

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE YEAR ENDED
SEPTEMBER 30, 2015**

 THE VILLAGE OF
ELLINGTON
FLORIDA



Village of Wellington, Florida

Comprehensive Annual Financial Report
for the year ended September 30, 2015

Prepared by:
The Office of Financial Management and Budget

VILLAGE OF WELLINGTON, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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INTRODUCTORY SECTION



Council

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

Manager
Paul Schofield

May 2, 2016

***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, 2015. 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 unmodified opinion on the Village of Wellington’s financial statements for the fiscal year ended September 30, 2015. The independent auditor’s 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.

PROFILE OF THE GOVERNMENT

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.

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 59,860 people residing in over 23,000 housing units with an average housing value of approximately \$287,000. Projections indicate that this population will exceed 60,000 residents by the year 2016.

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 had a more significant impact in South Florida and in Wellington compared to other areas around the nation. FY 2015 economic indicators signal local and national economic recovery. Wellington's property values have been partially restored to pre-recession levels and elastic revenues are improving for the Village.

In 2015, both the national Consumer Price Index (CPI) and the local CPI increased, though at a slower rate than the prior year. Consideration of the impact of these economic indicators is critical as Wellington endeavors to develop its resources and facilities to meet the demand of its residents as well as to comply with regulatory requirements.

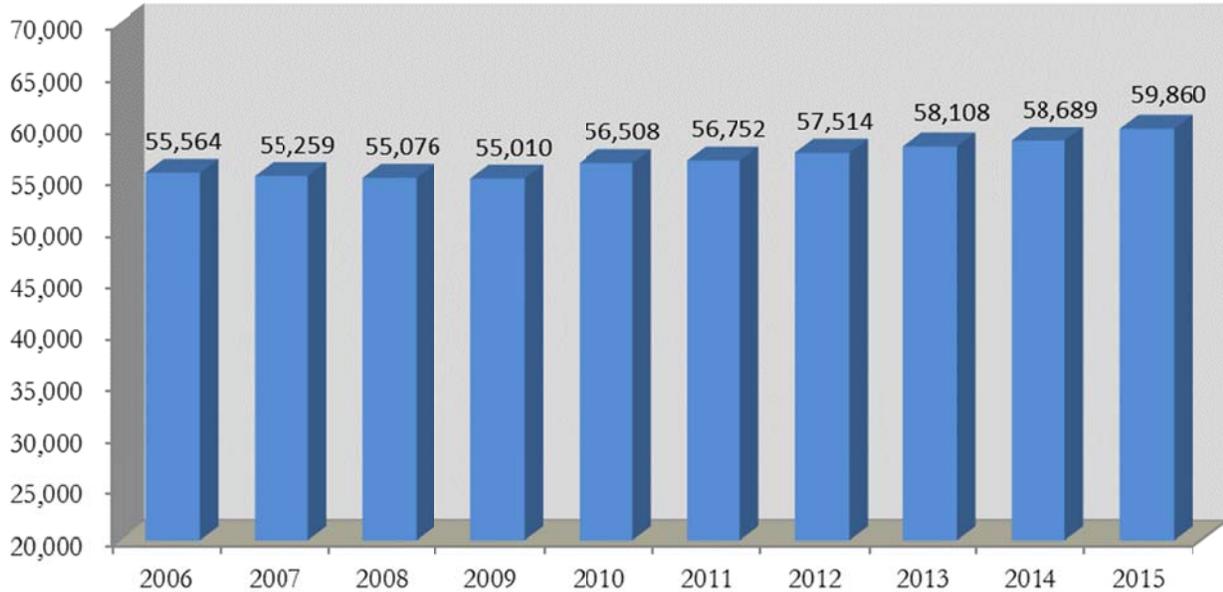
The 2007 property tax reform legislation limited the property tax levies of local governments in the State of Florida. For the fiscal year ending September 30, 2016 the Council adopted a rate of 2.45 mills, well below the maximum allowable rates. The adopted rate results in a total tax levy of \$16.16 million, representing an increase of \$1.47 million, or 10% from the property tax levy for FY 2015. 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 legislation limiting municipal revenues is often proposed. 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 2016 budget development and impact the major programs and issues described later.

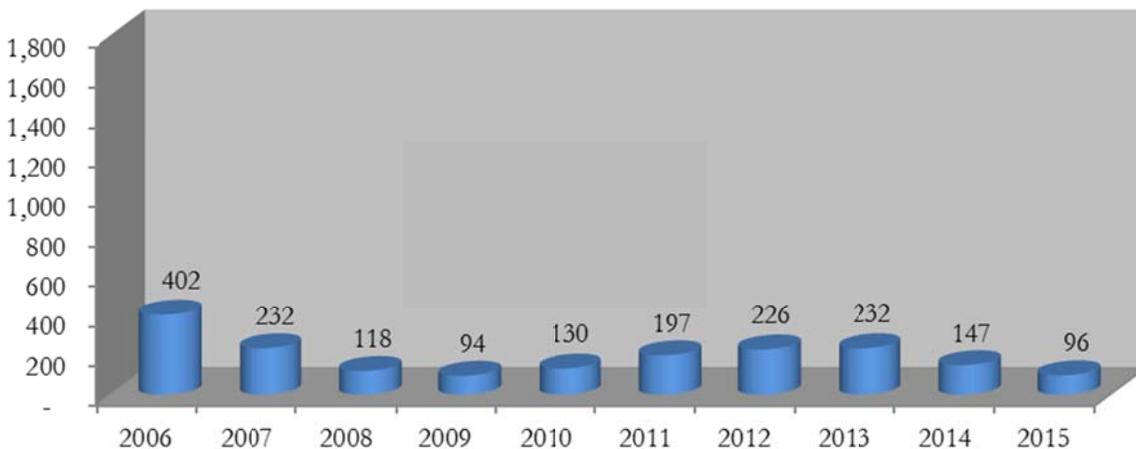
Wellington's current unemployment rate stands at 3.9%, below the national, state and county rates. Wellington's population is anticipated to continue its slow expansion at about 1% annually. Population growth for Wellington based on information obtained from Palm Beach County, the U.S. Census Bureau, the Bureau of Economic and Business Research at the University of Florida is illustrated in the following Historical Population Chart.

2006-2015 HISTORICAL POPULATION

Wellington's estimated 2015 permanent population of 59,860 (excluding seasonal residents) makes it the 5th largest municipality in Palm Beach County.



2006-2015 SINGLE FAMILY BUILDING PERMITS



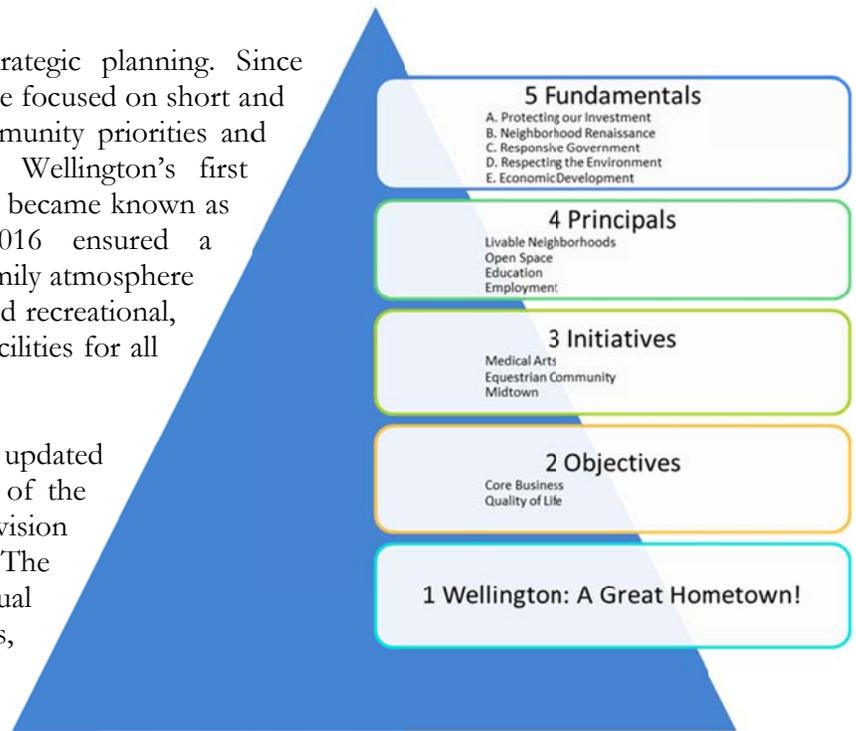
The strength of the local economy can also be seen in the beginning of this decade by the number of single family building permits issued. The local housing market saw a large boom beginning in 2002, with major new developments coming on line. This boom was evidenced in the increase in single family 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 19 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 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:

- ❖ Recreation and Community Programming
- ❖ Expanded e-services – in order to be one of the most user friendly governments
- ❖ Comprehensive Emergency Management Plan
- ❖ K-Park development

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:

- ❖ Key land acquisitions
- ❖ 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 2015
- ❖ Equestrian Community Initiative – Designed to encourage and support this unique lifestyle
- ❖ Business-friendly initiatives – The business development strategy recognizes that in order to work in concert with the business community, local government must be viewed as a partner.

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 2016 budget process.

Accomplishments and Future Projects

The progress towards achievement of Wellington's vision and mission is also measured by the completed multi-department projects and individual accomplishments of each of the Village departments and divisions. Below are some of the selected accomplishments over the last 18 months:

- ❖ Public Works was accredited through the American Public Works Association (APWA) as the first in Palm Beach County.
- ❖ The Parks and Recreation department received the national accreditation from the commission for Accreditation of Park and Recreational Agencies (CAPRA), becoming one of only eighty-eight agencies in the country and nine cities in the State of Florida currently holding national accreditation.
- ❖ The Utilities department received the 2014 Excellence Award from Department of Environmental Protection and the 2015 FWEA Biosolids Award.
- ❖ Both Aquatics and Sports Facilities and Neighborhood parks divisions' inspection process has been completely automated with the use of tablets.
- ❖ Completed the following projects during 2015:
 - ❖ Tennis Center Relocation
 - ❖ 5 Lift Station Rehabs
 - ❖ Pierson Road Sidewalk Extension
 - ❖ Flying Cow Pathway Construction
 - ❖ C-23 Multiuse Path & Bridle Trail Construction

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

- ❖ Wellington Community Center demolition and rebuild.
- ❖ Aeroclub Multiuse Pathway
- ❖ Stribling/Pierson Road Roundabout

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 2016 through 2020 calls for expenditures approximating \$15.2 million in the governmental funds and approximately \$18.1 million in the enterprise funds.

Reserves and Surplus

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

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

- ✓ To fund capital projects on a pay-as-you-go basis.

- ✓ 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% 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 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: in the last ten years, 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, 2014. 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 nineteen consecutive years (1996-2014). 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, 2014. 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 fifth 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, 2014. Wellington has received this award for the last twenty 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 2016 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

Elected Officials



Bob Margolis
Mayor



John T. McGovern
Councilman



Matt Willhite
Councilman



Anne Gerwig
Councilwoman



John Green
Vice Mayor

Village Manager

Paul Schofield, AICP, ICMA-CM

Assistant Village Manager

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

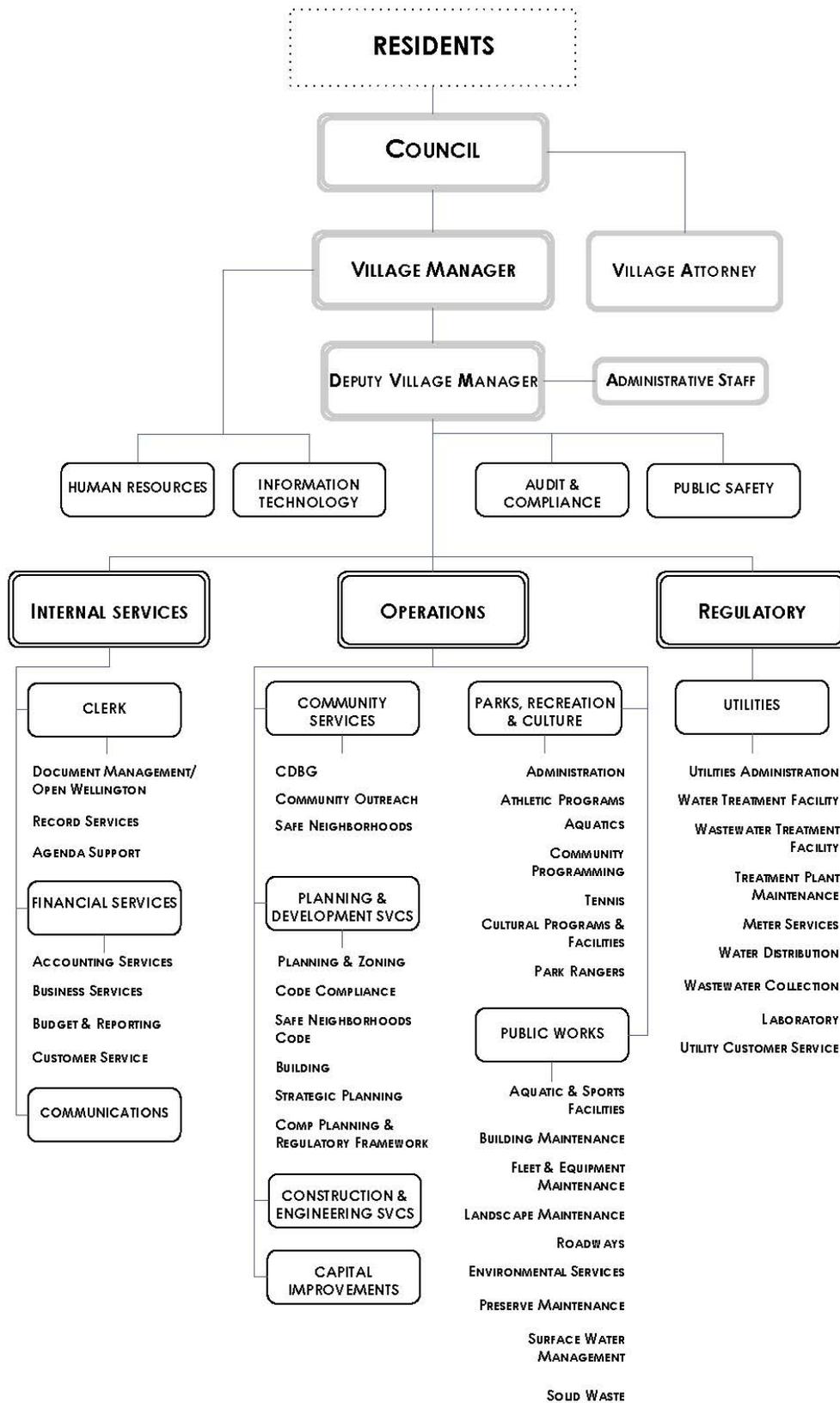
Nicole Evangelista

Parks and Recreation Director

Bruce Delaney

Public Works Director

Mitch Fleury





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, 2014

Executive Director/CEO

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 Weston, Florida (the "Village") as of and for the fiscal year ended September 30, 2015, 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, based on our audit and the report of other auditors, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the accompanying financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68, effective October 1, 2014. The net position balance of the governmental activities as of October 1, 2014 has been restated. Our opinion is not modified with respect to this matter.

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 the City's proportionate share of the net pension liability, schedule of contributions, 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 nonmajor fund financial statements and budget to actual schedules 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 nonmajor fund financial statements and budget to actual schedules 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 May 2, 2016, 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 May 2, 2016, 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.

B *han & Associates*

May 2, 2016

VILLAGE OF WELLINGTON, FLORIDA

Management's Discussion and Analysis

September 30, 2015

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

- ❖ Implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 reduced beginning net position by \$11,190,558 as explained further in Note 1.
- ❖ Government-wide total net position at the close of the fiscal year was \$369 million, which is a decrease of 3% or \$10.7 million from the prior year. Of this amount, \$63 million is in unrestricted net position, which is available to meet the ongoing commitments to citizens and creditors. The decrease is partially related to a net pension credit to expense related to the newly adopted GASB 68.
- ❖ Net position of governmental activities decreased \$3.6 million, or 2%.
- ❖ Government-wide total revenues were \$73 million, while government-wide total expenses were \$72 million. Total revenues decreased 2% or \$1.4 million while total expenses increased 3% or \$2.3 million.
- ❖ Governmental Activities generated \$48 million in revenue with \$52 million in expenses.
- ❖ Business-type Activities generated \$25 million in revenue with \$21 million in expenses.
- ❖ Net investment in capital assets accounts for \$272 million of total net position of \$369 million.
- ❖ Governmental funds ended the year with a combined fund balance of \$51.7 million, which is a decrease of 8% or \$4.6 million from the prior year. Of that amount, the unassigned portion is \$16.6 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. In addition to these basic financial statements, this report also contains other supplementary information.

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.

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.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements

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

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

Five major funds are reported individually in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining governmental funds are reported as a combined total. Major governmental funds for the year ended September 30, 2015 are:

- ❖ General Fund
- ❖ Building Special Revenue Fund
- ❖ Acme Improvement Special Revenue Fund
- ❖ Debt Service 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, 2015 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 33 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This information includes budgetary comparisons for the general fund and major special revenue funds; pension schedules; 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 begins on page 65 of this report.

The budgetary comparison schedule for the major capital project fund, major debt service fund and the nonmajor governmental funds along with the combining statements are presented immediately following the required supplementary information.

These schedules begin on page 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 \$369 million at the close of the most recent year. The largest portion of net position (74%) reflects its net investment in capital assets. Wellington uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Restricted net position of \$35 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 | | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 64,350,988 | \$ 64,671,398 | \$ 59,100,690 | \$ 51,635,104 | \$ 123,451,678 | \$ 116,306,502 |
| Noncurrent assets | 159,021,939 | 159,109,634 | 118,477,452 | 121,767,825 | 277,499,391 | 280,877,459 |
| Total Assets | \$ 223,372,927 | \$ 223,781,032 | \$ 177,578,142 | \$ 173,402,929 | \$ 400,951,069 | \$ 397,183,961 |
| Refunding debt | \$ - | \$ 205,710 | \$ - | \$ - | \$ - | \$ 205,710 |
| Pension | 1,843,737 | - | 381,655 | - | 2,225,392 | - |
| Total Deferred Outflows of Resources | \$ 1,843,737 | \$ 205,710 | \$ 381,655 | \$ - | \$ 2,225,392 | \$ 205,710 |
| Noncurrent liabilities | \$ 13,740,450 | \$ 7,132,845 | \$ 2,117,293 | \$ 255,881 | \$ 15,857,743 | \$ 7,388,726 |
| Other liabilities | 13,674,387 | 7,483,353 | 2,762,375 | 2,564,293 | 16,436,762 | 10,047,646 |
| Total Liabilities | \$ 27,414,837 | \$ 14,616,198 | \$ 4,879,668 | \$ 2,820,174 | \$ 32,294,505 | \$ 17,436,372 |
| Pension | \$ 1,329,522 | \$ - | \$ 275,212 | \$ - | \$ 1,604,734 | \$ - |
| Total Deferred Inflows of Resources | \$ 1,329,522 | \$ - | \$ 275,212 | \$ - | \$ 1,604,734 | \$ - |
| Net Position: | | | | | | |
| Net investment in capital assets | \$ 153,712,972 | \$ 152,841,077 | \$ 118,477,452 | \$ 121,767,825 | \$ 272,190,424 | \$ 274,608,902 |
| Restricted | 8,668,360 | 11,860,096 | 25,911,904 | 22,519,428 | 34,580,264 | 34,379,524 |
| Unrestricted | 34,090,973 | 44,669,371 | 28,415,561 | 26,295,502 | 62,506,534 | 70,964,873 |
| Total Net Position | \$ 196,472,305 | \$ 209,370,544 | \$ 172,804,917 | \$ 170,582,755 | \$ 369,277,222 | \$ 379,953,299 |

Wellington's Change In Net Position

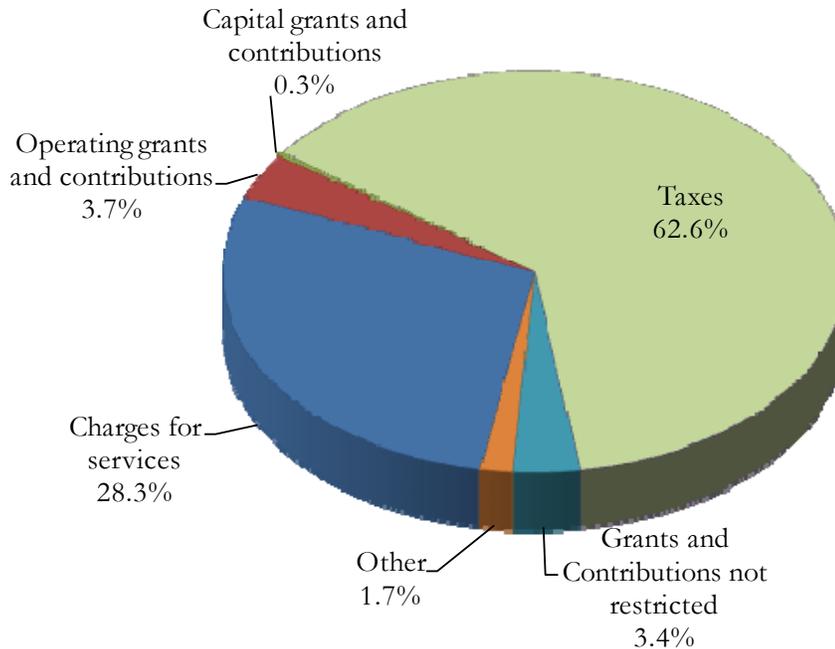
| | Governmental | | Business-Type | | Total | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Activities | | Activities | | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 13,553,128 | \$ 13,192,163 | \$ 22,932,883 | \$ 22,754,440 | \$ 36,486,011 | \$ 35,946,603 |
| Operating grants and contributions | 1,765,489 | 1,593,870 | 44,202 | 58,880 | 1,809,691 | 1,652,750 |
| Capital grants and contributions | 154,724 | 842,361 | 612,327 | 2,399,062 | 767,051 | 3,241,423 |
| General revenues: | | | | | | |
| Taxes | 29,973,100 | 28,515,252 | - | - | 29,973,100 | 28,515,252 |
| Grants and contributions not restricted to specific programs | 1,648,355 | 1,464,034 | - | - | 1,648,355 | 1,464,034 |
| Investment earnings | 397,437 | 222,055 | 316,422 | 133,156 | 713,859 | 355,211 |
| Other | 421,456 | 2,250,818 | 840,763 | 671,911 | 1,262,219 | 2,922,729 |
| Total Revenues | 47,913,689 | 48,080,553 | 24,746,597 | 26,017,449 | 72,660,286 | 74,098,002 |
| Program expenses including indirect expenses: | | | | | | |
| General government | 10,524,872 | 7,338,431 | - | - | 10,524,872 | 7,338,431 |
| Public safety | 12,310,405 | 12,965,396 | - | - | 12,310,405 | 12,965,396 |
| Physical environment | 16,659,816 | 16,736,938 | - | - | 16,659,816 | 16,736,938 |
| Economic environment | 1,442,528 | 921,133 | - | - | 1,442,528 | 921,133 |
| Transportation | 3,437,755 | 3,520,865 | - | - | 3,437,755 | 3,520,865 |
| Culture and recreation | 6,875,636 | 7,979,653 | - | - | 6,875,636 | 7,979,653 |
| Interest on debt | 289,539 | 235,607 | - | - | 289,539 | 235,607 |
| Water and wastewater | - | - | 16,385,833 | 16,068,650 | 16,385,833 | 16,068,650 |
| Solid waste | - | - | 3,688,614 | 3,667,826 | 3,688,614 | 3,667,826 |
| Lake Wellington Professional Centre | - | - | 530,807 | 448,951 | 530,807 | 448,951 |
| Total expenses | 51,540,551 | 49,698,023 | 20,605,254 | 20,185,427 | 72,145,805 | 69,883,450 |
| Change in net position before transfers | (3,626,862) | (1,617,470) | 4,141,343 | 5,832,022 | 514,481 | 4,214,552 |
| Transfers in (out) | - | (5,025,676) | - | 5,025,676 | - | - |
| Change in net position | (3,626,862) | (6,643,146) | 4,141,343 | 10,857,698 | 514,481 | 4,214,552 |
| Beginning net position - restated ⁽¹⁾ | 200,099,167 | 216,013,690 | 168,663,574 | 159,725,057 | 368,762,741 | 375,738,747 |
| Ending net position | \$ 196,472,305 | \$ 209,370,544 | \$ 172,804,917 | \$ 170,582,755 | \$ 369,277,222 | \$ 379,953,299 |

(1) - Adjustment to beginning net position due to the implementation of GASB Statement 68.

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

Governmental Activities

Revenues by Source
Governmental Activities



Governmental activities decreased Wellington’s net position by \$3.6 million.

Revenues decreased from prior year by \$167,000 or 0.3%. Key elements of this decrease are as follows:

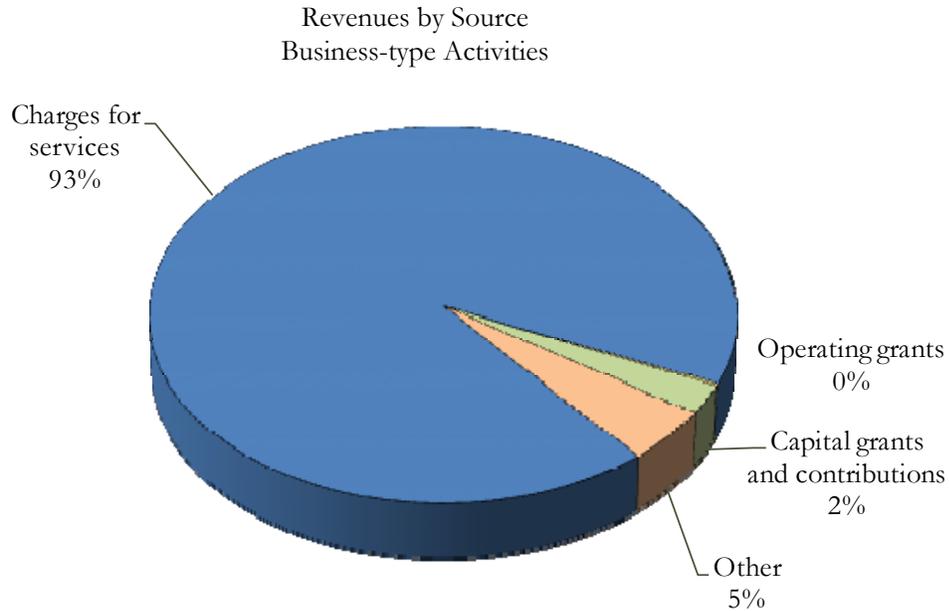
- ❖ Total taxes increased by \$1.45 million due to an increase in property taxable value over prior year as well as increases to utility taxes and franchise fees.
- ❖ Other revenue decreased by \$1.8 million mainly due to revenue from the Lake Wellington Professional Centre and Boys and Girls receivable being recognized in FY 2014.
- ❖ Interest income increased from prior year by \$175,000 due to higher than anticipated returns on investments.

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

- ❖ General government increased by \$2.6 million. This increase is mainly due to the reduction in depreciation expense and a large loss on the disposal of capital assets (\$3.1 million) as a result of a major clean-up of the capital assets during the current year.
- ❖ Public safety decreased by \$322,000. This is mainly due to the change in compensated absences expenditures of approximately \$315,000
- ❖ Economic environment increased by \$590,000 mainly due to the change in compensated absences of \$353,000 as well as an increase in CDBG and neighborhood enhancement program expenses in the current year of approximately \$200,000.
- ❖ Culture and recreation decreased by \$1 million. Depreciation expense was reduced by \$360,000 due to retirements. Additionally, capital maintenance costs were reduced by approximately \$680,000 in the current year.

Transfers between the governmental and enterprise funds decreased by \$5 million from prior year. 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 \$4.1 million.

Revenues decreased by \$1.3 million or 5% over the prior year. Key elements of this decrease are as follows:

- ❖ Charges for services increased \$178,000 mainly due to growth in the number of water accounts related to new building construction.
- ❖ Capital grants and contributions decreased by \$1.8 million. Capacity charges decreased by \$600,000 while distribution line contributions decreased by \$1.2 million.
- ❖ Interest income increased by \$183,000 mainly due to better rates of return on investments in FY 2015.

Direct expenses increased by \$420,000 or 2% over the prior year mainly due to a large loss on disposal of capital assets in FY 2015. This increase was offset by the implementation of GASB 68 in FY 2015, which decreased pension expense by \$63,000.

GOVERNMENT 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, 2015, Wellington’s governmental funds reported combined ending fund balances of \$51.7 million, a decrease of \$4.6 million from prior year.

The unassigned fund balance of \$16.6 million is available for spending at Wellington’s discretion. The remainder of fund balance of \$35.1 million is either nonspendable, restricted, assigned or committed to indicate that it is not available for new spending. Funds are either nonspendable (\$1.7 million), have already been assigned to liquidate contracts and purchase orders (\$9.6 million), restricted or assigned for capital improvements (\$3.4 million), restricted to pay debt service (\$50,000), committed for future emergencies (\$2.5 million) and committed for stabilizing millage or rate increases (\$2.4 million), or other specified purposes (\$15.4 million).

The general fund is the main operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$16.9 million, while the total fund balance was \$28.1 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 39% of total 2016 general fund budgeted expenditures and transfers. Total revenues in the general fund were \$36.7 million which represents an increase of approximately \$1.4 million from the prior year or 3%. This increase is mainly due to higher ad valorem property tax revenue of \$1.1 million.

The building fund is used to account for the building function. At the end of the current fiscal year, \$4.3 million was restricted for future building department expenditures. Building permit fees may only be used for expenditures related to building and inspection services. Revenues for the fund were \$2.5 million and \$2.9 million for fiscal years 2015 and 2014, respectively. This represents a decrease of approximately \$315,000, or 11% from prior year. This is due to the reduction in building permit revenue in FY 2015.

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 \$3.9 million, which is assigned for future expenditures. Revenues for the fund were \$6.1 million and \$5.4 million for 2015 and 2014, respectively. This represents an increase of approximately \$761,000 or 14% over the prior year. This is due to an increase in the special assessment rate and special assessments collected in FY 2015.

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 \$28.4 million; \$20.5 million for the Utility System, \$7.4 million for Solid Waste and \$458,000 for the Lake Wellington Professional Centre. Total net position for these funds was \$173 million, representing an increase of \$4.1 million, or 2.5% due to revenues exceeding expenses during the year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget total an increase of \$386,322, 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:

- ❖ \$82,380 increase allocated to grant revenue
- ❖ \$304,054 decrease allocated to general government
- ❖ \$4,500 increase allocated to public safety
- ❖ \$459,397 increase for physical environment
- ❖ \$140,543 increase allocated to economic environment
- ❖ \$104,417 increase allocated to culture and recreation
- ❖ \$63,899 increase allocated to capital outlay

Actual results of operations were greater than the final amended budget by \$6.2 million, excluding transfers. These results can be mainly attributed to the following:

- ❖ Revenues were \$3.2 million more than budget due to higher than anticipated taxes (\$970,000); intergovernmental revenue (\$550,000); licenses and permits (\$1,400,000) as well as other miscellaneous revenues (\$300,000)
- ❖ Personnel costs were less than budget by \$900,000 due to budgeted positions that were open throughout the year.
- ❖ Operating costs were \$1.3 million less than anticipated mainly due to insurance expenditure savings (\$250,000); outside services, professional and legal fees (\$750,000); and savings with software and hardware purchases (\$250,000) 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 page 65 of this report.

Long-Term Debt Activity

At the end of the current fiscal year, Wellington had total long-term debt outstanding of \$18,016,536. Governmental activities debt of \$4.4 million is related to revenue bonds and loans issued to finance capital improvements for roadways, parks and recreation, public building and infrastructure. An additional \$2.2 million for compensated absences and \$11.4 million for net pension liability is also outstanding. Additional information on long-term debt can be found in Note 6 of this report.

| Wellington's Outstanding Debt | | | | | | | |
|--------------------------------------|----------------------|---------------------|----------------------|-------------------|----------------------|---------------------|--|
| | Governmental | | Business-Type | | Total | | |
| | Activities | | Activities | | | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | |
| Revenue bonds and loans | \$ 4,380,729 | \$5,430,000 | \$ - | \$ - | \$ 4,380,729 | \$5,430,000 | |
| Compensated absences | 1,864,883 | 1,702,845 | 328,583 | 255,881 | 2,193,466 | 1,958,726 | |
| Net pension liability | 9,479,980 | - | 1,962,361 | - | 11,442,341 | - | |
| Total | \$ 15,725,592 | \$ 7,132,845 | \$ 2,290,944 | \$ 255,881 | \$ 18,016,536 | \$ 7,388,726 | |

Capital Assets Activity

Wellington's investment in a variety of capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$277 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

| Wellington's Capital Assets | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| (net of accumulated depreciation) | | | | | | |
| | Governmental | | Business-Type | | Total | |
| | Activities | | Activities | | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$ 19,930,666 | \$ 19,821,956 | \$ 9,579,678 | \$ 9,579,678 | \$ 29,510,344 | \$ 29,401,634 |
| Buildings | 24,323,125 | 25,944,357 | 7,681,540 | 7,666,435 | 32,004,665 | 33,610,792 |
| Improvements | 31,625,356 | 32,856,668 | 2,199,331 | 2,508,272 | 33,824,687 | 35,364,940 |
| Machinery and equipment | 1,737,010 | 1,964,829 | 1,524,565 | 1,750,771 | 3,261,575 | 3,715,600 |
| Water and wastewater plant | - | - | 46,231,034 | 48,470,176 | 46,231,034 | 48,470,176 |
| Meters | - | - | 1,273,077 | 1,752,208 | 1,273,077 | 1,752,208 |
| Wells | - | - | 3,318,946 | 3,622,156 | 3,318,946 | 3,622,156 |
| Distribution lines | - | - | 45,369,558 | 46,007,480 | 45,369,558 | 46,007,480 |
| Infrastructure | 76,437,177 | 76,438,677 | - | - | 76,437,177 | 76,438,677 |
| Construction in progress | 4,040,367 | 1,038,880 | 1,299,723 | 410,649 | 5,340,090 | 1,449,529 |
| Total | \$ 158,093,701 | \$ 158,065,367 | \$ 118,477,452 | \$ 121,767,825 | \$ 276,571,153 | \$ 279,833,192 |

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 2015 was not material. Additional information on the condition level of the street system can be found on page 72 of this report.

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

- ❖ Tennis Center Relocation
- ❖ C-23 Multiuse Path & Bridle Trail

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 14% 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 13% and utility taxes and franchise fees total another 15%. Wellington monitors all of its resources and determines the need for program adjustments or fee increases accordingly.

Next Year's Budget and Rates

The operating millage rate of 2.45 mills for fiscal year 2016 is the same from the millage rate for the 2015 fiscal year. This millage resulted in a total tax levy of approximately \$16.16 million, an increase of \$1.47 million, or 10% from the property tax levy for 2015. The Surface Water Management Assessment rate remained unchanged for a total of \$230 per unit in the fiscal year 2016. The Solid Waste Assessment decreased \$20 for fiscal year 2016 to \$140 per curbside unit and \$105 per containerized unit. Additional information regarding the adoption of the annual budget can be found on page 66 of this report.

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

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

BASIC FINANCIAL STATEMENTS



VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash | \$ 17,066,364 | \$ 10,653,950 | \$ 27,720,314 |
| Investments | 43,318,509 | 18,884,100 | 62,202,609 |
| Receivables (net) | 1,511,866 | 2,134,415 | 3,646,281 |
| Internal balances | (245,982) | 245,982 | - |
| Due from other governments | 1,225,723 | 24,671 | 1,250,394 |
| Prepaid expenses | 246,957 | - | 246,957 |
| Inventories | 14,828 | 59,560 | 74,388 |
| Deposits | 258,110 | - | 258,110 |
| Restricted assets: | | | |
| Cash | 13,993 | 5,416,702 | 5,430,695 |
| Investments | 36,070 | 21,511,860 | 21,547,930 |
| Net other postemployment benefit asset | 904,550 | 169,450 | 1,074,000 |
| Long-term note receivable | 928,238 | - | 928,238 |
| Capital assets: | | | |
| Capital assets not being depreciated | 100,408,210 | 10,879,401 | 111,287,611 |
| Capital assets being depreciated, net | 57,685,491 | 107,598,051 | 165,283,542 |
| Total assets | \$ 223,372,927 | \$ 177,578,142 | \$ 400,951,069 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension | 1,843,737 | 381,655 | 2,225,392 |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 4,030,058 | \$ 1,509,818 | \$ 5,539,876 |
| Contracts and retainage payable | 352,695 | - | 352,695 |
| Due to other governments | 244,076 | 23,291 | 267,367 |
| Deposits payable from restricted assets | - | 1,016,658 | 1,016,658 |
| Unearned revenue | 7,056,773 | 38,957 | 7,095,730 |
| Accrued interest payable | 5,643 | - | 5,643 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Bonds payable | 1,069,832 | - | 1,069,832 |
| Compensated absences | 915,310 | 173,651 | 1,088,961 |
| Due in more than one year: | | | |
| Bonds payable | 3,310,897 | - | 3,310,897 |
| Compensated absences | 949,573 | 154,932 | 1,104,505 |
| Net pension liability | 9,479,980 | 1,962,361 | 11,442,341 |
| Total liabilities | 27,414,837 | 4,879,668 | 32,294,505 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension | 1,329,522 | 275,212 | 1,604,734 |
| NET POSITION | | | |
| Net investment in capital assets | 153,712,972 | 118,477,452 | 272,190,424 |
| Restricted for: | | | |
| Debt service | 44,420 | - | 44,420 |
| Building department | 5,030,583 | - | 5,030,583 |
| Road capital and maintenance | 2,989,339 | - | 2,989,339 |
| Capital projects | 604,018 | 25,911,904 | 26,515,922 |
| Unrestricted | 34,090,973 | 28,415,561 | 62,506,534 |
| Total net position | \$ 196,472,305 | \$ 172,804,917 | \$ 369,277,222 |

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015

| Function/Program Activities | Expenses | Indirect Expense Allocation | Program Revenues | | |
|-------------------------------------|---------------|-----------------------------------|-------------------------|--|--|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | | |
| General government | \$ 14,741,280 | \$ (4,216,408) | \$ 1,217,887 | \$ - | \$ - |
| Public safety | 11,461,629 | 848,776 | 2,647,457 | 10,389 | - |
| Physical environment | 17,126,182 | (466,366) | 7,039,026 | - | - |
| Economic environment | 1,263,111 | 179,417 | 544,972 | 160,620 | 94,724 |
| Transportation | 3,130,567 | 307,188 | 91,461 | 1,594,480 | - |
| Culture and recreation | 5,012,176 | 1,863,460 | 2,012,325 | - | 60,000 |
| Interest on long-term debt | 289,539 | - | - | - | - |
| Total governmental activities | 53,024,484 | (1,483,933) | 13,553,128 | 1,765,489 | 154,724 |
| Business-type activities: | | | | | |
| Utility system | 15,129,671 | 1,256,162 | 19,067,393 | - | 612,327 |
| Solid waste | 3,477,952 | 210,662 | 3,857,363 | 44,202 | - |
| Lake Wellington Professional Centre | 513,698 | 17,109 | 8,127 | - | - |
| Total business-type activities | 19,121,321 | 1,483,933 | 22,932,883 | 44,202 | 612,327 |
| Total primary government | \$ 72,145,805 | \$ - | \$ 36,486,011 | \$ 1,809,691 | \$ 767,051 |

General revenues:

Taxes:

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

Grants and contributions not restricted
to specific programs

Investment earnings

Other

Total general revenues

Change in net position

Net position - beginning, restated

Net position, end of year

See notes to basic financial statements

Net (Expense) Revenue and
Changes in Net Position

| Governmental Activities | Business-type Activities | Total |
|----------------------------|-----------------------------|-----------------------|
| \$ (9,306,985) | \$ - | \$ (9,306,985) |
| (9,652,559) | - | (9,652,559) |
| (9,620,790) | - | (9,620,790) |
| (642,212) | - | (642,212) |
| (1,751,814) | - | (1,751,814) |
| (4,803,311) | - | (4,803,311) |
| (289,539) | - | (289,539) |
| <u>(36,067,210)</u> | <u>-</u> | <u>(36,067,210)</u> |
| - | 3,293,887 | 3,293,887 |
| - | 212,951 | 212,951 |
| - | (522,680) | (522,680) |
| - | 2,984,158 | 2,984,158 |
| <u>(36,067,210)</u> | <u>2,984,158</u> | <u>(33,083,052)</u> |
| 14,818,492 | - | 14,818,492 |
| 3,541,429 | - | 3,541,429 |
| 7,089,783 | - | 7,089,783 |
| 4,523,396 | - | 4,523,396 |
| 1,648,355 | - | 1,648,355 |
| 397,437 | 316,422 | 713,859 |
| 421,456 | 840,763 | 1,262,219 |
| <u>32,440,348</u> | <u>1,157,185</u> | <u>33,597,533</u> |
| (3,626,862) | 4,141,343 | 514,481 |
| <u>200,099,167</u> | <u>168,663,574</u> | <u>368,762,741</u> |
| <u>\$ 196,472,305</u> | <u>\$ 172,804,917</u> | <u>\$ 369,277,222</u> |

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

| | General | Building | Acme Improvement | Capital Projects | Debt Service | Other Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|----------------------|---------------------|---------------------|----------------------|------------------|--|--------------------------------|
| ASSETS | | | | | | | |
| Cash | \$ 8,495,623 | \$ 2,655,946 | \$ 1,142,192 | \$ 3,095,951 | \$ 13,997 | \$ 1,676,648 | \$ 17,080,357 |
| Investments | 21,251,690 | 6,840,976 | 2,943,076 | 7,977,309 | 36,066 | 4,305,462 | 43,354,579 |
| Current receivables: | | | | | | | |
| Utility taxes | 434,623 | - | - | - | - | - | 434,623 |
| Franchise fees | 333,349 | - | - | - | - | - | 333,349 |
| Accounts | 660,027 | 120 | - | - | - | - | 660,147 |
| Interest | 44,703 | 4,368 | 7,639 | 16,371 | - | 10,666 | 83,747 |
| Due from other funds | 24,346 | - | - | - | - | - | 24,346 |
| Advances to other funds | 300,000 | - | - | - | - | - | 300,000 |
| Due from other governments | 1,064,611 | - | 26,338 | - | - | 134,774 | 1,225,723 |
| Prepaid expenditures | 227,597 | 19,360 | - | - | - | - | 246,957 |
| Inventory | 14,828 | - | - | - | - | - | 14,828 |
| Deposits | 258,110 | - | - | - | - | - | 258,110 |
| Long-term note receivable | 928,238 | - | - | - | - | - | 928,238 |
| Total assets | <u>\$ 34,037,745</u> | <u>\$ 9,520,770</u> | <u>\$ 4,119,245</u> | <u>\$ 11,089,631</u> | <u>\$ 50,063</u> | <u>\$ 6,127,550</u> | <u>\$ 64,945,004</u> |

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET (Continued)

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

| | General | Building | Acme Improvement | Capital Projects | Debt Service | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------|--------------|---------------------|---------------------|-----------------|--|--------------------------------|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | \$ 2,363,317 | \$ 101,637 | \$ 234,558 | \$ 1,007,818 | \$ - | \$ 322,728 | \$ 4,030,058 |
| Contracts and retainage payable | - | - | - | 252,985 | - | 99,710 | 352,695 |
| Due to other funds | 270,328 | - | - | - | - | - | 270,328 |
| Advances from other funds | - | - | - | - | - | 300,000 | 300,000 |
| Due to other governments | 166,612 | 77,464 | - | - | - | - | 244,076 |
| Unearned revenue | 2,142,230 | 4,291,726 | 10,000 | - | - | 612,817 | 7,056,773 |
| Total liabilities | 4,942,487 | 4,470,827 | 244,558 | 1,260,803 | - | 1,335,255 | 12,253,930 |
| Deferred inflows of resources: | | | | | | | |
| Unavailable revenue | 975,678 | - | - | - | - | - | 975,678 |
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid expenditures | 227,597 | 19,360 | - | - | - | - | 246,957 |
| Inventory | 14,828 | - | - | - | - | - | 14,828 |
| Deposits | 258,110 | - | - | - | - | - | 258,110 |
| Long-term notes receivable | 928,238 | - | - | - | - | - | 928,238 |
| Advances to other funds | 300,000 | - | - | - | - | - | 300,000 |
| Restricted for: | | | | | | | |
| Capital projects | - | - | - | - | - | 604,018 | 604,018 |
| Building | - | 4,272,256 | - | - | - | - | 4,272,256 |
| Road capital and maintenance | - | - | - | - | - | 1,939,600 | 1,939,600 |
| Wellington community foundation | - | - | - | - | - | 5,722 | 5,722 |
| Debt service | - | - | - | - | 50,063 | - | 50,063 |
| Committed for: | | | | | | | |
| Rate stabilization | 2,385,000 | - | - | - | - | - | 2,385,000 |
| Insurance | 821,000 | - | - | - | - | - | 821,000 |
| Emergency | 2,483,625 | - | - | - | - | - | 2,483,625 |
| Assigned for: | | | | | | | |
| Surface Water Management | - | - | 2,379,178 | - | - | - | 2,379,178 |
| Contracts | 446,951 | - | 240,173 | 7,237,836 | - | 1,687,395 | 9,612,355 |
| Capital projects | 100,000 | 100,000 | - | 2,590,992 | - | - | 2,790,992 |
| Subsequent year | | | | | | | |
| operating expenditures | 3,267,779 | 658,327 | 1,255,336 | - | - | 841,000 | 6,022,442 |
| Unassigned | 16,886,452 | - | - | - | - | (285,440) | 16,601,012 |
| Total fund balances | 28,119,580 | 5,049,943 | 3,874,687 | 9,828,828 | 50,063 | 4,792,295 | 51,715,396 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 34,037,745 | \$ 9,520,770 | \$ 4,119,245 | \$ 11,089,631 | \$ 50,063 | \$ 6,127,550 | \$ 64,945,004 |

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, 2015

Ending fund balance - governmental funds \$ 51,715,396

Amounts reported for governmental activities in the statement of net position 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 | \$ 237,069,810 | |
| Less accumulated depreciation | <u>(78,976,109)</u> | |
| Net capital assets | | 158,093,701 |

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 904,550

Assets that are not available to pay for current period expenditures are unavailable revenue in the fund statements 975,678

Deferred outflows of resources related to pensions are recorded in the statement of net position 1,843,737

Deferred inflows of resources related to pensions are recorded in the statement of net position (1,329,522)

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

| | | |
|-----------------------|--------------------|--|
| Bonds payable | (4,380,729) | |
| Accrued interest | (5,643) | |
| Compensated absences | (1,864,883) | |
| Net pension liability | <u>(9,479,980)</u> | |

Net position of governmental activities \$ 196,472,305

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, 2015

| | General | Building | Acme Improvement | Capital Projects | Debt Service | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------|-------------------|------------------|---------------------|---------------------|-----------------|--|--------------------------------|
| Revenues: | | | | | | | |
| Ad valorem taxes | \$ 14,818,492 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,818,492 |
| Franchise fees and taxes | 3,541,429 | - | - | - | - | - | 3,541,429 |
| Utility and other taxes | 7,089,783 | - | - | - | - | - | 7,089,783 |
| Special assessments | - | - | 5,675,878 | - | - | - | 5,675,878 |
| Impact fees | - | - | - | - | - | 303,411 | 303,411 |
| Licenses and permits | 2,350,121 | 2,466,277 | 2,345 | - | - | - | 4,818,743 |
| Intergovernmental revenue | 5,940,891 | - | - | 94,724 | - | 2,056,349 | 8,091,964 |
| Charges for services | 1,800,375 | - | 339,094 | - | - | - | 2,139,469 |
| Fines and forfeitures | 615,627 | - | - | - | - | - | 615,627 |
| Investment income (net) | 204,413 | 35,579 | 31,419 | 84,610 | - | 41,415 | 397,436 |
| Miscellaneous | 385,236 | 36,369 | 97,260 | - | - | 44,849 | 563,714 |
| Total revenues | <u>36,746,367</u> | <u>2,538,225</u> | <u>6,145,996</u> | <u>179,334</u> | <u>-</u> | <u>2,446,024</u> | <u>48,055,946</u> |

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

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

GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2015

| | General | Building | Acme Improvement | Capital Projects | Debt Service | Other Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|---------------------|---------------------|--------------------|--|--------------------------------|
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | \$ 11,030,538 | \$ - | \$ 18,476 | \$ - | \$ - | - | \$ 11,049,014 |
| Public safety | 9,331,122 | 2,095,914 | - | - | - | - | 11,427,036 |
| Physical environment | 7,313,934 | - | 2,632,582 | 975,570 | - | - | 10,922,086 |
| Economic environment | 1,228,858 | - | - | - | - | - | 1,228,858 |
| Transportation | - | - | - | - | - | 2,708,505 | 2,708,505 |
| Culture and recreation | 3,630,121 | - | 752,193 | 22,917 | - | 20,202 | 4,425,433 |
| Capital outlay | 734,728 | 119,135 | 203,017 | 8,089,015 | - | 1,934,787 | 11,080,682 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | 6,494,271 | - | 6,494,271 |
| Bond Issuance Costs | - | - | - | - | 15,000 | - | 15,000 |
| Interest and other fiscal charges | - | - | - | - | 95,064 | - | 95,064 |
| Total expenditures | <u>33,269,301</u> | <u>2,215,049</u> | <u>3,606,268</u> | <u>9,087,502</u> | <u>6,604,335</u> | <u>4,663,494</u> | <u>59,445,949</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,477,066</u> | <u>323,176</u> | <u>2,539,728</u> | <u>(8,908,168)</u> | <u>(6,604,335)</u> | <u>(2,217,470)</u> | <u>(11,390,003)</u> |
| Other financing sources (uses): | | | | | | | |
| Issuance of long-term debt | - | - | - | - | 5,445,000 | - | 5,445,000 |
| Transfers in | 2,644,820 | - | - | 2,940,382 | 1,133,756 | 1,444,667 | 8,163,625 |
| Transfers out | (2,759,616) | (486,370) | (2,304,517) | - | - | (1,129,189) | (6,679,692) |
| Loss on disposal of assets held for resale | - | - | - | (229,151) | - | - | (229,151) |
| Proceeds from sale of capital assets | <u>51,079</u> | <u>33,370</u> | <u>4,375</u> | <u>-</u> | <u>-</u> | <u>12,550</u> | <u>101,374</u> |
| Total other financing sources (uses) | <u>(63,717)</u> | <u>(453,000)</u> | <u>(2,300,142)</u> | <u>2,711,231</u> | <u>6,578,756</u> | <u>328,028</u> | <u>6,801,156</u> |
| Net change in fund balances | 3,413,349 | (129,824) | 239,586 | (6,196,937) | (25,579) | (1,889,442) | (4,588,847) |
| Fund balances, beginning of year | <u>24,706,231</u> | <u>5,179,767</u> | <u>3,635,101</u> | <u>16,025,765</u> | <u>75,642</u> | <u>6,681,737</u> | <u>56,304,243</u> |
| Fund balances, end of year | <u>\$ 28,119,580</u> | <u>\$ 5,049,943</u> | <u>\$ 3,874,687</u> | <u>\$ 9,828,828</u> | <u>\$ 50,063</u> | <u>\$ 4,792,295</u> | <u>\$ 51,715,396</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, 2015

| | |
|---|-----------------------|
| Net change in fund balances - total governmental funds | \$ (4,588,847) |
| 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. | 77,539 |
| 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. | 11,080,683 |
| Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities. | (8,071,692) |
| In the statement of activities, only the gain (loss) on the sale of capital assets is reported | |
| Net book value of asset disposals | (2,980,657) |
| 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 | 6,494,271 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements. | 975,678 |
| 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. | (1,117,936) |
| 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 | (205,710) |
| Governmental funds report the face amount of bonds issued as financial resources when the debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position. | (5,445,000) |
| 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 | 11,235 |
| Change in compensated absences | (162,038) |
| Pension expense | <u>305,612</u> |
| Change in net position of governmental activities | <u>\$ (3,626,862)</u> |

See notes to basic financial statements



VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2015

| | Major | | Nonmajor | |
|--|-------------------|----------------|---|----------------|
| | Utility System | Solid Waste | Lake Wellington Professional Centre | Total |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | \$ 8,093,524 | \$ 2,215,024 | \$ 345,402 | \$ 10,653,950 |
| Investments | 13,176,666 | 5,707,434 | - | 18,884,100 |
| Receivables: | | | | |
| Accounts, net of allowance for uncollectible amounts | 2,009,555 | 67,181 | 284 | 2,077,020 |
| Interest | 46,001 | 11,394 | - | 57,395 |
| Due from other funds | - | - | 270,328 | 270,328 |
| Due from other governments | - | 24,671 | - | 24,671 |
| Inventories | 59,560 | - | - | 59,560 |
| Restricted cash | 5,371,157 | - | 45,545 | 5,416,702 |
| Restricted investments | 21,511,860 | - | - | 21,511,860 |
| Total current assets | 50,268,323 | 8,025,704 | 661,559 | 58,955,586 |
| Noncurrent assets: | | | | |
| Net other postemployment benefit asset | 159,343 | 8,936 | 1,171 | 169,450 |
| Property, plant and equipment (net of accumulated depreciation) | 113,657,893 | 47,928 | 4,771,631 | 118,477,452 |
| Total noncurrent assets | 113,817,236 | 56,864 | 4,772,802 | 118,646,902 |
| Total assets | \$ 164,085,559 | \$ 8,082,568 | \$ 5,434,361 | \$ 177,602,488 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension | 352,501 | 13,352 | 15,802 | 381,655 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 944,648 | \$ 537,850 | \$ 27,320 | \$ 1,509,818 |
| Due to other funds | - | - | 24,346 | 24,346 |
| Due to other governments | 9,120 | 10,620 | 3,551 | 23,291 |
| Deposits, payable from restricted assets | 971,113 | - | 45,545 | 1,016,658 |
| Compensated absences payable - current portion | 160,221 | 5,716 | 7,714 | 173,651 |
| Unearned revenue | 19,425 | - | 19,532 | 38,957 |
| Total current liabilities | 2,104,527 | 554,186 | 128,008 | 2,786,721 |
| Noncurrent liabilities: | | | | |
| Compensated absences payable - net of current portion | 148,931 | 6,001 | - | 154,932 |
| Net pension liability | 1,812,466 | 68,654 | 81,241 | 1,962,361 |
| Total noncurrent liabilities | 1,961,397 | 74,655 | 81,241 | 2,117,293 |
| Total liabilities | 4,065,924 | 628,841 | 209,249 | 4,904,014 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension | 254,190 | 9,628 | 11,394 | 275,212 |
| NET POSITION | | | | |
| Net invested in capital assets | 113,657,893 | 47,928 | 4,771,631 | 118,477,452 |
| Restricted for capital improvements - capacity fees | 4,400,044 | - | - | 4,400,044 |
| Restricted for renewal and replacement of capital assets | 21,511,860 | - | - | 21,511,860 |
| Unrestricted | 20,548,149 | 7,409,523 | 457,889 | 28,415,561 |
| Total net position | \$ 160,117,946 | \$ 7,457,451 | \$ 5,229,520 | \$ 172,804,917 |

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, 2015

| | Major | | Nonmajor | |
|--|-------------------|----------------|---|----------------|
| | Utility System | Solid Waste | Lake Wellington Professional Centre | Total |
| Operating revenues: | | | | |
| Charges for services | \$ 19,067,393 | \$ 29,754 | \$ 8,127 | \$ 19,105,274 |
| Special assessments | - | 3,537,201 | - | 3,537,201 |
| Licenses and permits | - | 32,859 | - | 32,859 |
| Intergovernmental revenue | - | 44,202 | - | 44,202 |
| Franchise fees | - | 257,549 | - | 257,549 |
| Rent revenue | - | - | 702,170 | 702,170 |
| Other | 65,386 | 66,399 | 6,808 | 138,593 |
| Total operating revenues | 19,132,779 | 3,967,964 | 717,105 | 23,817,848 |
| Operating expenses: | | | | |
| Water services | 3,556,585 | - | - | 3,556,585 |
| Wastewater services | 2,888,977 | - | - | 2,888,977 |
| Laboratory | 119,930 | - | - | 119,930 |
| Water distribution | 903,160 | - | - | 903,160 |
| Customer service | 601,388 | - | - | 601,388 |
| General and administrative | 726,743 | - | - | 726,743 |
| Operations and maintenance | - | - | 365,530 | 365,530 |
| Solid waste | - | 3,477,297 | - | 3,477,297 |
| Depreciation | 6,034,345 | 5,955 | 148,168 | 6,188,468 |
| Total operating expenses | 14,831,128 | 3,483,252 | 513,698 | 18,828,078 |
| Income from operations | 4,301,651 | 484,712 | 203,407 | 4,989,770 |
| Nonoperating revenues (expenses): | | | | |
| Investment income (net) | 263,616 | 52,806 | - | 316,422 |
| Net gain (loss) on sale or disposition of capital assets | (267,600) | 5,300 | - | (262,300) |
| Interest expense | (30,943) | - | - | (30,943) |
| Total nonoperating revenues (expenses) | (34,927) | 58,106 | - | 23,179 |
| Income before contributions and transfers | 4,266,724 | 542,818 | 203,407 | 5,012,949 |
| Capital contributions: | | | | |
| Capacity charges | 383,987 | - | - | 383,987 |
| Distribution lines | 176,185 | - | - | 176,185 |
| Meters | 52,155 | - | - | 52,155 |
| Transfers out | (1,256,162) | (210,662) | (17,109) | (1,483,933) |
| Change in net position | 3,622,889 | 332,156 | 186,298 | 4,141,343 |
| Net position - beginning, restated | 156,495,057 | 7,125,295 | 5,043,222 | 168,663,574 |
| Net position - end of year | \$ 160,117,946 | \$ 7,457,451 | \$ 5,229,520 | \$ 172,804,917 |

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2015

| | Major | | Nonmajor | |
|--|-------------------|----------------|---|---------------|
| | Utility System | Solid Waste | Lake Wellington Professional Centre | Total |
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 19,378,583 | \$ 3,823,550 | \$ 698,445 | \$ 23,900,578 |
| Payments to suppliers for goods and services | (4,321,849) | (3,335,307) | (160,233) | (7,817,389) |
| Payments to employees for services | (4,358,812) | (157,300) | (190,751) | (4,706,863) |
| Other operating revenues | 66,741 | 151,746 | 801 | 219,288 |
| Net cash provided by operating activities | 10,764,663 | 482,689 | 348,262 | 11,595,614 |
| Cash flows from noncapital financing activities: | | | | |
| Transfers from other funds | - | - | (270,328) | (270,328) |
| Transfers to other funds | (1,256,162) | (210,662) | 7,237 | (1,459,587) |
| Net cash (used) in noncapital financing activities | (1,256,162) | (210,662) | (263,091) | (1,729,915) |
| Cash flows from capital and related financing activities: | | | | |
| Capital contributions | 436,142 | - | - | 436,142 |
| Sale proceeds of capital assets | (267,600) | - | - | (267,600) |
| Acquisition of property, plant and equipment | (2,661,455) | (41,105) | (14,050) | (2,716,610) |
| Interest and other fiscal charges | (30,943) | - | - | (30,943) |
| Net cash (used) in capital and related financing activities | (2,523,856) | (41,105) | (14,050) | (2,579,011) |
| Cash flows from investing activities: | | | | |
| Interest received | 131,249 | 28,452 | - | 159,701 |
| Sale of investments | (993,441) | 3,947,986 | - | 2,954,545 |
| Purchase of investments | (9,116,808) | (5,066,264) | - | (14,183,072) |
| Net cash (used) by investing activities | (9,979,000) | (1,089,826) | - | (11,068,826) |
| Net increase (decrease) in cash | (2,994,355) | (858,904) | 71,121 | (3,782,138) |
| Cash, beginning of year | 16,459,036 | 3,073,928 | 319,826 | 19,852,790 |
| Total cash, end of year | \$ 13,464,681 | \$ 2,215,024 | \$ 390,947 | \$ 16,070,652 |
| Cash | | | | |
| Unrestricted | \$ 8,093,524 | \$ 2,215,024 | \$ 345,402 | \$ 10,653,950 |
| Restricted | 5,371,157 | - | 45,545 | 5,416,702 |
| Total cash | \$ 13,464,681 | \$ 2,215,024 | \$ 390,947 | \$ 16,070,652 |

(Continued)

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued) YEAR ENDED SEPTEMBER 30, 2015

| | Major | | Nonmajor | |
|---|-------------------|----------------|---|---------------|
| | Utility System | Solid Waste | Lake Wellington Professional Centre | Total |
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income | \$ 4,301,651 | \$ 484,712 | \$ 203,407 | \$ 4,989,770 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation expense | 6,034,345 | 5,954 | 148,168 | 6,188,467 |
| GASB 68 pension expense | (58,430) | (2,213) | (2,620) | (63,263) |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in: | | | | |
| Accounts receivable | 343,962 | (954) | (236) | 342,772 |
| Due from other funds | - | - | - | - |
| Due from other governments | - | 10,105 | - | 10,105 |
| Inventories | 48,091 | - | - | 48,091 |
| Prepaid expenses | - | - | - | - |
| OPEB expense | (16,087) | (650) | (724) | (17,461) |
| Increase (decrease) in: | | | | |
| Accounts payable and accrued liabilities | 78,592 | (13,478) | 10,176 | 75,290 |
| Due to other governments | 1,355 | (1,819) | (6,007) | (6,471) |
| Deposits | (33,519) | - | - | (33,519) |
| Unearned revenue | 747 | - | (11,616) | (10,869) |
| Compensated absences payable | 63,956 | 1,032 | 7,714 | 72,702 |
| Total adjustments | 6,463,012 | (2,023) | 144,855 | 6,605,844 |
| Net cash provided by operating activities | \$ 10,764,663 | \$ 482,689 | \$ 348,262 | \$ 11,595,614 |
| Noncash investing, capital, and financing activities: | | | | |
| Developer contributed distribution lines | \$ 176,185 | \$ - | \$ - | \$ 176,185 |
| Unrealized losses on investments | (123,235) | (21,182) | - | (144,417) |

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2015

| | Employee Retirement Healthcare Trust |
|--|---|
| ASSETS | |
| Investments: | |
| Florida Municipal Pension Trust Fund - OPEB 70/30 Allocation | <u>\$ 1,234,710</u> |
| NET POSITION | |
| Held in trust for other postemployment benefits | <u>\$ 1,234,710</u> |

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED SEPTEMBER 30, 2015

| | <u>Employee Retirement Healthcare Trust</u> |
|--|---|
| Additions: | |
| Investment income | \$ 6,278 |
| Deductions: | |
| Administrative expense | <u>(7,783)</u> |
| Change in net position | (1,505) |
| Net position held in trust for other postemployment benefits, beginning of year | <u>1,236,215</u> |
| Net position held in trust for other postemployment benefits, end of year | <u><u>\$ 1,234,710</u></u> |

See notes to basic financial statements

VILLAGE OF WELLINGTON, FLORIDA
INDEX FOR NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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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.

Blended Component Units

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 and management of the Village has operational responsibility for the District. 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.

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.

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

Debt Service– This fund is 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.

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.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the utility system enterprise fund are charges to customers for sales and services. The principal operating revenues of the solid waste collection and recycling enterprise fund are special assessments. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is Wellington’s policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

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

Wellington considers cash on hand, demand deposits, and all other short-term investments that are highly liquid to be cash equivalents. Highly liquid short-term investments are those readily convertible to a known amount of cash, that at the day of purchase, have a maturity date not longer than three months.

All cash deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, “Florida Security for Public Deposits Act”, and are collateralized with eligible securities having a market value equal to a percentage of the average daily or monthly balance of all public deposits. Wellington’s investment practices are governed by Chapter 218.415 of the Florida Statutes and the requirements of outstanding bond issues.

Receivables

Receivables include amounts due from other governments and others for services provided by Wellington. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred. Allowances for uncollectible receivables are based on historical trends and the periodic aging of receivables.

Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market. Wellington uses the consumption method wherein all inventories are maintained by perpetual records, expensed when used and adjusted by 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.

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 \$5,000 or more and an estimated useful life in excess of one year.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are Wellington’s assets as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net 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 and 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.

In accordance with GASB 68, the Village restated beginning balances and reports pension related deferred outflows of resources and deferred inflows of resources on its financial statements (see footnote 9 for additional information).

Compensated Absences

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. The Village provides paid time off (PTO) for eligible employees, which accrues at rates depending on an employee’s years of service with a maximum carry forward from year to year of 400 hours. Additionally, eligible employees may cash out PTO each year with a maximum buyback between 120 and 160 hours depending on years of service.

Benefits for employees also include major illness leave. This benefit accrues at 4 hours per month. Employees may utilize this benefit for a major illness after they have used 30 hours of paid time-off. Upon separation of service, and with 10 years of continuous service, any balance of these hours is valued at the current hourly pay rate, and is paid into a Retirement Health Savings Plan. 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.

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, \$205,710 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.

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 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.

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, 2015 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 2015 fiscal year was 2.45 (\$2.45 for each \$1,000 of assessed valuation). This levy was based upon an assessed valuation as of January 1, 2014, of approximately \$6.3 billion.

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1st following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1st following the tax year, certificates are offered for sale for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificate may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2015, 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.

Recent Accounting Pronouncements Adopted

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. The effect of the accounting change on net position as previously reported for fiscal year 2014 and prior years is a reduction of \$11,190,558 and is adjusted as of September 30, 2014 as follows:

| | Governmental Activities | Business-type Activities | Total Government |
|-----------------------------------|------------------------------------|-------------------------------------|-----------------------------|
| Net position, previously reported | \$ 209,370,544 | \$ 170,582,755 | \$ 379,953,299 |
| Adjustments for FRS | (5,223,022) | (1,081,169) | (6,304,191) |
| Adjustments for HIS | <u>(4,048,355)</u> | <u>(838,012)</u> | <u>(4,886,367)</u> |
| Total pension related adjustment | <u>(9,271,377)</u> | <u>(1,919,181)</u> | <u>(11,190,558)</u> |
| Net position, restated | <u>\$ 200,099,167</u> | <u>\$ 168,663,574</u> | <u>\$ 368,762,741</u> |

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.

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, 2015, include petty cash of \$5,225, deposits with financial institutions with a carrying value of \$24,030,966 and a bank balance of \$25,349,472 and money market funds with a carrying value of \$9,114,818.

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:

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, 2015, 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 | \$ 44,442,503 | \$ 10,736,797 | \$ 33,705,706 |
| U.S. Agency and Instrumentality Securities | 26,682,756 | 14,111,906 | 12,570,850 |
| Corporate Notes | 7,356,209 | - | 7,356,209 |
| Commercial Paper | 4,392,201 | 4,392,201 | - |
| Florida Municipal Investment Trust | 876,870 | - | 876,870 |
| Total | <u>\$ 83,750,539</u> | <u>\$ 29,240,904</u> | <u>\$ 54,509,635</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 | \$ 15,641,821 | AA+ | S&P |
| Federal Home Loan Mortgage Corporation | 3,012,855 | AA+ | S&P |
| Federal Home Loan Bank | 8,028,080 | AA+ | S&P |
| Commercial Paper | 4,392,201 | A-1+ | S&P |
| Corporate Notes | 7,356,209 | AA- | S&P |
| Florida Municipal Investment Trust | | | |
| 1 - 3 year high quality bond fund | 101,663 | AAA | Fitch |
| Intermediate high quality bond fund | 775,207 | AAA | Fitch |

Custodial Credit Risk

Custodial credit risk is defined as the risk that Wellington may not recover the securities held by another party in the event of a financial failure. Wellington's investment policy for custodial credit risk requires all investment securities to be held in Wellington's name by a third party safekeeping institution. The investments in 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, 2015, Wellington had more than 5% of its investments in the following:

| Issuer | Fair Value | Percentage |
|---------------------------------------|---------------|------------|
| Federal National Mortgage Association | \$ 15,641,821 | 18.7% |
| Federal Home Loan Bank | 8,028,080 | 9.6% |
| Corporate Note | 7,356,209 | 8.8% |
| Commercial Paper | 4,392,201 | 5.2% |

NOTE 3. RECEIVABLES

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

| | General | Building | Acme Imprv. | Capital Projects | Nonmajor Govt'l Funds | Utility System | Solid Waste | Nonmajor Lake Wellington Prof. Centre | Total |
|--|---------------------|-----------------|-----------------|---------------------|-----------------------------|---------------------|------------------|---|---------------------|
| Utility taxes | \$ 434,623 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 434,623 |
| Franchise taxes | 333,349 | - | - | - | - | - | 67,181 | - | 400,530 |
| Accounts | 660,027 | 120 | - | - | - | 2,162,907 | - | 284 | 2,823,338 |
| Interest | 44,703 | 4,368 | 7,639 | 16,371 | 10,666 | 46,001 | 11,394 | - | 141,142 |
| Gross receivables | 1,472,702 | 4,488 | 7,639 | 16,371 | 10,666 | 2,208,908 | 78,575 | 284 | 3,799,633 |
| Less allowance for uncollectible accounts | - | - | - | - | - | (153,352) | - | - | (153,352) |
| | <u>\$ 1,472,702</u> | <u>\$ 4,488</u> | <u>\$ 7,639</u> | <u>\$ 16,371</u> | <u>\$ 10,666</u> | <u>\$ 2,055,556</u> | <u>\$ 78,575</u> | <u>\$ 284</u> | <u>\$ 3,646,281</u> |

Boys and Girls Club

In 2013, the Village completed 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). 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, 2015, the amount owed is \$928,238 and is recorded as a long-term receivable and unavailable revenue on the fund financial statements.

During FY 2015 the Village received the final \$60,000 of the \$600,000 contribution from Palm Beach County.

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> | Acme <u>Imprv.</u> | Nonmajor Govt'l <u>Funds</u> | Solid <u>Waste</u> | <u>Total</u> |
|--|---------------------|-----------------------|------------------------------------|-----------------------|---------------------|
| Federal Government: | | | | | |
| Grants | \$ 75,645 | \$ - | \$ - | \$ - | \$ 75,645 |
| State of Florida: | | | | | |
| Half cent sales tax | 688,807 | - | - | - | 688,807 |
| Communication services tax | 195,567 | - | - | - | 195,567 |
| Local option gas tax | - | - | 130,373 | - | 130,373 |
| Fuel tax refund | - | - | 4,401 | - | 4,401 |
| Department of Agriculture and Consumer Services | 47,440 | - | - | - | 47,440 |
| Palm Beach County: | | | | | |
| County shared revenues | 53,002 | - | - | 8,272 | 61,274 |
| PBC Tax Collector | - | 26,264 | - | 16,399 | 42,663 |
| Board of County Commissioners | 4,150 | - | - | - | 4,150 |
| Pine Tree Water Control District | - | 74 | - | - | 74 |
| | <u>\$ 1,064,611</u> | <u>\$ 26,338</u> | <u>\$ 134,774</u> | <u>\$ 24,671</u> | <u>\$ 1,250,394</u> |

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 is as follows:

| | Beginning Balance | Increases | Decreases | Reclassifications | Ending Balance |
|--|-----------------------|---------------------|-----------------------|--------------------|-----------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 19,821,956 | \$ - | \$ (77,548) | \$ 186,258 | \$ 19,930,666 |
| Construction in progress | 1,038,880 | 9,962,391 | - | (6,960,904) | 4,040,367 |
| Infrastructure | <u>76,438,677</u> | <u>-</u> | <u>(1,500)</u> | <u>-</u> | <u>76,437,177</u> |
| Total capital assets, not being depreciated | <u>97,299,513</u> | <u>9,962,391</u> | <u>(79,048)</u> | <u>(6,774,646)</u> | <u>100,408,210</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 32,925,956 | - | (3,782,218) | 1,462,587 | 30,606,325 |
| Improvements | 92,568,634 | - | (7,886,653) | 5,022,192 | 89,704,173 |
| Machinery and equipment | <u>21,482,477</u> | <u>1,118,292</u> | <u>(6,539,534)</u> | <u>289,867</u> | <u>16,351,102</u> |
| Total capital assets, being depreciated | <u>146,977,067</u> | <u>1,118,292</u> | <u>(18,208,405)</u> | <u>6,774,646</u> | <u>136,661,600</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (6,981,599) | (990,408) | 1,688,807 | - | (6,283,200) |
| Improvements | (59,711,966) | (5,948,729) | 7,581,878 | - | (58,078,817) |
| Machinery and equipment | <u>(19,517,648)</u> | <u>(1,132,555)</u> | <u>6,036,111</u> | <u>-</u> | <u>(14,614,092)</u> |
| Total accumulated depreciation | <u>(86,211,213)</u> | <u>(8,071,692)</u> | <u>15,306,796</u> | <u>-</u> | <u>(78,976,109)</u> |
| Total capital assets, being depreciated, net | <u>60,765,854</u> | <u>(6,953,400)</u> | <u>(2,901,609)</u> | <u>6,774,646</u> | <u>57,685,491</u> |
| Governmental activities capital assets, net | <u>\$ 158,065,367</u> | <u>\$ 3,008,991</u> | <u>\$ (2,980,657)</u> | <u>\$ -</u> | <u>\$ 158,093,701</u> |

| | Beginning Balance | Increases | Decreases | Reclassifications | Ending Balance |
|--|-----------------------|-----------------------|---------------------|--------------------|-----------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 9,579,678 | \$ - | \$ - | \$ - | \$ 9,579,678 |
| Construction in progress | 410,650 | 2,795,430 | - | (1,906,357) | 1,299,723 |
| Total capital assets, not being depreciated | <u>9,990,328</u> | <u>2,795,430</u> | <u>-</u> | <u>(1,906,357)</u> | <u>10,879,401</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 9,231,825 | - | (24,983) | 333,547 | 9,540,389 |
| Land improvements | 5,403,292 | - | (190,298) | 195,253 | 5,408,247 |
| Furniture, fixtures, equipment and vehicles | 4,630,904 | 187,184 | (1,595,716) | - | 3,222,372 |
| Meters | 4,790,127 | - | - | - | 4,790,127 |
| Major equipment | 9,744,824 | 60,572 | (881,902) | 14,050 | 8,937,544 |
| Water and wastewater plant | 72,055,147 | - | (589,598) | - | 71,465,549 |
| Wells | 11,719,594 | - | (3,264) | - | 11,716,330 |
| Telemetry | 854,707 | - | (8,541) | - | 846,166 |
| Distribution lines | 84,819,048 | 127,543 | (16,277) | 1,363,507 | 86,293,821 |
| Total capital assets, being depreciated | <u>203,249,468</u> | <u>375,299</u> | <u>(3,310,579)</u> | <u>1,906,357</u> | <u>202,220,545</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (1,565,391) | (307,563) | 14,105 | - | (1,858,849) |
| Land improvements | (2,895,020) | (415,408) | 101,512 | - | (3,208,916) |
| Furniture, fixtures, equipment and vehicles | (4,005,429) | (256,692) | 1,520,010 | - | (2,742,111) |
| Meters | (3,037,919) | (479,131) | - | - | (3,517,050) |
| Major equipment | (8,954,857) | (82,854) | 828,266 | - | (8,209,445) |
| Water and wastewater plant | (23,584,971) | (2,205,634) | 556,090 | - | (25,234,515) |
| Wells | (8,097,438) | (301,899) | 1,953 | - | (8,397,384) |
| Telemetry | (519,378) | (18,784) | 8,201 | - | (529,961) |
| Distribution lines | (38,811,568) | (2,120,503) | 7,808 | - | (40,924,263) |
| Total accumulated depreciation | <u>(91,471,971)</u> | <u>(6,188,468)</u> | <u>3,037,945</u> | <u>-</u> | <u>(94,622,494)</u> |
| Total capital assets, being depreciated, net | <u>111,777,497</u> | <u>(5,813,169)</u> | <u>(272,634)</u> | <u>1,906,357</u> | <u>107,598,051</u> |
| Business-type activities capital assets, net | <u>\$ 121,767,825</u> | <u>\$ (3,017,739)</u> | <u>\$ (272,634)</u> | <u>\$ -</u> | <u>\$ 118,477,452</u> |

Depreciation expense was charged to functions as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 732,661 |
| Public Safety | 69,582 |
| Physical environment | 6,211,616 |
| Economic environment | 49,389 |
| Transportation | 409,948 |
| Culture and recreation | 598,496 |
| Total depreciation expense - governmental activities | <u>\$ 8,071,692</u> |
| Business-type activities: | |
| Water utility | \$ 6,034,345 |
| Lake Wellington Professional Centre - nonmajor | 148,168 |
| Solid waste | 5,955 |
| Total depreciation expense - business-type activities | <u>\$ 6,188,468</u> |

NOTE 6. NONCURRENT LIABILITIES

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended September 30, 2015, was as follows:

Governmental Activities

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Public Service Tax Revenue | | | | | |
| Refunding Bonds, Series 2005 | \$ 5,430,000 | \$ - | \$ (5,430,000) | \$ - | \$ - |
| Refunding Bonds, Series 2014 | - | 5,445,000 | (1,064,271) | 4,380,729 | 1,069,832 |
| Total Bonds Payable, net | 5,430,000 | 5,445,000 | (6,494,271) | 4,380,729 | 1,069,832 |
| Compensated absences payable | 1,702,845 | 1,329,433 | (1,167,395) | 1,864,883 | 915,310 |
| Net pension liability | 6,673,378 | 3,128,659 | (322,057) | 9,479,980 | - |
| Total | <u>\$ 13,806,223</u> | <u>\$ 9,903,092</u> | <u>\$ (7,983,723)</u> | <u>\$ 15,725,592</u> | <u>\$ 1,985,142</u> |

\$5,445,000 Public Service Tax Revenue Refunding Bonds

In October 2014, Wellington issued \$5,445,000 of Public Service Tax Revenue Refunding Bonds, Series 2014 to refund the Public Service Tax Revenue Bonds, Series 2005 in the amount of \$5,430,000. Interest at a rate of 1.55% is payable semi-annually on March 1 and September 1. The remaining principal is payable in annual installments of \$1,069,832 to \$1,120,747 with the final payment due September 1, 2019. At September 30, 2015, the outstanding balance was \$4,380,729. The refunding reduced total debt service payments by \$383,944 and resulted in an economic gain of \$334,491.

Future debt service requirements to maturity are:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|-------------------|---------------------|
| Year Ending September 30: | | | |
| 2016 | \$ 1,069,832 | \$ 63,924 | \$ 1,133,756 |
| 2017 | 1,086,666 | 47,090 | 1,133,756 |
| 2018 | 1,103,575 | 30,181 | 1,133,756 |
| 2019 | <u>1,120,656</u> | <u>13,009</u> | <u>1,133,665</u> |
| Total Public Service Tax Revenue Refunding Bonds, Series 2014 | <u>\$ 4,380,729</u> | <u>\$ 154,204</u> | <u>\$ 4,534,933</u> |

Pledged Revenue

Wellington has pledged future public service tax revenues to repay \$5,445,000 in Public Service Tax Revenue Refunding Bonds, Series 2014. Proceeds of the 2014 bonds were used to refund the Public Service Tax Revenue Bonds, Series 2005. 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 2014, is \$4,534,933. Total principal and interest paid for the current year and total public service tax revenues were \$1,159,334 and \$8,140,932, 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> |
|------------------------------|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Compensated absences payable | \$ 255,881 | \$ 305,803 | \$ (233,101) | \$ 328,583 | \$ 173,651 |
| Net pension liability | <u>1,381,394</u> | <u>647,632</u> | <u>(66,665)</u> | <u>1,962,361</u> | <u>-</u> |
| Total | <u>\$ 1,637,275</u> | <u>\$ 953,435</u> | <u>\$ (299,766)</u> | <u>\$ 2,290,944</u> | <u>\$ 173,651</u> |

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2015 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--|--|---------------|
| General Fund | Nonmajor - Lake Wellington Professional Centre | \$ 24,346 |
| Nonmajor - Lake Wellington Professional Centre | General Fund | 270,328 |

These outstanding balances between funds result mainly from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system and (c) payments between funds are made.

Advances from/to Other Funds

| Receivable Fund | Payable Fund | Amount |
|-----------------|------------------------------------|------------|
| General Fund | Nonmajor 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, 2015 were as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|---------------------|----------------------|
| General | \$ 2,644,820 | \$ 2,759,616 |
| Building | - | 486,370 |
| Acme Improvement | - | 2,304,517 |
| Debt Service | 1,133,756 | - |
| Capital Projects | 2,940,382 | - |
| Nonmajor governmental funds | 1,444,667 | 1,129,189 |
| Utility System | - | 1,256,162 |
| Nonmajor Lake Wellington Professional Centre | - | 17,109 |
| Solid Waste | - | 210,662 |
| Total | <u>\$ 8,163,625</u> | <u>\$ 8,163,625</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 and (3) allocate indirect expenses for overhead.

NOTE 8. ENCUMBRANCES

Purchase orders are issued throughout the year to encumber budgets in the governmental funds. Encumbrances as of September 30, 2015 are as follows:

| | |
|-----------------------------|---------------------|
| Major funds: | |
| General Fund | \$ 446,951 |
| Acme Improvement | 240,173 |
| Capital Projects | <u>7,237,836</u> |
| Total Major Funds | 7,924,960 |
| Nonmajor Governmental Funds | <u>1,687,395</u> |
| Total Encumbrances | <u>\$ 9,612,355</u> |

NOTE 9. RETIREMENT PLAN

Florida Retirement System (FRS)

General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Village are eligible to enroll as members of the FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Village recognized pension expense of \$1,033,991 for the fiscal year ended September 30, 2015.

FRS Pension Plan

Plan Description – The FRS Pension Plan (Plan) is a cost-sharing, multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The classes of membership within the Village are as follows:

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Elected Local Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided – Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the AFC is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors’ benefits.

The following chart shows the percentage value for each year of service credit earned:

| <u>Class, Initial Enrollment, and Retirement Age/Years of Service</u> | <u>% Value</u> |
|--|----------------|
| Regular Class members initially enrolled before July 1, 2011 | |
| Retirement up to age 62 or up to 30 years of service | 1.60 |
| Retirement at age 63 or with 31 years of service | 1.63 |
| Retirement at age 64 or with 32 years of service | 1.65 |
| Retirement at age 66 or with 33 years of service | 1.68 |
| Regular Class members initially enrolled on or after July 1, 2011 | |
| Retirement up to age 65 or up to 30 years of service | 1.60 |
| Retirement at age 66 or with 31 years of service | 1.63 |
| Retirement at age 67 or with 32 years of service | 1.65 |
| Retirement at age 68 or with 33 years of service | 1.68 |
| Elected Local Officers | 3.00 |
| Senior Management Service Class | 2.00 |

Per Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015 fiscal year were as follows:

| <u>Class</u> | <u>Percent of Gross Salary</u> <u>October 1, 2014 to</u> <u>June 30, 2015</u> | | <u>Percent of Gross Salary</u> <u>July 1, 2015 to</u> <u>September 30, 2015</u> | |
|---|---|---------------------|---|---------------------|
| | <u>Employee</u> | <u>Employer (1)</u> | <u>Employee</u> | <u>Employer (1)</u> |
| FRS, Regular | 3.00 | 7.37 | 3.00 | 7.26 |
| FRS, Elected Local Officers | 3.00 | 43.24 | 3.00 | 45.80 |
| FRS, Senior Management Service Class | 3.00 | 21.14 | 3.00 | 21.43 |
| DROP - Applicable to all members in the above classes | 0.00 | 12.28 | 0.00 | 12.88 |

(1) Employer rates include a postemployment HIS contribution rate of 1.26 percent through June 30, 2015 and 1.66 percent from July 1 to September 30, 2015. Also, employer rates, other than DROP participants, include .04 percent for administrative costs of the Investment Plan.

The Village's contributions to the Plan totaled \$1,344,114 (which includes \$418,535 of employee contributions) for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the Village reported a liability of \$5,674,291 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Village's proportionate share of the net pension liability was based on the Village's contributions for the year ended June 30, 2015 relative to the contributions made during the year ended June 30, 2014 of all participating members. At June 30, 2015, the Village's proportionate share was .0439% percent, which was a decrease of .0006% from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015 the Village recognized pension expense of \$342,721 related to the Pension Plan. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 599,037 | \$ (134,577) |
| Change of assumptions | 376,622 | - |
| Net difference between projected and actual earnings on FRS pension plan investments | - | (1,354,926) |
| Changes in proportion and differences between Wellington FRS contributions and proportionate share of contributions | 300,241 | (71,403) |
| Wellington FRS contributions subsequent to the measurement date | <u>247,363</u> | <u>-</u> |
| Total | <u>\$ 1,523,263</u> | <u>\$ (1,560,906)</u> |

The deferred outflows of resources related to pensions, totaling \$247,363, resulting from Village contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. The net amount of the remaining deferred outflows of resources and deferred inflows of resources in the amount of \$285,006 will be recognized in pension expense as follows:

| Year Ending September 30: | Amount |
|----------------------------------|----------------------------|
| 2016 | \$ (392,528) |
| 2017 | (392,528) |
| 2018 | (392,528) |
| 2019 | 725,327 |
| 2020 | 137,385 |
| Thereafter | <u>29,866</u> |
| Total | <u>\$ (285,006)</u> |

Actuarial Assumptions – The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.60 percent |
| Salary Increases | 3.25 percent, average, including inflation |
| Investment rate of return | 7.65 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation (1) | Arithmetic Return | (Geometric) Return | Standard Deviation |
|--------------------------|------------------------------|--------------------------|---------------------------|---------------------------|
| Cash | 1.0% | 3.2% | 3.1% | 1.7% |
| Fixed income | 18.0% | 4.8% | 4.7% | 4.7% |
| Global Equity | 53.0% | 8.5% | 7.2% | 17.7% |
| Real estate (property) | 10.0% | 6.8% | 3.2% | 12.0% |
| Private equity | 6.0% | 11.9% | 8.2% | 30.0% |
| Strategic investments | 12.0% | 6.7% | 6.1% | 11.4% |
| Total | 100.00% | | | |
| Assumed inflation - mean | | 2.6% | | 1.9% |

(1) As outlined in the Plan's investment policy

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Village's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

| | 1% Decrease (6.65%) | Current Discount Rate (7.65%) | 1% Increase (8.65%) |
|--|------------------------------------|--|------------------------------------|
| Village's proportionate share of the net pension liability | \$ 14,703,372 | \$ 5,674,291 | \$ (1,839,387) |

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan – At September 30, 2015, the Village reported a payable of \$134,295 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2015.

HIS Pension Plan

Plan Description – The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided – For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the contribution rate was 1.26% of payroll from October 1, 2014 through June 30, 2015 and 1.66% of payroll for July 1, 2015 through September 30, 2015 pursuant to section 112.363, Florida Statutes. The Village contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Village’s contributions to the HIS Plan totaled \$285,175 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the Village reported a net pension liability of \$5,768,050 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Village’s proportionate share of the net pension liability was based on the year ended June 30, 2015 contributions relative to the year ended June 30, 2014 contributions of all participating members. At June 30, 2015, the Village’s proportionate share was .0566%, which was a decrease of .0006% from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015 the Village recognized pension expense of \$508,557 related to the HIS Plan. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Change of assumptions | \$ 453,795 | \$ - |
| Net difference between projected and actual earnings on HIS pension plan investments | 3,122 | - |
| Changes in proportion and differences between Wellington HIS contributions and proportionate share of HIS contributions | 175,561 | (43,828) |
| Wellington HIS contributions subsequent to the measurement date | 69,651 | - |
| Total | \$ 702,129 | \$ (43,828) |

The deferred outflows of resources related to pensions, totaling \$69,651, resulting from Village contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. The net amount of the remaining deferred outflows of resources and deferred inflows of resources in the amount of \$588,650 will be recognized in pension expense as follows:

| <u>Year Ending September 30:</u> | <u>Amount</u> |
|----------------------------------|-------------------|
| 2016 | \$ 105,721 |
| 2017 | 105,721 |
| 2018 | 105,719 |
| 2019 | 105,084 |
| 2020 | 104,781 |
| Thereafter | <u>61,624</u> |
| Total | \$ 588,650 |

Actuarial Assumptions – The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------|--|
| Inflation | 2.60 percent |
| Salary increases | 3.25 percent, average, including inflation |
| Municipal bond rating | 3.80 percent |

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009, through June 30, 2014.

Discount Rate – The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

| | <u>1%</u> <u>Decrease</u> <u>(2.80%)</u> | <u>Current</u> <u>Discount Rate</u> <u>(3.80%)</u> | <u>1%</u> <u>Increase</u> <u>(4.80%)</u> |
|--|--|--|--|
| Village's proportionate share of the net pension liability | \$ 6,572,425 | \$ 5,768,050 | \$ 5,097,323 |

Pension Plan Fiduciary Net Position – Detailed information about the HIS Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan – At September 30, 2015, the Village reported a payable of \$27,311 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2015.

FRS – Defined Contribution Pension Plan

The Village contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement. The report can be found at <http://www.myfloridacfo.com/Division/AA/Reports/>.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Local Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member’s accounts during the 2015 fiscal year were as follows:

| <u>Class</u> | <u>Percent of Gross Compensation</u> |
|--------------------------------|--------------------------------------|
| FRS, Regular | 6.30% |
| FRS, Elected Local Officers | 11.34% |
| FRS, Senior Management Service | 7.67% |

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Village’s Investment Plan pension expense totaled \$182,713 for the fiscal year ended September 30, 2015.

Payables to the Investment Plan – At September 30, 2015, the Village reported a payable of \$22,297 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended September 30, 2015.

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 2015 fiscal year Wellington utilized the remaining \$111,011 of these surplus funds to offset rising healthcare costs.

Effective January 1, 2015 Wellington changed health insurance plans from fully insured United Health Care to a minimum premium arrangement with CIGNA. This minimum premium arrangement is a hybrid of fully insured and self-insured arrangements in which the insurance company remains legally liable for all claims. Reserve funding is built into premium rates and amounts paid in excess of the predetermined limit are accumulated into a reserve and refunded to the Village. As of September 30, 2015 the reserve accumulation with CIGNA is \$607,488.

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, 2015, amounts were remitted pursuant to this agreement. The amount paid in 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 \$8,216,699 for the year ended September 30, 2015.

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, 2015, cumulative expenditures total \$7,291,152.

Solid Waste Collection and Recycling

On April 14, 2015, the contract for waste and recycling collection services was awarded to Waste Management. The agreement is for five years and expires on September 30, 2020. There are three renewal options in this agreement for an additional one 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 2015 total \$3,228,647. 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 four retirees eligible to receive benefits as of September 30, 2015.

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 \$692 to a maximum of \$2,027.

Annual OPEB Cost: The annual other postemployment benefit (OPEB) cost for the fiscal year was (\$84,000), 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, 2015 and the preceding years were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Asset |
|---|---------------------|--|------------------------------|
| 9/30/2013 | (33,000) | n/a | 891,000 |
| 9/30/2014 | (77,000) | n/a | 979,000 |
| 9/30/2015 | (84,000) | n/a | 1,074,000 |
| Annual required contribution | | | \$ (115,000) |
| Interest on OPEB obligation | | | (69,000) |
| Adjustment to annual required contribution | | | <u>100,000</u> |
| Annual OPEB cost | | | (84,000) |
| Employer Contributions | | | <u>(11,000)</u> |
| Change in net OPEB asset | | | (95,000) |
| Net OPEB liability (asset), beginning of year | | | <u>(979,000)</u> |
| Net OPEB liability (asset), end of year | | | <u><u>\$ (1,074,000)</u></u> |

The annual required contributions for 2015 and 2014 were \$(115,000) and \$(106,000), 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.

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

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 October 1, 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 (\$285,440) at September 30, 2015. The deficit will be covered in the subsequent year through the issuance of bonds.

NOTE 16. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

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.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015.

GASB Statement No. 77, *Tax Abatement Disclosures*

This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*

The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

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

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, 2015

| | Original Adopted Budget | Prior Year Carryforward and Transfers | Legally Adopted Budget Amendments | Final Budget | Actual | Variance With Final Budget Positive (Negative) |
|--|-------------------------------|--|--|----------------------|----------------------|--|
| Revenues: | | | | | | |
| Ad valorem taxes | \$ 14,686,913 | \$ - | \$ - | \$ 14,686,913 | \$ 14,818,492 | \$ 131,579 |
| Franchise fees and taxes | 3,250,000 | - | - | 3,250,000 | 3,541,429 | 291,429 |
| Utility and other taxes | 6,540,000 | - | - | 6,540,000 | 7,089,783 | 549,783 |
| Licenses and permits | 970,000 | - | - | 970,000 | 2,350,121 | 1,380,121 |
| Intergovernmental revenue | 5,305,667 | 36,953 | 45,427 | 5,388,047 | 5,940,891 | 552,844 |
| Charges for services | 1,937,245 | - | - | 1,937,245 | 1,800,375 | (136,870) |
| Fines and forfeitures | 450,000 | - | - | 450,000 | 615,627 | 165,627 |
| Investment income (net) | 100,000 | - | - | 100,000 | 204,413 | 104,413 |
| Miscellaneous | 175,000 | - | - | 175,000 | 385,236 | 210,236 |
| Total revenues | <u>33,414,825</u> | <u>36,953</u> | <u>45,427</u> | <u>33,497,205</u> | <u>36,746,367</u> | <u>3,249,162</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 11,556,653 | (304,054) | - | 11,252,599 | 11,030,538 | 222,061 |
| Public safety | 8,294,099 | (10,427) | 14,927 | 8,298,599 | 9,331,122 | (1,032,523) |
| Physical environment | 10,094,521 | 459,397 | - | 10,553,918 | 7,313,934 | 3,239,984 |
| Economic environment | 1,112,253 | 105,543 | 35,000 | 1,252,796 | 1,228,858 | 23,938 |
| Culture and recreation | 3,712,420 | 104,417 | - | 3,816,837 | 3,630,121 | 186,716 |
| Capital outlay | 953,500 | 53,899 | 10,000 | 1,017,399 | 734,728 | 282,671 |
| Total expenditures | <u>35,723,446</u> | <u>408,775</u> | <u>59,927</u> | <u>36,192,148</u> | <u>33,269,301</u> | <u>2,922,847</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,308,621)</u> | <u>(371,822)</u> | <u>(14,500)</u> | <u>(2,694,943)</u> | <u>3,477,066</u> | <u>6,172,009</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | 3,877,328 | - | - | 3,877,328 | 2,644,820 | (1,232,508) |
| Transfers out | (2,507,716) | - | (480,000) | (2,987,716) | (2,759,616) | 228,100 |
| Proceeds from sale of capital assets | - | - | - | - | 51,079 | 51,079 |
| Total other financing sources (uses) | <u>1,369,612</u> | <u>-</u> | <u>(480,000)</u> | <u>889,612</u> | <u>(63,717)</u> | <u>(953,329)</u> |
| Net change in fund balances | (939,009) | (371,822) | (494,500) | (1,805,331) | 3,413,349 | 5,218,680 |
| Fund balances, beginning of year | <u>24,706,231</u> | <u>-</u> | <u>-</u> | <u>24,706,231</u> | <u>24,706,231</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 23,767,222</u> | <u>\$ (371,822)</u> | <u>\$ (494,500)</u> | <u>\$ 22,900,900</u> | <u>\$ 28,119,580</u> | <u>\$ 5,218,680</u> |

See notes to required supplementary information

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

BUILDING - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2015

| | <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> |
|--|--|--|-------------------------|---------------------|---|
| Revenues: | | | | | |
| Licenses and permits | \$ 2,600,000 | \$ - | \$ 2,600,000 | \$ 2,466,277 | \$ (133,723) |
| Investment income (net) | 40,000 | - | 40,000 | 35,579 | (4,421) |
| Miscellaneous | <u>90,000</u> | <u>-</u> | <u>90,000</u> | <u>36,369</u> | <u>(53,631)</u> |
| Total revenues | <u>2,730,000</u> | <u>-</u> | <u>2,730,000</u> | <u>2,538,225</u> | <u>(191,775)</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public safety | 2,148,361 | 10,580 | 2,158,941 | 2,095,914 | 63,027 |
| Capital outlay | <u>104,000</u> | <u>19,135</u> | <u>123,135</u> | <u>119,135</u> | <u>4,000</u> |
| Total expenditures | <u>2,252,361</u> | <u>29,715</u> | <u>2,282,076</u> | <u>2,215,049</u> | <u>67,027</u> |
| Excess (deficiency) of revenues over expenditures | <u>477,639</u> | <u>(29,715)</u> | <u>447,924</u> | <u>323,176</u> | <u>(124,748)</u> |
| Other financing sources (uses): | | | | | |
| Transfers out | (939,600) | - | (939,600) | (486,370) | 453,230 |
| Proceeds from sale of capital assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>33,370</u> | <u>33,370</u> |
| Total other financing sources (uses) | <u>(939,600)</u> | <u>-</u> | <u>(939,600)</u> | <u>(453,000)</u> | <u>486,600</u> |
| Net change in fund balances | (461,961) | (29,715) | (491,676) | (129,824) | 361,852 |
| Fund balances, beginning of year | <u>5,179,767</u> | <u>-</u> | <u>5,179,767</u> | <u>5,179,767</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 4,717,806</u> | <u>\$ (29,715)</u> | <u>\$ 4,688,091</u> | <u>\$ 5,049,943</u> | <u>\$ 361,852</u> |

See notes to required supplementary information

VILLAGE OF WELLINGTON, FLORIDA
BUDGETARY COMPARISON SCHEDULE
ACME IMPROVEMENT - SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

| | Original Adopted Budget | Prior Year Carryforward and Transfers | Final Budget | Actual | Variance With Final Budget Positive (Negative) |
|--|-------------------------------|--|---------------------|---------------------|--|
| Revenues: | | | | | |
| Special assessments | \$ 5,643,200 | \$ - | \$ 5,643,200 | \$ 5,675,878 | \$ 32,678 |
| Charges for services | 317,500 | - | 317,500 | 339,094 | 21,594 |
| Investment income (net) | 25,000 | - | 25,000 | 31,419 | 6,419 |
| Licenses and permits | - | - | - | 2,345 | 2,345 |
| Miscellaneous | 25,000 | - | 25,000 | 97,260 | 72,260 |
| Total revenues | <u>6,010,700</u> | <u>-</u> | <u>6,010,700</u> | <u>6,145,996</u> | <u>135,296</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | - | - | - | 18,476 | (18,476) |
| Physical environment | 3,694,991 | 15,121 | 3,710,112 | 2,632,582 | 1,077,530 |
| Culture and recreation | - | - | - | 752,193 | (752,193) |
| Capital outlay | 241,500 | - | 241,500 | 203,017 | 38,483 |
| Total expenditures | <u>3,936,491</u> | <u>15,121</u> | <u>3,951,612</u> | <u>3,606,268</u> | <u>345,344</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,074,209</u> | <u>(15,121)</u> | <u>2,059,088</u> | <u>2,539,728</u> | <u>480,640</u> |
| Other financing uses: | | | | | |
| Transfers out | (2,385,700) | - | (2,385,700) | (2,304,517) | 81,183 |
| Proceeds from sale of capital assets | - | - | - | 4,375 | 4,375 |
| Total other financing uses | <u>(2,385,700)</u> | <u>-</u> | <u>(2,385,700)</u> | <u>(2,300,142)</u> | <u>85,558</u> |
| Net change in fund balances | (311,491) | (15,121) | (326,612) | 239,586 | 566,198 |
| Fund balances, beginning of year | <u>3,635,101</u> | <u>-</u> | <u>3,635,101</u> | <u>3,635,101</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 3,323,610</u> | <u>\$ (15,121)</u> | <u>\$ 3,308,489</u> | <u>\$ 3,874,687</u> | <u>\$ 566,198</u> |

See notes to required supplementary information

NOTE 1. BUDGETARY ACCOUNTING

State of Florida Statutes requires that all municipal governments establish budgetary systems and approve annual operating budgets. The Council annually adopts an operating budget and appropriates funds for the general, special revenue, capital projects and debt service funds. The procedures for establishing the budgetary data are as follows:

- ❖ Prior to September 1, Wellington Manager submits a proposed operating budget to the Council for the next fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. The Wellington Community Foundation has not adopted an operating budget for the current fiscal year.
- ❖ Public hearings are conducted to obtain taxpayer comments.
- ❖ Wellington advises the County Property Appraiser of the proposed millage rate, special assessment levies, and the date, time and place of the public hearing for budget acceptance.
- ❖ The budget and related millage rate and special assessment levies are legally enacted by resolution.

Changes or amendments to the total budget of a fund must be approved by the Council. Changes within a fund which do not affect total fund expenditures may be approved at the administrative level. Accordingly, the legal level of control is at the fund level.

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Wellington also adopts a nonappropriated operating budget for the enterprise funds substantially on a basis consistent with U.S. generally accepted accounting principles. All appropriations lapse at fiscal year-end; however, encumbrances and amounts specifically designated to be carried forward to the subsequent year are re-appropriated in the following year.

During the year ended September 30, 2015, several supplementary appropriations were necessary. The supplementary appropriations and use of reserves increased the general fund budget by \$386,000 and decreased the major special revenue funds budgets by \$55,246. 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
FLORIDA RETIREMENT SYSTEM PENSION PLAN LIABILITY AND CONTRIBUTION SCHEDULES
SEPTEMBER 30, 2015

**Schedule of the Village's proportionate Share of the Net Pension Liability -
Florida Retirement System Pension Plan
Last Ten Measurement Years ⁽¹⁾**

| | 2015 | 2014 |
|---|------------|------------|
| Village's proportion of the FRS net pension liability | 0.0439% | 0.0445% |
| Village's proportionate share of the FRS net pension liability | 5,674,291 | 2,713,638 |
| Village's covered employee payroll | 17,158,799 | 19,328,166 |
| Village's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll | 33.07% | 14.04% |
| FRS plan fiduciary net position as a percentage of the total pension liability | 92.00% | 96.09% |

**Schedule of the Village's proportionate Share of the Net Pension Liability -
Health Insurance Subsidy Pension Plan
Last Ten Measurement Years ⁽¹⁾**

| | 2015 | 2014 |
|---|------------|------------|
| Village's proportion of the HIS net pension liability | 0.0566% | 0.0571% |
| Village's proportionate share of the HIS net pension liability | 5,768,050 | 5,341,134 |
| Village's covered employee payroll | 17,158,799 | 19,328,166 |
| Village's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll | 33.62% | 27.63% |
| HIS plan fiduciary net position as a percentage of the total pension liability | 0.50% | 0.99% |

(1) The amounts presented for each measurement year were determined as of 06/30. GASB 68 requires information for 10 years. However, until a full ten-year trend is compiled, information will be presented for only those years which information is available.

VILLAGE OF WELLINGTON, FLORIDA
 FLORIDA RETIREMENT SYSTEM PENSION PLAN LIABILITY AND CONTRIBUTION SCHEDULES
 SEPTEMBER 30, 2015

**Schedule of Village Contributions -
 Florida Retirement System Pension Plan
 Last Ten Fiscal Years ⁽¹⁾**

| | 2015 |
|--|--------------|
| Contractually required FRS contribution | \$ 1,108,302 |
| FRS contributions in relation to the contractually required contribution | (1,108,302) |
| FRS contribution deficiency (excess) | \$ - |
| Village's covered employee payroll | 17,179,188 |
| FRS contributions as a percentage of covered employee payroll | 6.45% |

**Schedule of Village Contributions -
 Health Insurance Subsidy Pension Plan
 Last Ten Fiscal Years ⁽¹⁾**

| | 2015 |
|--|------------|
| Contractually required HIS contribution | \$ 285,175 |
| HIS contributions in relation to the contractually required contribution | (285,175) |
| HIS contribution deficiency (excess) | \$ - |
| Village's covered employee payroll | 17,179,188 |
| HIS contributions as a percentage of covered employee payroll | 1.66% |

(1) The amounts presented for each fiscal year were determined as of 09/30. GASB 68 requires information for 10 years. However, until a full ten-year trend is compiled, information will be presented for only those years which information is available.

VILLAGE OF WELLINGTON, FLORIDA
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYEE RETIREMENT PLAN
YEAR ENDED SEPTEMBER 30, 2015

| 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, 2015

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.

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

Percentage of lane miles in good or better condition

Overall System:

| | |
|------|------|
| 2013 | 100% |
| 2014 | 100% |
| 2015 | 100% |

Percentage of lane miles in substandard condition

Overall System:

| | |
|------|----|
| 2013 | 0% |
| 2014 | 0% |
| 2015 | 0% |

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION

| | <u>Needed</u> | <u>Actual</u> | <u>Difference</u> |
|-----------------|----------------------|----------------------|---------------------|
| Overall System: | | | |
| 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 | 2,905,530 | 3,168,757 | 263,227 |
| 2015 | <u>2,819,306</u> | <u>2,760,886</u> | <u>(58,420)</u> |
| Total | <u>\$ 15,029,945</u> | <u>\$ 14,358,541</u> | <u>\$ (671,404)</u> |

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.

VILLAGE OF WELLINGTON, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

| | Special Revenue Funds | | | Capital Project Funds | | | Total Nonmajor Funds |
|---|---------------------------|---------------------------------------|------------------------------|-----------------------|------------------------|---------------------------------|----------------------------|
| | Gas Tax Maintenance | Wellington Community Foundation | Recreation Impact Fees | Gas Tax Capital | Road Impact Fees | Saddle Trail Improvements | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 253,837 | \$ 5,722 | \$ 3,656 | \$ 736,673 | \$ 668,155 | \$ 8,605 | \$ 1,676,648 |
| Investments | 654,060 | - | 9,420 | 1,898,179 | 1,721,631 | 22,172 | 4,305,462 |
| Receivables: | | | | | | | |
| Accrued interest receivable | 1,751 | - | 1,357 | 3,967 | 3,591 | - | 10,666 |
| Due from other governments | 93,182 | - | - | 41,592 | - | - | 134,774 |
| Total assets | \$ 1,002,830 | \$ 5,722 | \$ 14,433 | \$ 2,680,411 | \$ 2,393,377 | \$ 30,777 | \$ 6,127,550 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | \$ 75,625 | \$ - | \$ - | \$ 138,571 | \$ 92,315 | \$ 16,217 | \$ 322,728 |
| Retainage payable | - | - | - | 62,170 | 37,540 | - | 99,710 |
| Advance from other funds | - | - | - | - | - | 300,000 | 300,000 |
| Unearned revenue | - | - | - | 367,536 | 245,281 | - | 612,817 |
| Total liabilities | 75,625 | - | - | 568,277 | 375,136 | 316,217 | 1,335,255 |
| Fund balances: | | | | | | | |
| Restricted for: | | | | | | | - |
| Capital projects | - | - | 14,433 | - | 589,585 | - | 604,018 |
| Road capital and maintenance | 868,753 | - | - | 1,070,847 | - | - | 1,939,600 |
| Wellington Community Foundation | - | 5,722 | - | - | - | - | 5,722 |
| Assigned for: | | | | | | | |
| Contracts | 8,452 | - | - | 1,041,287 | 637,656 | - | 1,687,395 |
| Subsequent year operating expenditures | 50,000 | - | - | - | 791,000 | - | 841,000 |
| Unassigned | - | - | - | - | - | (285,440) | (285,440) |
| Total fund balances | 927,205 | 5,722 | 14,433 | 2,112,134 | 2,018,241 | (285,440) | 4,792,295 |
| Total liabilities and fund balances | \$ 1,002,830 | \$ 5,722 | \$ 14,433 | \$ 2,680,411 | \$ 2,393,377 | \$ 30,777 | \$ 6,127,550 |

VILLAGE OF WELLINGTON, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED SEPTEMBER 30, 2015

| | Special Revenue Funds | | | Capital Project Funds | | | Total Nonmajor Funds |
|--|---------------------------|---------------------------------------|------------------------------|-----------------------|------------------------|---------------------------------|----------------------------|
| | Gas Tax Maintenance | Wellington Community Foundation | Recreation Impact Fees | Gas Tax Capital | Road Impact Fees | Saddle Trail Improvements | |
| Revenues: | | | | | | | |
| Impact fees | \$ - | \$ - | \$ 211,950 | \$ - | \$ 91,461 | \$ - | \$ 303,411 |
| Intergovernmental revenue | 1,085,644 | - | 60,000 | 910,705 | - | - | 2,056,349 |
| Investment income (net) | 7,740 | 32 | 479 | 17,557 | 15,607 | - | 41,415 |
| Miscellaneous | 39,049 | 400 | 5,400 | - | - | - | 44,849 |
| Total revenues | 1,132,433 | 432 | 277,829 | 928,262 | 107,068 | - | 2,446,024 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Transportation | 1,830,070 | - | - | 878,435 | - | - | 2,708,505 |
| Culture and recreation | - | 4,887 | 15,315 | - | - | - | 20,202 |
| Capital outlay | 56,874 | - | 275,000 | 780,763 | 562,749 | 259,401 | 1,934,787 |
| Total expenditures | 1,886,944 | 4,887 | 290,315 | 1,659,198 | 562,749 | 259,401 | 4,663,494 |
| Excess (deficiency) of revenues over expenditures | (754,511) | (4,455) | (12,486) | (730,936) | (455,681) | (259,401) | (2,217,470) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 740,613 | - | 465,420 | 238,634 | - | - | 1,444,667 |
| Transfers out | - | (43,050) | (953,376) | (53,174) | (79,589) | - | (1,129,189) |
| Proceeds from sale of capital assets | 12,550 | - | - | - | - | - | 12,550 |
| Total other financing sources (uses) | 753,163 | (43,050) | (487,956) | 185,460 | (79,589) | - | 328,028 |
| Net change in fund balances | (1,348) | (47,505) | (500,442) | (545,476) | (535,270) | (259,401) | (1,889,442) |
| Fund balances, beginning of year | 928,553 | 53,227 | 514,875 | 2,657,610 | 2,553,511 | (26,039) | 6,681,737 |
| Fund balances, end of year | \$ 927,205 | \$ 5,722 | \$ 14,433 | \$ 2,112,134 | \$2,018,241 | \$ (285,440) | \$ 4,792,295 |

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, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|--------------|---|
| Revenues: | | | | |
| Intergovernmental revenue | \$ 950,000 | \$ 950,000 | \$ 1,085,644 | \$ 135,644 |
| Investment income (net) | - | - | 7,740 | 7,740 |
| Miscellaneous | - | - | 39,049 | 39,049 |
| Total revenues | 950,000 | 950,000 | 1,132,433 | 182,433 |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | 1,729,613 | 1,901,590 | 1,830,070 | 71,520 |
| Capital outlay | 186,000 | 61,000 | 56,874 | 4,126 |
| Total expenditures | 1,915,613 | 1,962,590 | 1,886,944 | 75,646 |
| Excess (deficiency) of revenues over expenditures | (965,613) | (1,012,590) | (754,511) | 258,079 |
| Other financing sources (uses): | | | | |
| Transfers in | 965,613 | 965,613 | 740,613 | (225,000) |
| Proceeds from sale of capital assets | - | - | 12,550 | 12,550 |
| Total other financing sources | 965,613 | 965,613 | 753,163 | (212,450) |
| Net change in fund balances | - | (46,977) | (1,348) | 45,629 |
| Fund balances, beginning of year | 928,553 | 928,553 | 928,553 | - |
| Fund balances, end of year | \$ 928,553 | \$ 881,576 | \$ 927,205 | \$ 45,629 |

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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|------------------|---|
| Revenues: | | | | |
| Impact fees | \$ 550,000 | \$ 550,000 | \$ 211,950 | \$ (338,050) |
| Intergovernmental revenue | - | 60,000 | 60,000 | - |
| Investment income (net) | - | - | 479 | 479 |
| Miscellaneous | - | - | 5,400 | 5,400 |
| Total revenues | <u>550,000</u> | <u>610,000</u> | <u>277,829</u> | <u>(332,171)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and Recreation | - | - | 15,315 | (15,315) |
| Capital outlay | - | 574,000 | 275,000 | 299,000 |
| Total expenditures | <u>-</u> | <u>574,000</u> | <u>290,315</u> | <u>283,685</u> |
| Excess (deficiency) of revenues over expenditures | <u>550,000</u> | <u>36,000</u> | <u>(12,486)</u> | <u>(48,486)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 465,420 | 465,420 | 465,420 | - |
| Transfers out | <u>(1,015,420)</u> | <u>(1,015,420)</u> | <u>(953,376)</u> | <u>62,044</u> |
| Total other financing (uses) | <u>(550,000)</u> | <u>(550,000)</u> | <u>(487,956)</u> | <u>62,044</u> |
| Net change in fund balances | - | (514,000) | (500,442) | 13,558 |
| Fund balances, beginning of year | <u>514,875</u> | <u>514,875</u> | <u>514,875</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 514,875</u> | <u>\$ 875</u> | <u>\$ 14,433</u> | <u>\$ 13,558</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, 2015

| | <u>Original Adopted Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|--|-------------------------|---------------------|---|
| Revenues: | | | | |
| Intergovernmental revenue | \$ 800,000 | \$ 828,720 | \$ 910,705 | \$ 81,985 |
| Investment income (net) | 5,000 | 5,000 | 17,557 | 12,557 |
| Total revenues | <u>805,000</u> | <u>833,720</u> | <u>928,262</u> | <u>94,542</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | - | 4,500 | 878,435 | \$ (873,935) |
| Capital outlay | <u>987,000</u> | <u>2,728,085</u> | <u>780,763</u> | <u>\$ 1,947,322</u> |
| Total expenditures | <u>987,000</u> | <u>2,732,585</u> | <u>1,659,198</u> | <u>1,073,387</u> |
| Excess (deficiency) of revenues over expenditures | <u>(182,000)</u> | <u>(1,898,865)</u> | <u>(730,936)</u> | <u>1,167,929</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 238,634 | 238,634 | 238,634 | - |
| Transfers out | <u>(56,634)</u> | <u>(56,634)</u> | <u>(53,174)</u> | <u>3,460</u> |
| Total other financing sources (uses) | <u>182,000</u> | <u>182,000</u> | <u>185,460</u> | <u>3,460</u> |
| Net change in fund balances | - | (1,716,865) | (545,476) | 1,171,389 |
| Fund balances, beginning of year | <u>2,657,610</u> | <u>2,657,610</u> | <u>2,657,610</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 2,657,610</u> | <u>\$ 940,745</u> | <u>\$ 2,112,134</u> | <u>\$ 1,171,389</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, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| Revenues: | | | | |
| Impact fees | \$ 350,000 | \$ 350,000 | \$ 91,461 | \$ (258,539) |
| Investment income (net) | <u>10,000</u> | <u>10,000</u> | <u>15,607</u> | <u>5,607</u> |
| Total revenues | <u>360,000</u> | <u>360,000</u> | <u>107,068</u> | <u>(252,932)</u> |
| Expenditures: | | | | |
| Capital outlay | <u>200,000</u> | <u>1,168,638</u> | <u>562,749</u> | <u>605,889</u> |
| Total expenditures | <u>200,000</u> | <u>1,168,638</u> | <u>562,749</u> | <u>605,889</u> |
| Excess (deficiency) of revenues over expenditures | 160,000 | (808,638) | (455,681) | 352,957 |
| Other financing uses: | | | | |
| Transfers out | <u>(84,769)</u> | <u>(84,769)</u> | <u>(79,589)</u> | <u>5,180</u> |
| Total other financing uses | <u>(84,769)</u> | <u>(84,769)</u> | <u>(79,589)</u> | <u>5,180</u> |
| Net change in fund balances | 75,231 | (893,407) | (535,270) | 358,137 |
| Fund balances, beginning of year | <u>2,553,511</u> | <u>2,553,511</u> | <u>2,553,511</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 2,628,742</u> | <u>\$ 1,660,104</u> | <u>\$ 2,018,241</u> | <u>\$ 358,137</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, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|--------------|---|
| Revenues: | | | | |
| Intergovernmental revenue | \$ - | \$ - | \$ - | \$ - |
| Total revenues | - | - | - | - |
| Expenditures: | | | | |
| Capital outlay | - | 274,421 | 259,401 | 15,020 |
| Total expenditures | - | 274,421 | 259,401 | 15,020 |
| Excess (deficiency) of revenues over expenditures | - | (274,421) | (259,401) | 15,020 |
| Net change in fund balances | - | (274,421) | (259,401) | 15,020 |
| Fund balances, beginning of year | (26,039) | (26,039) | (26,039) | - |
| Fund balances, end of year | \$ (26,039) | \$ (300,460) | \$ (285,440) | \$ 15,020 |

MAJOR CAPITAL PROJECTS FUND AND DEBT SERVICE FUND

Capital Projects Fund – Accounts for general government capital expenditures.

Debt Service Fund – 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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CAPITAL PROJECTS FUND YEAR ENDED SEPTEMBER 30, 2015

| | Original Adopted Budget | Final Budget | Actual | Variance With Final Budget Positive (Negative) |
|--|-------------------------------|-----------------|--------------|--|
| Revenues: | | | | |
| Intergovernmental | \$ 164,668 | \$ 103,760 | \$ 94,724 | \$ (9,036) |
| Investment income (net) | 20,000 | 20,000 | 84,610 | 64,610 |
| Miscellaneous | - | - | - | - |
| Total revenues | 184,668 | 123,760 | 179,334 | 55,574 |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | - | 23,000 | 22,917 | 83 |
| Physical environment | - | 1,213,500 | 975,570 | 237,930 |
| Capital outlay: | | | | |
| Community services | 125,000 | 139,000 | 227,753 | (88,753) |
| Surface water management | 1,230,000 | 1,222,305 | 572,517 | 649,788 |
| Operations | 377,000 | 332,538 | 102,621 | 229,917 |
| Parks and recreation | 870,000 | 13,334,667 | 7,186,124 | 6,148,543 |
| Total expenditures | 2,602,000 | 16,265,010 | 9,087,502 | 7,177,508 |
| Excess (deficiency) of revenues over expenditures | (2,417,332) | (16,141,250) | (8,908,168) | 7,233,082 |
| Other financing sources (uses): | | | | |
| Transfers in | 2,417,332 | 2,897,332 | 2,940,382 | 43,050 |
| Loss on disposal of assets held for resale | - | - | (229,151) | (229,151) |
| Total other financing sources (uses) | 2,417,332 | 2,897,332 | 2,711,231 | (186,101) |
| Net change in fund balances | - | (13,243,918) | (6,196,937) | 7,046,981 |
| Fund balances, beginning of year | 16,025,765 | 16,025,765 | 16,025,765 | - |
| Fund balances, end of year | \$ 16,025,765 | \$ 2,781,847 | \$ 9,828,828 | \$ 7,046,981 |

VILLAGE OF WELLINGTON, FLORIDA

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

DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|-------------|---|
| Revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 1,005,000 | 1,005,000 | 6,494,271 | (5,489,271) |
| Bond issuance costs | - | - | 15,000 | (15,000) |
| Interest and other fiscal charges | 202,539 | 202,539 | 95,064 | 107,475 |
| Total expenditures | 1,207,539 | 1,207,539 | 6,604,335 | (5,396,796) |
| Excess (deficiency) of revenues over expenditures | (1,207,539) | (1,207,539) | (6,604,335) | (5,396,796) |
| Other financing sources (uses): | | | | |
| Transfers in | 1,207,539 | 1,207,539 | 1,133,756 | (73,783) |
| Issuance of long-term debt | - | - | 5,445,000 | 5,445,000 |
| Total other financing sources (uses) | 1,207,539 | 1,207,539 | 6,578,756 | 5,371,217 |
| Net change in fund balances | - | - | (25,579) | (25,579) |
| Fund balances, beginning of year | 75,642 | 75,642 | 75,642 | - |
| Fund balances, end of year | \$ 75,642 | \$ 75,642 | \$ 50,063 | \$ (25,579) |

STATISTICAL SECTION

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

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| <i>These schedules contain trend information to help the reader understand how Wellington's financial performance and well-being have changed over time. These schedules include:</i> | |
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| <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 | 106 |
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Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year

VILLAGE OF WELLINGTON, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 |
| Governmental activities: | | | | |
| Net investment in capital assets | \$ 93,261,010 | \$ 102,900,650 | \$ 105,313,318 | \$ 114,279,239 |
| Restricted | 35,387,426 | 31,349,198 | 50,931,320 | 50,325,250 |
| Unrestricted | <u>19,920,739</u> | <u>33,216,768</u> | <u>25,448,440</u> | <u>32,332,563</u> |
| Total governmental activities net position | <u>148,569,175</u> | <u>167,466,616</u> | <u>181,693,078</u> | <u>196,937,052</u> |
| Business-type activities: | | | | |
| Net investment in capital assets | 72,761,237 | 80,708,481 | 96,014,639 | 99,398,303 |
| Restricted | 30,963,300 | 33,665,075 | 8,742,086 | 21,642,000 |
| Unrestricted | <u>34,588,893</u> | <u>29,172,362</u> | <u>39,994,834</u> | <u>20,153,787</u> |
| Total business-type activities net position | <u>138,313,430</u> | <u>143,545,918</u> | <u>144,751,559</u> | <u>141,194,090</u> |
| Total government: | | | | |
| Net investment in capital assets | 166,022,247 | 183,609,131 | 201,327,957 | 213,677,542 |
| Restricted | 66,350,726 | 65,014,273 | 59,673,406 | 71,967,250 |
| Unrestricted | <u>54,509,632</u> | <u>62,389,130</u> | <u>65,443,274</u> | <u>52,486,350</u> |
| Total government net position | <u>\$ 286,882,605</u> | <u>\$ 311,012,534</u> | <u>\$ 326,444,637</u> | <u>\$ 338,131,142</u> |

Fiscal Year

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| \$ | 140,245,218 | \$ 148,993,447 | \$ 156,259,669 | \$ 157,294,472 | \$ 152,841,077 | \$ 153,712,972 |
| | 43,881,398 | 35,101,628 | 15,688,323 | 13,054,226 | 11,860,096 | 8,668,360 |
| | 29,210,936 | 34,009,368 | 46,488,944 | 45,664,992 | 44,669,371 | 34,090,973 |
| | <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> | <u>196,472,305</u> |
| | 108,139,572 | 119,615,685 | 121,309,078 | 119,051,675 | 121,767,825 | \$ 118,477,452 |
| | 16,090,694 | 11,959,724 | 14,600,130 | 19,715,884 | 22,519,428 | 25,911,904 |
| | 21,338,373 | 16,818,277 | 18,068,745 | 20,957,498 | 26,295,502 | 28,415,561 |
| | <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> | <u>172,804,917</u> |
| | 248,384,790 | 268,609,132 | 277,568,747 | 276,346,147 | 274,608,902 | 272,190,424 |
| | 59,972,092 | 47,061,352 | 30,288,453 | 32,770,110 | 34,379,524 | 34,580,264 |
| | 50,549,309 | 50,827,645 | 64,557,689 | 66,622,490 | 70,964,873 | 62,506,534 |
| \$ | <u><u>358,906,191</u></u> | <u><u>366,498,129</u></u> | <u><u>372,414,889</u></u> | <u><u>375,738,747</u></u> | <u><u>379,953,299</u></u> | <u><u>369,277,222</u></u> |

VILLAGE OF WELLINGTON, FLORIDA

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

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 |
| Expenses: | | | | |
| Governmental activities: | | | | |
| General government | \$ 13,509,199 | \$ 14,581,818 | \$ 13,702,480 | \$ 12,708,900 |
| Public safety | 5,099,928 | 5,719,752 | 6,457,703 | 6,986,980 |
| Physical environment | 7,837,247 | 7,911,017 | 8,552,728 | 10,924,849 |
| Economic environment | - | - | - | - |
| Transportation | 3,756,901 | 2,702,582 | 2,813,499 | 2,629,113 |
| Culture and recreation | 9,881,157 | 10,010,036 | 9,425,290 | 8,421,140 |
| Interest on long-term debt | 1,048,372 | 983,376 | 936,748 | 882,802 |
| | <u>41,132,804</u> | <u>41,908,581</u> | <u>41,888,448</u> | <u>42,553,784</u> |
| Indirect expense allocation | (2,250,000) | (2,223,268) | (5,453,586) | (3,643,904) |
| Total governmental activities | <u>38,882,804</u> | <u>39,685,313</u> | <u>36,434,862</u> | <u>38,909,880</u> |
| Business-type activities: | | | | |
| Utility system | 11,082,245 | 11,747,934 | 12,089,449 | 16,051,971 |
| Solid waste | 8,407,711 | 2,145,953 | 2,228,903 | 5,837,492 |
| Lake wellington professional centre | - | - | - | - |
| | <u>19,489,956</u> | <u>13,893,887</u> | <u>14,318,352</u> | <u>21,889,463</u> |
| Indirect expense allocation | 2,250,000 | 2,223,268 | 5,453,586 | 3,643,904 |
| Total business-type activities | <u>21,739,956</u> | <u>16,117,155</u> | <u>19,771,938</u> | <u>25,533,367</u> |
| Total government expenses | <u>\$ 60,622,760</u> | <u>\$ 55,802,468</u> | <u>\$ 56,206,800</u> | <u>\$ 64,443,247</u> |
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 632,493 | \$ 835,891 | \$ 262,929 | \$ 290,636 |
| Public safety | 4,263,345 | 3,247,497 | 3,308,626 | 3,191,333 |
| Physical environment | 3,757,243 | 3,945,159 | 4,155,797 | 3,917,346 |
| Economic environment | - | - | - | - |
| Transportation | 1,044,306 | 668,750 | 334,597 | 102,042 |
| Culture and recreation | 3,195,745 | 2,548,536 | 2,256,172 | 1,732,729 |
| Operating grants and contributions | 3,102,633 | 3,902,464 | 2,057,158 | 2,696,528 |
| Capital grants and contributions | 45,447 | 5,368,533 | 2,590,188 | 6,344,784 |
| Total governmental activities program revenues: | <u>16,041,212</u> | <u>20,516,830</u> | <u>14,965,467</u> | <u>18,275,398</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Utility system | 13,799,601 | 13,459,355 | 13,129,276 | 14,502,578 |
| Solid waste | 4,833,697 | 2,834,369 | 3,018,730 | 3,690,053 |
| Lake wellington professional centre | - | - | - | - |
| Operating grants and contributions | 8,037,716 | 778,676 | 1,522,575 | - |
| Capital grants and contributions | 3,990,421 | 713,453 | 1,068,875 | 2,093,940 |
| Total business-type activities program revenues | <u>30,661,435</u> | <u>17,785,853</u> | <u>18,739,456</u> | <u>20,286,571</u> |
| Total program revenues | <u>\$ 46,702,647</u> | <u>\$ 38,302,683</u> | <u>\$ 33,704,923</u> | <u>\$ 38,561,969</u> |

| Fiscal Year | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 12,852,771 | \$ 13,877,976 | \$ 13,904,267 | \$ 11,971,092 | \$ 12,054,127 | \$ 14,741,280 |
| 7,386,470 | 7,461,621 | 7,839,229 | 10,795,719 | 11,783,514 | 11,461,629 |
| 12,828,063 | 14,191,365 | 14,513,657 | 15,308,064 | 17,276,231 | 17,126,182 |
| - | - | - | 1,249,167 | 672,675 | 1,263,111 |
| 2,333,704 | 1,815,080 | 3,052,299 | 3,621,583 | 3,176,258 | 3,130,567 |
| 5,107,602 | 5,722,589 | 5,440,873 | 6,211,642 | 6,025,857 | 5,012,176 |
| 822,027 | 762,276 | 404,574 | 270,673 | 235,607 | 289,539 |
| 41,330,637 | 43,830,907 | 45,154,899 | 49,427,940 | 51,224,269 | 53,024,484 |
| (1,831,073) | (1,938,467) | (1,616,157) | (1,182,578) | (1,526,246) | (1,483,933) |
| 39,499,564 | 41,892,440 | 43,538,742 | 48,245,362 | 49,698,023 | 51,540,551 |
| 12,915,882 | 13,288,369 | 13,599,774 | 14,332,462 | 14,775,996 | 15,129,671 |
| 3,129,986 | 3,175,847 | 3,287,632 | 3,334,847 | 3,434,234 | 3,477,952 |
| - | - | - | - | 448,951 | 513,698 |
| 16,045,868 | 16,464,216 | 16,887,406 | 17,667,309 | 18,659,181 | 19,121,321 |
| 1,831,073 | 1,938,467 | 1,616,157 | 1,182,578 | 1,526,246 | 1,483,933 |
| 17,876,941 | 18,402,683 | 18,503,563 | 18,849,887 | 20,185,427 | 20,605,254 |
| \$ 57,376,505 | \$ 60,295,123 | \$ 62,042,305 | \$ 67,095,249 | \$ 69,883,450 | \$ 72,145,805 |
| \$ 439,374 | \$ 298,700 | \$ 441,844 | \$ 693,477 | \$ 1,764,741 | \$ 1,217,887 |
| 3,380,068 | 4,188,311 | 4,857,628 | 4,230,725 | 3,013,632 | 2,647,457 |
| 4,536,675 | 5,168,777 | 5,602,962 | 5,800,532 | 5,258,966 | 7,039,026 |
| - | - | - | - | 521,575 | 544,972 |
| 118,893 | 409,993 | 374,677 | 421,328 | 282,850 | 91,461 |
| 1,710,091 | 2,208,716 | 1,999,818 | 2,041,164 | 2,350,399 | 2,012,325 |
| 1,559,255 | 1,527,840 | 1,496,711 | 1,546,079 | 1,593,870 | 1,765,489 |
| 12,217,514 | 3,897,603 | 33,692 | 1,432,186 | 842,361 | 154,724 |
| 23,961,870 | 17,699,940 | 14,807,332 | 16,165,491 | 15,628,394 | 15,473,341 |
| 15,094,014 | 16,649,755 | 17,723,213 | 17,831,536 | 18,893,050 | 19,067,393 |
| 3,689,852 | 3,686,592 | 3,747,741 | 3,803,172 | 3,788,513 | 3,857,363 |
| - | - | - | - | 72,877 | 8,127 |
| 1,503,794 | 166,415 | 105,973 | 66,333 | 58,880 | 44,202 |
| 1,347,655 | 350,943 | 2,353,122 | 2,758,152 | 2,399,062 | 612,327 |
| 21,635,315 | 20,853,705 | 23,930,049 | 24,459,193 | 25,212,382 | 23,589,412 |
| \$ 45,597,185 | \$ 38,553,645 | \$ 38,737,381 | \$ 40,624,684 | \$ 40,840,776 | \$ 39,062,753 |

(Continued)

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET POSITION (Continued)

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2006 | 2007 | 2008 | 2009 |
| Net (expense) revenue: | | | | |
| Governmental activities | \$ (22,841,592) | \$ (19,168,483) | \$ (21,469,395) | \$ (20,637,482) |
| Business-type activities | 8,921,479 | 1,668,698 | (1,032,482) | (5,246,796) |
| Total net (expense) revenue | \$ (13,920,113) | \$ (17,499,785) | \$ (22,501,877) | \$ (25,884,278) |
| General revenues: | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 14,618,529 | \$ 18,591,345 | \$ 17,412,203 | \$ 16,049,186 |
| Franchise fees and taxes | 3,430,912 | 3,512,575 | 3,492,742 | 3,594,701 |
| Utility and other taxes | 6,044,216 | 6,130,417 | 6,184,787 | 6,634,632 |
| Sales tax | 3,935,555 | 3,957,168 | 3,837,153 | 3,382,611 |
| Grants and contributions not restricted to specific programs | 1,206,534 | 1,604,210 | 1,231,994 | 1,288,129 |
| Investment earnings | 2,494,561 | 3,644,017 | 2,910,930 | 3,401,293 |
| Gain on sale of capital asset | - | - | - | - |
| Other | 2,828,287 | 626,192 | 626,048 | 534,529 |
| Transfers | - | - | - | - |
| Total governmental activities | 34,558,594 | 38,065,924 | 35,695,857 | 34,885,081 |
| Business-type activities: | | | | |
| Investment earnings | 2,637,429 | 3,563,790 | 2,238,123 | 1,689,327 |
| Gain on disposal of assets | 445,816 | - | - | - |
| Other | - | - | - | - |
| Transfers | - | - | - | - |
| Total business-type activities | 3,083,245 | 3,563,790 | 2,238,123 | 1,689,327 |
| Total general revenues | \$ 37,641,839 | \$ 41,629,714 | \$ 37,933,980 | \$ 36,574,408 |
| Change in net position: | | | | |
| Governmental activities | \$ 11,717,002 | \$ 18,897,441 | \$ 14,226,462 | \$ 14,247,599 |
| Business-type activities | 12,004,724 | 5,232,488 | 1,205,641 | (3,557,469) |
| Total change in net position | \$ 23,721,726 | \$ 24,129,929 | \$ 15,432,103 | \$ 10,690,130 |

| Fiscal Year | | | | | | |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| \$ (15,537,694) | \$ (24,192,500) | \$ (28,731,410) | \$ (32,079,871) | \$ (34,069,629) | \$ (36,067,210) | |
| <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>2,984,158</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> | <u>\$ (33,083,052)</u> | |
| | | | | | | |
| \$ 14,459,669 | \$ 12,876,240 | \$ 13,340,895 | \$ 12,816,288 | \$ 13,690,328 | \$ 14,818,492 | |
| 3,298,051 | 3,266,018 | 3,157,328 | 3,205,140 | 3,481,665 | 3,541,429 | |
| 6,771,127 | 6,656,092 | 6,635,232 | 6,804,277 | 7,107,577 | 7,089,783 | |
| 3,400,224 | 3,538,673 | 3,705,576 | 3,927,338 | 4,235,682 | 4,523,396 | |
| | | | | | | |
| 1,336,641 | 1,194,213 | 1,151,415 | 1,302,835 | 1,464,034 | 1,648,355 | |
| 1,335,770 | 834,816 | 523,538 | 170,738 | 222,055 | 397,437 | |
| 482,601 | 29,138 | 9,250 | - | 29,694 | - | |
| 854,111 | 564,201 | 540,669 | 1,460,976 | 2,221,124 | 421,456 | |
| - | - | - | - | (5,025,676) | - | |
| <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> | <u>32,440,348</u> | |
| | | | | | | |
| 616,175 | 365,721 | 144,603 | 83,528 | 133,156 | 316,422 | |
| - | 8,304 | 10,692 | - | 71,679 | - | |
| - | - | 2,486 | 97,887 | 600,232 | 840,763 | |
| - | - | - | - | 5,025,676 | - | |
| <u>616,175</u> | <u>374,025</u> | <u>157,781</u> | <u>181,415</u> | <u>5,830,743</u> | <u>1,157,185</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> | <u>\$ 33,597,533</u> | |
| | | | | | | |
| \$ 16,400,500 | \$ 4,766,891 | \$ 332,493 | \$ (2,392,279) | \$ (6,643,146) | \$ (3,626,862) | |
| <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>4,141,343</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> | <u>\$ 514,481</u> | |

VILLAGE OF WELLINGTON, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 |
| General fund: | | | | |
| Reserved | \$ 4,422,049 | \$ 5,222,484 | \$ 918,193 | \$ 646,625 |
| Unreserved | 13,010,430 | 24,344,604 | 21,717,188 | 23,577,651 |
| Nonspendable: | | | | |
| Prepaid expenditures | - | - | - | - |
| Inventory | - | - | - | - |
| Deposits | - | - | - | - |
| Long-term notes receivable | - | - | - | - |
| Advances to other funds | - | - | - | - |
| 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>17,432,479</u> | <u>29,567,088</u> | <u>22,635,381</u> | <u>24,224,276</u> |
| All other governmental funds: | | | | |
| Reserved | 36,074,651 | 31,256,900 | 49,680,929 | 49,378,996 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 2,862,045 | 4,320,374 | 4,737,308 | 9,574,791 |
| 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>38,936,696</u> | <u>35,577,274</u> | <u>54,418,237</u> | <u>58,953,787</u> |
| Total governmental funds | <u>\$ 56,369,175</u> | <u>\$ 65,144,362</u> | <u>\$ 77,053,618</u> | <u>\$ 83,178,063</u> |

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

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 720,464 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 23,759,589 | - | - | - | - | - |
| - | 12,088 | 12,943 | 268,948 | 307,136 | 227,597 |
| - | 186,739 | 255,960 | 13,880 | 13,200 | 14,828 |
| - | - | - | - | 2,520 | 258,110 |
| - | - | - | - | - | 928,238 |
| - | - | - | - | - | 300,000 |
| - | 167,969 | - | - | - | - |
| - | 2,268,107 | - | - | - | - |
| - | 3,000,000 | 2,785,000 | 2,385,000 | 2,385,000 | 2,385,000 |
| - | 540,000 | 540,000 | 540,000 | 440,000 | 821,000 |
| - | 3,000,000 | 2,483,625 | 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 | 446,951 |
| - | 24,824 | 14,375 | 38,353 | 25,000 | 100,000 |
| - | 643,000 | - | - | 1,138,900 | 3,267,779 |
| - | 14,135,136 | 15,962,436 | 16,307,688 | 17,227,963 | 16,886,452 |
| <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> | <u>28,119,580</u> |
| 42,645,511 | - | - | - | - | - |
| 6,622,626 | - | - | - | - | - |
| - | 158,321 | 2,847 | 8,231 | 41,720 | 19,360 |
| - | - | 708,146 | 225,236 | 228,061 | - |
| - | 20,272,900 | 10,392,601 | 6,588,293 | 3,062,748 | 604,018 |
| - | 2,431,454 | 4,246,883 | 5,064,384 | 4,560,745 | 4,272,256 |
| - | 1,647,113 | 963,922 | 1,216,210 | 3,483,801 | 1,939,600 |
| - | 766 | 50,691 | 51,416 | 53,227 | 5,722 |
| - | - | 75,357 | 75,544 | 75,642 | 50,063 |
| - | 1,844,878 | 2,951,487 | 3,183,185 | 3,294,115 | 2,379,178 |
| - | 4,905,650 | 4,403,958 | 4,098,509 | - | - |
| - | - | - | 133,946 | 13,262,737 | 9,165,404 |
| - | - | 9,246,092 | 6,666,005 | 3,060,724 | 2,690,992 |
| - | 8,457,230 | 1,975,655 | 4,500 | 773,452 | 2,754,663 |
| - | - | - | - | (298,960) | (285,440) |
| <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>23,595,816</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> | <u>\$ 51,715,396</u> |

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | |
|--|---------------------|---------------------|----------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 |
| Revenues: | | | | |
| Ad valorem taxes | \$ 14,618,529 | \$ 18,591,345 | \$ 17,412,203 | \$ 16,049,186 |
| Franchise fees and taxes | 3,430,912 | 3,512,575 | 3,492,742 | 3,594,701 |
| Utility and other taxes | 6,044,216 | 6,130,417 | 6,184,787 | 6,634,632 |
| Special assessments | 2,847,120 | 2,862,096 | 3,572,397 | 3,549,190 |
| Impact fees | 2,334,864 | 1,280,370 | 676,741 | 356,648 |
| Licenses and permits | 5,262,986 | 4,132,615 | 3,276,635 | 2,963,269 |
| Intergovernmental revenue | 8,290,170 | 14,832,375 | 9,716,493 | 13,507,676 |
| Grant revenue | - | - | - | - |
| Charges for services | 2,069,176 | 2,223,313 | 2,145,313 | 1,766,751 |
| Fines and forfeitures | 258,301 | 747,439 | 613,082 | 540,967 |
| Investment income | 2,494,561 | 3,644,017 | 2,910,930 | 3,401,293 |
| Miscellaneous | 2,948,972 | 626,192 | 660,002 | 793,166 |
| Total revenues | <u>50,599,807</u> | <u>58,582,754</u> | <u>50,661,325</u> | <u>53,157,479</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 8,588,524 | 9,928,265 | 9,228,588 | 8,776,393 |
| Public safety | 5,099,928 | 5,719,752 | 6,457,703 | 6,986,980 |
| Physical environment | 10,493,497 | 10,437,973 | 10,379,479 | 11,443,114 |
| Economic environment | - | - | - | - |
| Transportation | 1,678,057 | 1,392,802 | 1,453,173 | 1,526,599 |
| Culture and recreation | 7,012,595 | 7,334,738 | 7,035,024 | 6,016,607 |
| Capital outlay | 13,630,058 | 15,073,268 | 7,500,174 | 13,773,712 |
| Debt service: | | | | |
| Principal retirement | 1,115,000 | 1,170,000 | 1,215,000 | 1,270,000 |
| Bond issuance costs | - | - | - | - |
| Interest and other fiscal charges | 1,041,979 | 987,385 | 936,915 | 883,533 |
| Total expenditures | <u>48,659,638</u> | <u>52,044,183</u> | <u>44,206,056</u> | <u>50,676,938</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,940,169</u> | <u>6,538,571</u> | <u>6,455,269</u> | <u>2,480,541</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 23,552,453 | 28,615,829 | 64,196,121 | 29,451,290 |
| Transfers out | (21,302,453) | (26,392,561) | (58,742,535) | (25,807,386) |
| Bond proceeds | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Sale of capital assets | 59,184 | 13,348 | 400 | - |
| Contribution of properties | - | - | - | - |
| Total other financing sources (uses) | <u>2,309,184</u> | <u>2,236,616</u> | <u>5,453,986</u> | <u>3,643,904</u> |
| Net change in fund balances | <u>\$ 4,249,353</u> | <u>\$ 8,775,187</u> | <u>\$ 11,909,255</u> | <u>\$ 6,124,445</u> |
| Debt service as a percentage of non-capital expenditures | 5.89% | 5.71% | 5.74% | 5.75% |

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 14,459,669 | \$ 12,876,240 | \$ 13,340,895 | \$ 12,816,288 | \$ 13,690,328 | \$ 14,818,492 |
| 3,298,051 | 3,266,018 | 3,157,328 | 3,205,140 | 3,481,665 | 3,541,429 |
| 6,771,127 | 6,656,092 | 6,635,232 | 6,804,277 | 7,107,577 | 7,089,783 |
| 4,193,890 | 4,787,957 | 5,242,755 | 5,009,053 | 4,939,815 | 5,675,878 |
| 479,118 | 1,057,618 | 841,752 | 786,353 | 879,450 | 303,411 |
| 3,314,643 | 3,698,233 | 4,688,586 | 4,606,677 | 4,593,357 | 4,818,743 |
| 18,247,748 | 9,529,672 | 6,331,199 | 7,108,438 | 7,857,401 | 8,091,964 |
| - | - | - | - | 396,966 | - |
| 1,710,416 | 1,942,911 | 1,957,485 | 2,125,562 | 2,066,545 | 2,139,469 |
| 447,439 | 726,229 | 546,350 | 659,581 | 594,576 | 615,627 |
| 1,335,770 | 834,816 | 523,538 | 170,737 | 222,054 | 397,436 |
| 1,159,591 | 684,172 | 545,365 | 1,999,858 | 1,716,458 | 563,714 |
| <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> | <u>48,055,946</u> |
| 9,931,835 | 9,778,406 | 10,013,562 | 10,859,650 | 11,176,906 | 11,049,014 |
| 7,386,470 | 7,461,621 | 7,812,972 | 10,766,274 | 11,383,375 | 11,427,036 |
| 12,172,833 | 12,919,949 | 12,762,389 | 9,588,086 | 9,784,481 | 10,922,086 |
| - | - | - | 698,604 | 1,001,063 | 1,228,858 |
| 1,399,144 | 1,511,575 | 1,529,301 | 1,528,289 | 1,647,185 | 2,708,505 |
| 2,872,983 | 3,041,699 | 3,137,982 | 3,319,296 | 4,256,828 | 4,425,433 |
| 31,637,022 | 15,386,283 | 7,620,150 | 11,955,055 | 6,382,188 | 11,080,682 |
| 1,325,000 | 1,385,000 | 4,900,000 | 940,000 | 970,000 | 6,494,271 |
| - | - | - | - | - | 15,000 |
| 824,483 | 765,102 | 579,153 | 273,595 | 238,622 | 95,064 |
| <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>59,445,949</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> | <u>(11,390,003)</u> |
| 20,093,367 | 17,979,048 | 15,075,310 | 11,893,035 | 26,262,483 | 8,163,625 |
| (18,262,294) | (16,040,581) | (13,459,153) | (10,710,457) | (29,761,913) | (6,679,692) |
| - | - | - | - | - | 5,445,000 |
| - | - | (4,383,407) | - | - | - |
| 871,362 | 30,635 | 162,056 | (485,058) | 89,856 | (127,777) |
| - | 570,241 | - | - | - | - |
| <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>6,801,156</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> | <u>\$ (4,588,847)</u> |
| 5.94% | 5.82% | 13.08% | 2.96% | 2.78% | 13.66% |

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 | | | |
| 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 | 7,132,034,273 | 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 |
| 2015 | 4,882,016,251 | 573,823,256 | 64,381,454 | 533,993,011 | 219,032,397 | 6,273,246,369 | 2.45 |

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 | |
| 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 | 8.15 | 8.45 | 1.15 | 0.61 | 0.62 | 0.75 | 0.03 | 22.26 |
| 2012 | 2011 | 2.50 | 8.18 | 8.45 | 1.13 | 0.61 | 0.44 | 0.75 | 0.03 | 22.08 |
| 2013 | 2012 | 2.47 | 7.78 | 8.45 | 1.12 | 0.61 | 0.43 | 0.73 | 0.03 | 21.62 |
| 2014 | 2013 | 2.47 | 7.78 | 8.45 | 1.12 | 0.61 | 0.43 | 0.73 | 0.03 | 21.62 |
| 2015 | 2014 | 2.45 | 7.59 | 8.43 | 1.08 | 0.60 | 0.38 | 0.67 | 0.03 | 21.23 |

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 | 2015 | | | 2006 | | |
|---------------------------------------|-----------------------|------|---|-----------------------|------|---|
| | Net Assessed Value | Rank | Percent of Total Village Net Assessed Value | Net Assessed Value | Rank | Percent of Total Village Net Assessed Value |
| TM Wellington Green Mall, LP | \$ 232,080,018 | 1 | 3.70% | \$ 135,001,850 | 1 | 1.87% |
| Florida Power & Light Corp | 100,209,229 | 2 | 1.60% | | | |
| City National Bank of Florida TR | 50,602,839 | 3 | 0.81% | | | |
| Polo Lakes Apartments LLC | 49,137,362 | 4 | 0.78% | 41,876,322 | 4 | 0.58% |
| Universal Health Realty Income | 51,217,359 | 5 | 0.82% | | | |
| Camden Court, LLC | 42,660,077 | 6 | 0.68% | | | |
| Autc Polo Chase Florida LLC | 37,894,539 | 7 | 0.60% | | | |
| Aerc Wellington, LLC. | 30,876,771 | 8 | 0.49% | | | |
| Centre at Wellington Green | 28,141,682 | 9 | 0.45% | 26,501,855 | 6 | 0.37% |
| Shoppes at Isla Verde Ltd. | 25,539,857 | 10 | 0.41% | | | |
| Minto Communities | | | | 80,472,317 | 2 | 1.11% |
| Kpers Realty Holdings #42 Inc | | | | 49,188,920 | 3 | 0.68% |
| Wellington Preserve Corporation | | | | 40,326,912 | 5 | 0.56% |
| Wellington Development LC | | | | 22,135,000 | 7 | 0.31% |
| Palm Beach Polo Holdings, Inc. | | | | 21,896,005 | 8 | 0.30% |
| IMT LB South Florida | | | | 20,016,515 | 9 | 0.28% |
| TCRDAD Wellington Limited Partnership | | | | 18,887,457 | 10 | 0.26% |
| | <u>\$ 648,359,733</u> | | <u>10.34%</u> | <u>\$ 456,303,153</u> | | <u>6.32%</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, | Original Taxes | Levy Adjustments (1) | Adjusted Taxes | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years (2) | Total Collections | |
|---------------------------------------|------------------------------|----------------------------|------------------------------|--|-----------------------------|---|-------------------|-----------------------------|
| | Levied for Fiscal Year | | Levied for Fiscal Year | Amount | Percent of Original Levy | | Amount | Percent of Adjusted Levy |
| 2006 | 15,189,834 | (11,311) | 15,178,523 | 14,618,529 | 96.24% | 31,182 | 14,649,711 | 96.52% |
| 2007 | 19,563,744 | (307,251) | 19,256,493 | 18,560,163 | 94.87% | 1,474,410 | 20,034,573 | 104.04% |
| 2008 | 18,270,635 | (101,269) | 18,169,366 | 15,937,793 | 87.23% | 1,016,363 | 16,954,156 | 93.31% |
| 2009 | 16,864,233 | (119,627) | 16,744,606 | 15,032,823 | 89.14% | 629,325 | 15,662,148 | 93.54% |
| 2010 | 15,195,406 | (84,217) | 15,111,189 | 13,830,344 | 91.02% | 527,574 | 14,357,918 | 95.02% |
| 2011 | 13,492,233 | (36,689) | 13,455,544 | 12,348,666 | 91.52% | 947,872 | 13,296,538 | 98.82% |
| 2012 | 13,435,068 | (132,376) | 13,302,692 | 12,393,023 | 92.24% | 304,929 | 12,697,952 | 95.45% |
| 2013 | 13,399,112 | (61,251) | 13,337,861 | 12,511,359 | 93.37% | 56,259 | 12,567,618 | 94.23% |
| 2014 | 14,212,850 | (39,824) | 14,173,026 | 13,634,069 | 95.93% | 37,891 | 13,671,960 | 96.46% |
| 2015 | 15,459,908 | (90,454) | 15,369,454 | 14,780,601 | 95.61% | - | 14,780,601 | 96.17% |

Sources: Wellington's Office of Financial Management and Budget and Palm Beach County Tax Collector's Office

¹ The change in total amount levied due to property value adjustments from the Value Adjustment Board

² Represents delinquent taxes for all prior years collected in the subsequent year, including proceeds from tax sales

VILLAGE OF WELLINGTON, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

| Fiscal Year Ended September 30, | <u>Governmental Activities</u> Revenue Bonds | <u>Business-Type Activities</u> Revenue Bonds | <u>Total</u> | Percent of Personal Income (1) | Per Capita (1) |
|---------------------------------------|--|---|--------------|--------------------------------------|-------------------|
| 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 |
| 2015 | 4,380,729 | - | 4,380,729 | n/a | 73 |

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, 2015

| | <u>Net Debt Outstanding</u> | <u>Percentage Applicable to the Village of Wellington (1)</u> | <u>Amount Applicable to the Village of Wellington</u> |
|-----------------------------------|-------------------------------------|---|---|
| Overlapping: | | | |
| Debt repaid with property taxes: | | | |
| Palm Beach County | \$ 141,605,000 | 4.11% | 5,819,966 |
| Palm Beach County School Board | 17,430,000 | 4.19% | 730,317 |
| Other debt: | | | |
| Palm Beach County | 728,353,538 | 4.11% | 29,935,330 |
| Palm Beach County School Board | <u>1,600,393,000</u> | <u>4.19%</u> | <u>67,056,467</u> |
| Subtotal, Overlapping Debt | <u>2,487,781,538</u> | | <u>103,542,080</u> |
| Village of Wellington Direct Debt | 4,380,729 | 100.00% | <u>4,380,729</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 107,922,809</u></u> |

Sources: Data provided by the Palm Beach County Finance Department, Palm Beach County Property Appraiser 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) 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.

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 | | Coverage | Public Service Taxes (1) | Debt Service | | Coverage |
|-------------------------------------|---------------------------------|--|-----------------------------|--------------|----------|----------|--------------------------------|--------------|----------|----------|
| | | Operating Expenses Excluding Depreciation | | Principal | Interest | | | Principal | Interest | |
| 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 |
| 2015 | 19,132,779 | 8,796,783 | 10,335,996 | - | - | N/A | 8,140,932 | 1,064,271 | 95,064 | 7.02 |

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, 2015

| | <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% | 2.98% |
| Contribution to CIP from general governmental capital and debt service: | \$ 6,048,364 | \$ 1,868,484 |
| Weighted average maturity of all debt programs: | | |
| Governmental | 15 years | 5 years |
| General government debt per capita: | \$ 850 | \$ 73 |
| 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% | 0.10% |
| General fund reserve as a percentage of future year's operating budget: | 25-30% | 39% |

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) |
| 2006 | 55,564 | 13,315 | 71,721,487 | 56,665 | 3.6% |
| 2007 | 55,259 | 13,586 | 74,917,140 | 59,240 | 4.2% |
| 2008 | 55,076 | 13,767 | 74,099,427 | 58,358 | 6.5% |
| 2009 | 55,010 | 13,924 | n/a | n/a | 10.5% |
| 2010 | 56,508 | 13,689 | n/a | n/a | 11.4% |
| 2011 | 56,752 | 13,043 | n/a | n/a | 10.5% |
| 2012 | 57,514 | 13,004 | n/a | n/a | 8.9% |
| 2013 | 58,108 | 13,222 | n/a | n/a | 7.3% |
| 2014 | 58,689 | 13,223 | n/a | n/a | 5.9% |
| 2015 | 59,860 | 13,624 | n/a | n/a | 4.6% |

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 | 2015 | | | 2006 | | |
|---------------------------------------|-----------|------|---|-----------|------|---|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Palm Beach County School District | 22,000 | 1 | 3.39% | 21,616 | 1 | 3.48% |
| Tenet Healthcare Corp. | 6,100 | 2 | 0.94% | 4,794 | 4 | 0.77% |
| Palm Beach County | 5,507 | 3 | 0.85% | 6,594 | 2 | 1.06% |
| NextEra Energy | 3,854 | 4 | 0.59% | | | |
| Hospital Corporation of America (HCA) | 2,714 | 5 | 0.42% | | | |
| Florida Atlantic University | 2,655 | 6 | 0.41% | 2,825 | 6 | 0.45% |
| Bethesda Memorial Hospital | 2,600 | 7 | 0.40% | | | |
| Veterans Health Administration | 2,501 | 8 | 0.39% | | | |
| Boca Raton Regional Hospital | 2,500 | 9 | 0.38% | | | |
| Jupiter Medical Center | 2,000 | 10 | 0.31% | | | |
| Columbia PB Healthcare System, Inc. | | | | 5,200 | 3 | 0.84% |
| Florida Power and Light | | | | 2,850 | 5 | 0.46% |
| Boca Raton Resort and Club | | | | 2,200 | 7 | 0.35% |
| US Sugar Corp | | | | 2,100 | 8 | 0.34% |
| Florida Crystals | | | | 2,000 | 9 | 0.32% |
| City of Boca Raton | | | | 1,880 | 10 | 0.30% |
| | 52,431 | | 8.08% | 52,059 | | 8.37% |

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>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> | <u>2015</u> |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Number of Employees: | | | | | | | | | | |
| General government | 48.3 | 53.3 | 50.3 | 50.3 | 53.2 | 63.6 | 58.0 | 68.0 | 68.0 | 68.0 |
| Culture and recreation | 60.4 | 52.4 | 45.4 | 19.4 | 15.4 | 16.0 | 18.0 | 17.0 | 19.0 | 19.0 |
| Planning and development | 48.8 | 51.8 | 39.0 | 38.0 | 40.6 | 36.6 | 35.0 | 43.0 | 47.0 | 47.0 |
| Public works and engineering | 77.5 | 88.5 | 91.8 | 115.0 | 102.0 | 100.0 | 98.0 | 98.0 | 99.0 | 99.0 |
| Economic development | - | - | - | 4.0 | 8.0 | 5.0 | 9.0 | 6.0 | 7.0 | 7.0 |
| Lake Wellington Professional Centre | - | - | - | - | - | - | - | - | 3.0 | 3.0 |
| Utility system | 44.0 | 46.0 | 47.0 | 52.0 | 44.0 | 43.0 | 44.0 | 44.0 | 51.0 | 51.0 |
| Solid waste | 3.0 | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| | | | | | | | | | | |
| Total Number of Employees | <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> | <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 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General government: | | | | | | | | | | |
| Bids, contracts awarded & administered | 38 | 30 | 20 | 24 | 33 | 37 | 41 | 38 | 36 | 53 |
| Purchase orders processed | 1,016 | 838 | 795 | 939 | 971 | 1,245 | 1,352 | 1,011 | 1,008 | 1,115 |
| Payroll transactions | 8,193 | 8,232 | 8,985 | 8,194 | 7,762 | 7,666 | 7,801 | 9,143 | 9,721 | 9,668 |
| Public safety: | | | | | | | | | | |
| Police personnel and officers | 88 | 102 | 115 | 117 | 117 | 117 | 117 | 134 | 132 | 141 |
| Fire personnel | 68 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 |
| Calls for service | 32,458 | 36,714 | 35,163 | 33,453 | 34,672 | 34,478 | 34,874 | 34,662 | 34,764 | 34,222 |
| Physical environment - Surface water: | | | | | | | | | | |
| Aquatic weed control in acres | 1,454 | 1,332 | 1,380 | 710 | 826 | 507 | 365 | 596 | 568 | 5,984 |
| Water quality samples analyzed | 1,236 | 992 | 777 | 896 | 861 | 802 | 833 | 836 | 802 | 842 |
| Canal right-of-way miles maintained | 547 | 560 | 560 | 560 | 560 | 305 | 265 | 700 | 850 | 900 |
| Physical environment - Engineering & public works: | | | | | | | | | | |
| Work orders performed | 1,146 | 1,108 | 1,034 | 869 | 997 | 1,163 | 1,359 | 1,454 | 1,649 | 1,305 |
| Inspections performed | 3,592 | 3,998 | 1,052 | n/a | n/a | 1,050 | 1,331 | 1,289 | 1,624 | 1,108 |
| Planning and development: | | | | | | | | | | |
| Building inspections | 49,359 | 26,657 | 21,327 | 15,781 | 16,774 | 23,979 | 28,146 | 35,384 | 26,023 | 30,609 |
| Single family building permits issued | 402 | 232 | 118 | 94 | 130 | 197 | 226 | 232 | 147 | 342 |
| Transportation: | | | | | | | | | | |
| Miles of roads resurfaced | 18 | 8 | 15 | 14 | 18 | 15 | 14 | 16 | 11 | 9 |
| Miles of streets cleaned/swept | 932 | 2,168 | 1,065 | 1,512 | 2,224 | 3,056 | 2,581 | 3,369 | 1,950 | 1,185 |
| Signs repaired | 907 | 373 | 374 | 1,654 | 955 | 1,124 | 1,121 | 1,427 | 1,164 | 1,974 |
| Culture and recreation: | | | | | | | | | | |
| Participants registered: | | | | | | | | | | |
| Athletics | 32,732 | 32,607 | 11,282 | 15,829 | 16,599 | 12,726 | 12,962 | 10,282 | 8,166 | 10,077 |
| Community programs | 9,768 | 4,519 | 2,549 | 2,081 | 1,760 | 2,344 | 2,683 | 2,353 | 887 | 706 |
| Pool | 1,935 | 13,949 | 13,150 | 11,058 | 16,468 | 34,538 | 73,809 | 78,285 | 80,469 | 70,830 |
| Number of program sessions | 1,793 | 2,085 | 1,526 | 1,227 | 1,048 | 1,070 | 1,091 | 1,140 | 1,634 | 1,099 |
| Utility system: | | | | | | | | | | |
| Active accounts - water | 19,536 | 19,695 | 19,851 | 19,682 | 19,701 | 19,785 | 19,929 | 20,052 | 20,169 | 20,397 |
| Active accounts - sewer | 17,919 | 17,994 | 18,004 | 17,867 | 18,024 | 18,028 | 18,658 | 18,781 | 18,721 | 18,825 |
| Water production (millions of gallons) | 2,019 | 1,841 | 1,684 | 1,848 | 2,102 | 2,187 | 2,052 | 2,065 | 2,174 | 2,163 |
| Solid waste: | | | | | | | | | | |
| Residential accounts | 21,133 | 22,274 | 21,977 | 22,103 | 22,166 | 22,294 | 22,468 | 22,673 | 23,018 | 21,349 |

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 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Suppression units | 6 | 6 | 6 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Early response stabilization units | 3 | 3 | 3 | 4 | 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 | 178 | 174 | 176 | 152 | 152 | 152 | 152 | 152 | 152 | 152 |
| Number of street lights | 2,187 | 2,187 | 2,187 | 2,311 | 2,311 | 2,311 | 2,465 | 2,465 | 2,465 | 2,465 |
| Miles of bike paths | 32 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Miles of sidewalks | 150 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 155 |
| Culture and recreation: | | | | | | | | | | |
| Parks acreage | 274 | 342 | 342 | 342 | 342 | 348 | 348 | 350 | 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 | 21 |
| Baseball/softball fields | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Utility system: | | | | | | | | | | |
| Miles of mains | 526 | 526 | 526 | 526 | 526 | 526 | 526 | 526 | 526 | 526 |
| Fire hydrants - Wellington | 1,746 | 1,746 | 1,746 | 1,746 | 1,746 | 1,746 | 1,746 | 1,746 | 1,746 | 1,746 |
| Fire hydrants - Outside Wellington | 195 | 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





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, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 2, 2016.

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*.

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.

B. Law & Associates

May 2, 2016



**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, 2015. 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, 2015.

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.

Grau & Associates

May 2, 2016



**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, 2015, and have issued a report thereon dated May 2, 2016.

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 May 2, 2016, 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.

Grau & Associates

May 2, 2016

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2013-01 Escrow Accounts

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

2014-01 Fully Depreciated Fixed Assets:

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

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2014, 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, 2015.

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, 2015.

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, 2015 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, 2015. 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.



W THE VILLAGE OF
ELLINGTON
FLORIDA

