engineering & public works:										
Work orders performed	872	1,146	1,108	1,034	869	997	1,163	1,359	1,454	1,649
Inspections performed	6,814	3,592	3,998	1,052	n/a	n/a	1,050	1,331	1,289	1,624
Planning and development:										
Building inspections	67,054	49,359	26,657	21,327	15,781	16,774	23,979	28,146	35,384	26,023
Single family building permits issued	1,175	402	232	118	94	130	197	226	232	147
Transportation:										
Miles of roads resurfaced	17	18	8	15	14	18	15	14	16	11
Miles of streets cleaned/swept	1,201	932	2,168	1,065	1,512	2,224	3,056	2,581	3,369	1,950
Signs repaired	1,463	907	373	374	1,654	955	1,124	1,121	1,427	1,164
Culture and recreation:										
Participants registered:										
Athletics	15,839	32,732	32,607	11,282	15,829	16,599	12,726	12,962	10,282	8,166
Community programs	4,495	9,768	4,519	2,549	2,081	1,760	2,344	2,683	2,353	887
Pool	2,544	1,935	13,949	13,150	11,058	16,468	34,538	73,809	78,285	80,469
Number of program sessions	1,347	1,793	2,085	1,526	1,227	1,048	1,070	1,091	1,140	1,634
Utility system:										
Active accounts - water	19,030	19,536	19,695	19,851	19,682	19,701	19,785	19,929	20,052	20,169
Active accounts - sewer	16,718	17,919	17,994	18,004	17,867	18,024	18,028	18,658	18,781	18,721
Water production (millions of gallons)	2,046	2,019	1,841	1,684	1,848	2,102	2,187	2,052	2,065	2,174
Solid waste:										
Residential accounts	19,030	21,133	22,274	21,977	22,103	22,166	22,294	22,468	22,673	23,018

Source: Various Village Departments

Note 1: 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	4	4	4	4	4	4	4	4	4
Suppression units	6	6	6	6	9	9	9	9	9	9
Early response stabilization units	3	3	3	3	4	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	178	174	176	152	152	152	152	152	152
Number of street lights	1,245	2,187	2,187	2,187	2,311	2,311	2,311	2,465	2,465	2,465
Miles of bike paths	33	32	40	40	40	40	40	40	40	40
Miles of sidewalks	286	286	348	348	348	348	348	348	348	348
Culture and recreation:										
Parks acreage	274	274	342	342	342	342	348	348	350	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	3	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	526	526	526	526	526	526	526	526	526
Fire hydrants - Wellington	1,503	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746
Fire hydrants - Outside Wellington	173	195	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, 2014, 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 12, 2015.

### 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*.

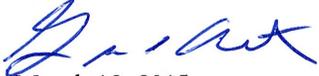
However, we noted certain matters involving the internal control over financial reporting and compliance that we have reported to management of the Village in a separate letter dated March 12, 2015.

**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.



March 12, 2015



# 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 COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Village Council  
Village of Wellington, Florida

We have examined the Village of Wellington, Florida's (the "Village") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2014. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with specified requirements.

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

This report 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, management, and the Board of Supervisors of the Village of Wellington, Florida and is not intended to be and should not be used by anyone other than these specified parties.

March 12, 2015



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Village Council  
Village of Wellington, Florida

**Report on the Financial Statements**

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, 2014, and have issued a report thereon dated March 12, 2015.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reports and Schedules**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 12, 2015, should be considered in conjunction with this management letter.

**Purpose of this 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 Mayor, Village Council, management, the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and Federal and other granting agencies, as applicable, 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.

March 12, 2015

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

#### **2013-01 Escrow Accounts:**

Observation: During procedures in prior and current years, 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 will continue and complete the reconciliation process. The majority of the escrow accounts have been reconciled.

#### **2014-01 Fully Depreciated Fixed Assets:**

Observation: During procedures it was noted that the Village has several significant fixed assets that are fully depreciated listed on the fixed asset schedules. It could not be determined whether these assets were still in use as they were not tagged and subject to the annual inventory performed by the Village.

Recommendation: The Village should perform a comprehensive inventory listing of all assets that are still in use and remove those items that are no longer in use.

Management Response: Management concurs with this recommendation and will implement policies and procedures to accurately manage inventory.

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

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

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

#### **2013-01 Escrow Accounts**

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

#### **2013-02 Disposal of Fixed Assets**

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

#### **2013-03 Workers Compensation Payable**

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

## REPORT TO MANAGEMENT (Continued)

### 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, 2013, except as noted above.

2. 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, 2014, except as noted above.

3. 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, 2014, except as noted above.

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

5. 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, 2014 financial audit report.

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

7. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted as of September 30, 2014. 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.