

FY 2016 Q2 Budget Update

Wellington's Office of Financial Management & Budget prepares a quarterly analysis of fiscal year to date activity to provide an overview of Wellington's financial activities and operating results. This report is for the second quarter period of January through March 2016 and includes financial highlights, revenues and expenditure analyses.



FINANCIAL HIGHLIGHTS

- **Economic condition** - The U.S. economy (GDP) grew by 1.4% in the fourth quarter of 2015, down from 2.0% growth in the third quarter:
 - Personal consumption (consumer spending) grew 2.4% in the fourth quarter, below the spending growth in the previous quarter. The slowdown in consumer spending reflected a slowdown in spending for goods that was partly offset by a pickup in spending for services.
 - Personal income in Florida rose 5.2% in 2015, which is 0.8% higher than the national average of 4.4%. Florida's personal income growth was the 6th highest in the nation.
 - National unemployment is down to 5.1%; Wellington's unemployment rate for March 2016 was 3.7%
 - Due to stock market volatility and unimproved global economic conditions, The Federal Reserve cut the interest rate hike from 4 to 2 in 2016.
- **Revenues** – Overall revenues are \$4.2 million, or 9%, higher than the second quarter of FY 2015
 - Actual current year-to-date governmental revenues was 14% more than the same time last year, especially for:
 - Ad valorem taxes collected on higher property values
 - Impact fees collected on the Isla Verde properties
 - Business Tax Receipts and Utility Service Taxes
 - Enterprise revenues are down 1% from this time last year due to the reduction in the Solid Waste assessment rate.
- **Expenditures** - Overall, expenditures are as expected for this time of the year.
 - Personnel expenditures are at 47%, slightly below target by 3% due to unexpended non-departmental and seasonal position budgets.
 - Operating expenses are above monthly target by 67% as anticipated, due to encumbrances of full-year expenditures at the start of the fiscal year.
 - Currently, \$14 million in capital projects and programs are underway

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The following tables show governmental and enterprise revenues collected year-to-date, compared to the budget and through March of the prior year. Since different revenue types (i.e.: taxes, state shared revenues, and permits) are received at different times throughout the year, comparison to the prior year is shown to illustrate changes by type. Detail charts of major revenue sources follow the overall summaries.

Revenues

GOVERNMENTAL SOURCES

	Budget vs Actual				Prior Year Actual		
	Actual YTD	Amended Budget	Budget Remaining	% Collected	Prior YTD	Prior Year Amended Budget	Prior Year % Collected vs. Budget
Ad Valorem Property Taxes	14,636,802	16,160,495	1,523,693	91%	13,390,723	14,686,913	91%
Non-AV Property Assessments	4,844,568	5,665,050	820,482	86%	4,972,371	5,643,200	88%
Utility & Service Taxes	3,170,892	5,030,000	1,859,108	63%	2,792,350	4,790,000	58%
Franchise Fees	1,679,816	3,400,000	1,720,184	49%	1,577,275	3,250,000	49%
Local Communication Service Tax	1,211,503	2,500,000	1,288,497	48%	1,244,305	2,500,000	50%
State Shared Revenue	3,907,207	7,223,000	3,315,793	54%	3,691,809	6,963,000	53%
Grants	402,127	1,478,151	1,076,024	27%	17,969	363,527	5%
Licenses & Permits	2,067,719	2,980,000	912,281	69%	1,975,286	3,115,000	63%
Charges for Services	1,225,068	2,662,500	1,437,432	46%	1,019,511	1,820,715	56%
Fines & Forfeitures	232,759	337,000	104,241	69%	317,724	514,000	62%
Investment Income	327,731	224,530	(103,201)	146%	103,574	140,000	74%
Miscellaneous Revenues	660,800	354,500	(306,300)	186%	381,747	313,000	122%
Impact Fees	1,675,948	400,000	(1,275,948)	419%	182,128	900,000	20%
Total Revenues before Transfers	\$36,042,941	\$48,415,226	12,372,285	74%	\$31,666,772	\$44,999,355	70%

- Total Governmental revenues are \$4.4 million higher than the same period in the prior year primarily due to the following:
 - Ad Valorem tax revenues on higher taxable value
 - Impact fees are considerably higher due to building activity in the Isla Verde development
 - Grant receipts are higher than last year due to receipts for the Flying Cow Pathway project from the Florida Department of Transportation LAP grant
 - Utility & Service Taxes: Business Tax Receipts and Electric Utility Service Tax revenues have increased from 2015
 - Revenues are currently meeting or exceeding expected collections at the second quarter of the fiscal year

FY 2016 Q2 Budget Update

ENTERPRISE SOURCES

	Budget vs Actual				Prior Year Actual		
	Actual YTD	Amended Budget	Budget Remaining	% Collected	Prior YTD	Prior Year Budget	Prior Year % Collected vs. Budget
Non-AV Property Assessments	2,860,807	3,006,565	145,758	95%	3,245,965	3,610,360	90%
Franchise Fees	124,872	220,000	95,128	57%	119,277	220,000	54%
Charges for Services	9,432,276	18,748,000	9,315,724	50%	9,499,538	18,527,000	51%
Grants	20,442	55,000	34,558	37%	26,907	50,000	0%
Investment Income	241,292	150,000	(91,292)	161%	140,625	120,000	117%
Miscellaneous Revenues	489,873	808,000	318,127	61%	434,213	757,000	57%
Capacity Fees	79,695	400,000	320,305	20%	266,975	900,000	30%
Total Revenues before Transfers	\$13,249,257	\$23,387,565	\$10,138,308	57%	\$13,733,500	\$24,184,360	57%

Note: Investment Income includes interest earnings, realized gains/losses and unrealized gains/losses on investments. Unrealized gains/losses result from investments that have gained/lost value during the reporting period but are not sold.

- Total Enterprise revenues are \$484,000 lower than the same period in the prior year primarily due to the following:
 - Reduced non-ad valorem assessments for the lowered collection rates (\$20 less per unit) and capacity fee collection are lower than last year as expected
 - Increases in investment income and miscellaneous revenues offset some of the decrease in revenue from non-ad valorem assessments and capacity fees.

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ALL SOURCES

	Budget vs Actual				Prior Year Actual		
	Actual YTD	Amended Budget	Budget Remaining	% Collected	Prior YTD	Prior Year Amended Budget	Prior Year % Collected vs. Budget
Ad Valorem Taxes	14,636,802	16,160,495	1,523,693	91%	13,390,723	14,686,913	91%
Non Ad Valorem Assessments <i>Acme and Solid Waste</i>	7,705,375	8,671,615	966,240	89%	8,218,336	9,253,560	89%
Utility Taxes	3,170,892	5,030,000	1,859,108	63%	2,792,350	4,790,000	58%
Franchise Fees	1,804,689	3,620,000	1,815,311	50%	1,696,552	3,470,000	49%
Local Communication Service Tax	1,211,503	2,500,000	1,288,497	48%	1,244,305	2,500,000	50%
State Shared Revenue <i>Half cent Sales, State Revenue Sharing, Gas Taxes</i>	3,907,207	7,223,000	3,315,793	54%	3,691,809	6,963,000	53%
Grants <i>CDBG, FDOT, Solid Waste Recycling</i>	422,569	1,533,151	1,110,582	28%	44,876	363,527	12%
Licenses & Permits <i>Building Permits, Residential Dwelling Licenses, Foreclosure Reg., Eng. Fees</i>	2,067,719	2,980,000	912,281	69%	1,975,286	3,115,000	63%
Charges for Services <i>Recreation Revenues, Wycliffe Drainage, B&G Club Loan, Water & WW Services, Solid Wst Roll-off</i>	10,657,343	21,410,500	10,753,157	50%	10,510,921	20,347,715	52%
Fines & Forfeitures <i>Lien Satisfactions, Traffic Fines, LETF</i>	232,759	337,000	104,241	69%	317,724	514,000	62%
Investment Income <i>Interest, Realized & Unrealized Gains/Losses</i>	569,023	374,530	(194,493)	152%	244,199	260,000	94%
Miscellaneous Revenues <i>LWPC Lease, Contributions & B&G Club Loan, Saddle Trail Prensavments</i>	1,150,673	1,162,500	11,827	99%	468,618	1,070,000	44%
Impact & Capacity Fees	1,755,643	800,000	(955,643)	219%	449,103	1,800,000	25%
Total Revenues before Transfers	\$49,292,198	\$71,802,791	\$22,510,593	69%	\$45,044,802	\$69,133,715	65%

- Total Village revenues are ahead of prior year for percent of budget collected

Note: A negative "Budget Remaining" means more revenues were collected than budgeted

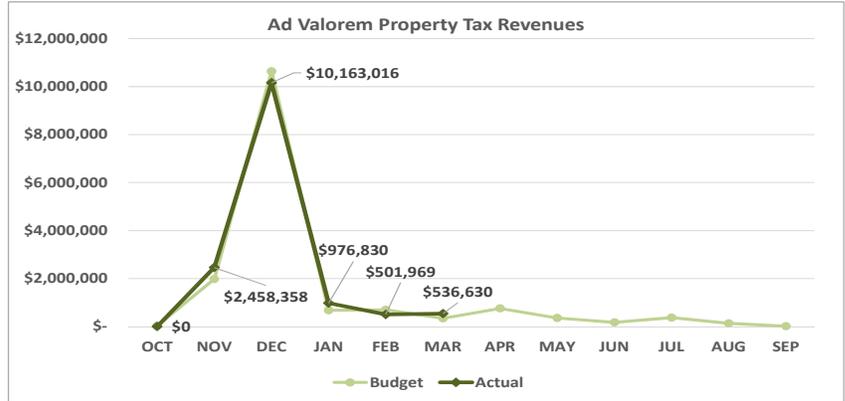
FY 2016 Q2 Budget Update

The following charts provide a comparison of budget to actual revenue receipts for significant revenue types.

AD VALOREM PROPERTY TAX

The revenues received for property taxes based on the millage rate applied to home value, including discounts for early payment and interest on delinquencies.

⇔ Collections are on target with budget for the second quarter and the same as last year at this time

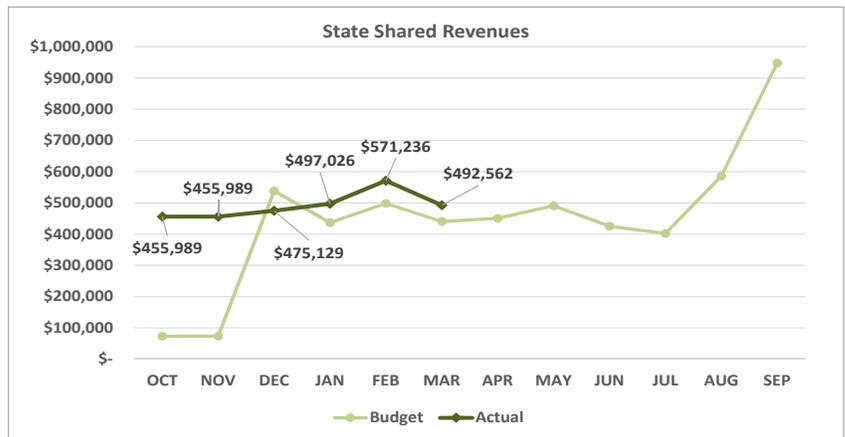


STATE SHARED REVENUES

Revenues received from the state for Half-Cent Sales Tax, Municipal Revenue Sharing and Alcoholic Beverage Licenses. Monthly collection amounts vary throughout the year.

↑ Actual collections exceed budget due to accrual accounting entries to record expected receipts consistently throughout the year

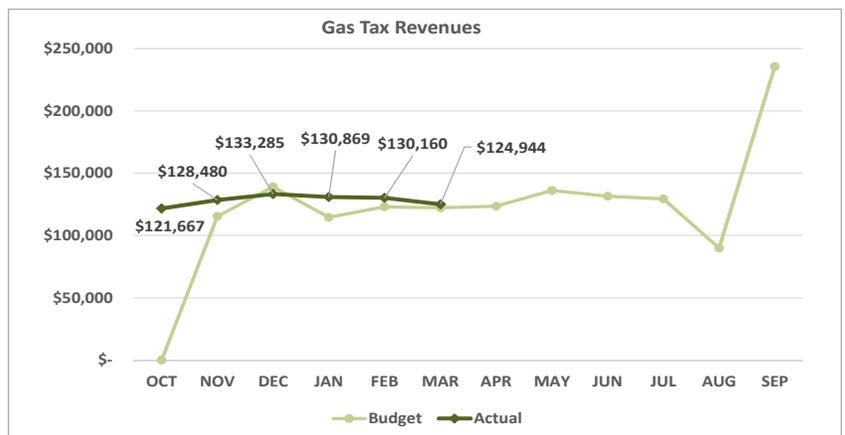
↑ Receipts are approximately \$172k more than FY 2015 Q2



GAS TAXES

⇔ Actual collections exceed budget through the second quarter of 2016 due to accrual accounting entries.

↑ Actual collections to date are not significantly changed from the same period in FY 2015

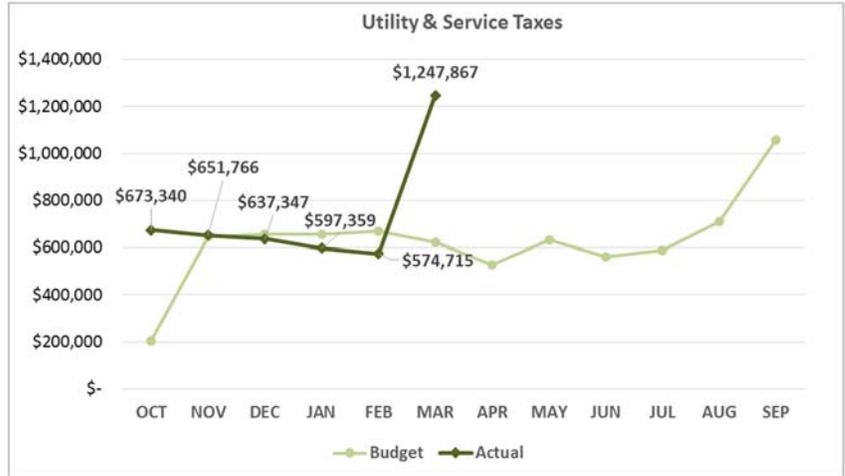


FY 2016 Q2 Budget Update

UTILITY & SERVICE TAXES

Classified as taxes under the Florida Uniform Accounting System, this grouping includes Utility Service Taxes, Communications Services Tax and Business Tax Receipts

- ↑ Actual receipts are ahead of budget for the March posting of business tax receipts, shown as a peak in the chart



PERMITS & FEES

This grouping includes building permits, residential dwelling licenses, burglar alarm fees and engineering permit fees

- ↑ Total collections from building permits and engineering fees exceed the budgeted amount through Q2
- ↑ Building permit fees are higher than the second quarter of FY 2015 by about \$258,000

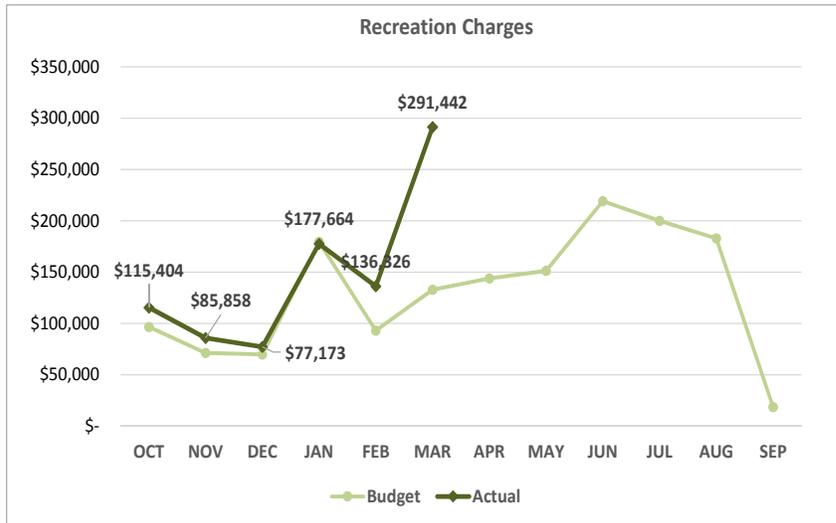


FY 2016 Q2 Budget Update

PARKS & RECREATION CHARGES FOR SERVICES

These revenues include all fees and charges for athletic, community and cultural programs administered by the Parks & Recreation Department.

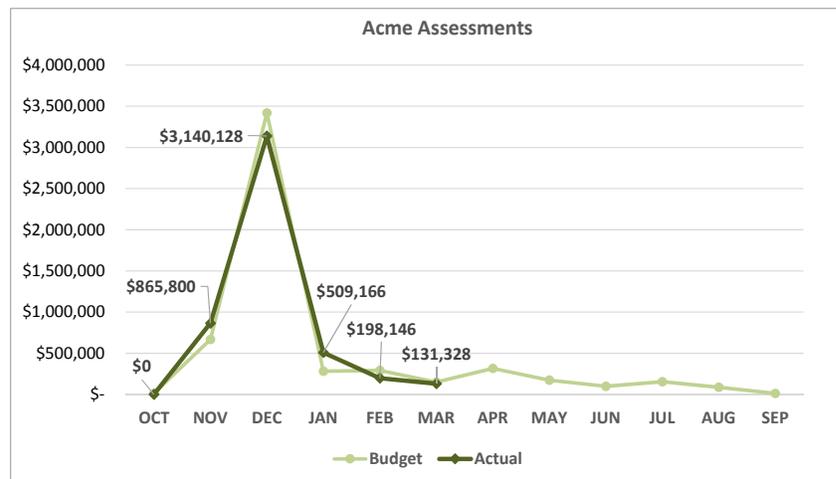
- ↑ Recreation revenues are above expected for the second quarter, and are consistent with last year at this time despite WCC construction
- ↑ March increase is due to revenue generated from Athletic Team Sports (Baseball) and Athletic Camps



ACME ASSESSMENTS

The revenues collected via unit assessment in the Acme Improvement District, adjusted for discounts and interest.

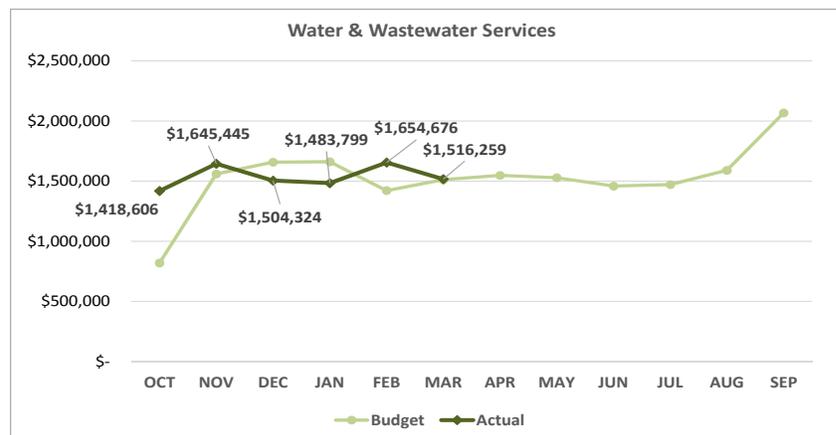
- ↓ Collections are on budget with 86% collected through Q2



WATER & WASTEWATER SERVICES

The chart presents the billed water and wastewater services for the utility.

- ↑ Actual billings are exceeding budget by \$590,000 through Q2. No significant change from this time last year.



FY 2016 Q2 Budget Update

Expenditures

GOVERNMENTAL USES

	Budget vs Actual				Prior Year Actual		
	Actual YTD	Amended Budget	Budget Remaining	% Expended	Prior YTD	Prior Year Amended Budget	Prior Year % Expended vs. Budget
General Government	5,744,630	11,604,508	5,859,878	50%	5,028,885	12,036,546	42%
Public Safety	7,016,885	8,436,502	1,419,617	83%	3,429,616	8,250,899	42%
Physical Environment	9,162,298	17,036,556	7,874,258	54%	6,577,043	14,991,790	44%
Economic Environment	689,723	1,324,965	635,242	52%	631,564	1,252,796	50%
Transportation	2,164,370	3,127,812	963,442	69%	775,539	1,708,388	45%
Culture & Recreation	1,962,824	4,769,229	2,806,405	41%	1,571,830	3,816,837	41%
Emergency Management	11,972	46,000	34,028	26%	13,404	47,700	28%
Capital Outlay	11,057,258	20,665,062	9,607,804	54%	5,224,075	22,622,670	23%
Debt Service	566,878	1,133,756	566,878	50%	6,037,456	1,207,539	500%
Non-departmental	435,427	1,371,784	936,357	32%	263,688	675,454	39%
Transfers Out	4,675,831	9,476,662	4,800,830	49%	6,989,838	7,469,839	94%
Total Expenditures	\$43,488,095	\$78,992,836	35,504,740	55%	\$36,542,938	\$74,080,458	49%

- Governmental Funds expenditures are more than 10% ahead of the second quarter budget target for expenditures and encumbrances in:
 - Public Safety – the annual amount for the PBSO contract is fully encumbered
 - Transportation - Annual asphalt resurfacing led to an increase in expenditures above second quarter budget target. Amount also includes \$680,000 encumbered for additional maintenance
- Capital Outlay – the WCC construction, Southshore Phase 3 Improvements and the Flying Cow Pathway projects comprise a large portion of the actual year-to-date outlay and commitments

FY 2016 Q2 Budget Update

ENTERPRISE USES

	Budget vs Actual				Prior Year Actual		
	Actual YTD	Amended Budget	Budget Remaining	% Expended	Prior YTD	Prior Year Amended Budget	Prior Year % Expended vs. Budget
Economic Environment	277,209	483,266	206,057	57%	161,127	334,496	48%
Water & Wastewater	5,322,946	9,990,404	4,667,458	53%	4,032,141	9,355,126	43%
Solid Waste	3,086,631	3,499,316	412,685	88%	1,507,702	3,430,146	44%
Capital Outlay	4,233,800	26,211,987	21,978,187	16%	964,245	5,646,664	17%
Debt Service	26,231	30,000	3,769	87%	26,843	26,000	103%
Non-departmental	43,211	217,338	174,127	20%	21,302	76,653	28%
Transfers Out	1,169,379	2,338,757	1,169,378	50%	2,182,028	2,182,028	100%
Total Expenditures	\$14,159,405	\$42,771,068	\$28,611,663	33%	\$8,895,389	\$21,051,113	42%

- Enterprise Funds expenditures are more than 10% ahead of the second quarter budget target for expenditures and encumbrances in:
 - Solid Waste – annual contract fully encumbered
 - Debt Service – interest paid on utility security deposits is transacted in November each year

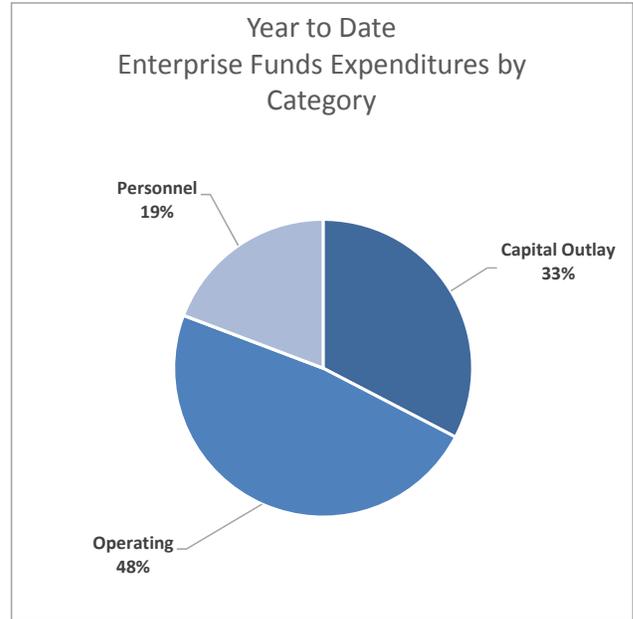
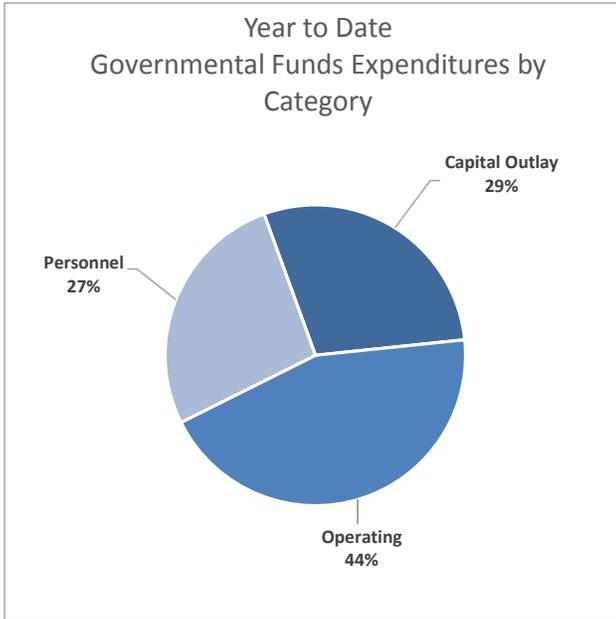
ALL FUNDS EXPENDITURES

	Budget vs Actual				Prior Year Actual		
	Actual YTD	Amended Budget	Budget Remaining	% Expended	Prior YTD	Prior Year Amended Budget	Prior Year % Expended vs. Budget
General Government	5,744,630	11,604,508	5,859,878	50%	5,028,885	12,036,546	42%
Public Safety	7,016,885	8,436,502	1,419,617	83%	3,429,616	8,250,899	42%
Physical Environment	9,162,298	17,036,556	7,874,258	54%	6,577,043	14,991,790	44%
Economic Environment	966,931	1,808,231	841,300	53%	792,691	1,587,292	50%
Transportation	2,164,370	3,127,812	963,442	69%	775,539	1,708,388	45%
Culture & Recreation	1,962,824	4,769,229	2,806,405	41%	1,571,830	3,816,837	41%
Emergency Management	11,972	46,000	34,028	26%	13,404	47,700	28%
Water & Wastewater	5,322,946	9,990,404	4,667,458	53%	4,032,141	9,355,126	43%
Solid Waste	3,086,631	3,499,316	412,685	88%	1,507,702	3,430,146	44%
Capital Outlay	15,291,058	46,877,049	31,585,991	33%	6,188,320	28,269,334	22%
Debt Service	593,109	1,163,756	570,647	51%	6,064,300	1,233,539	492%
Non-departmental	478,637	1,589,122	1,110,485	30%	284,989	752,107	38%
Transfers Out	5,845,210	11,815,419	5,970,209	49%	9,171,866	9,651,867	95%
Total Expenditures	\$57,647,500	\$121,763,904	\$64,116,404	47%	\$45,438,326	\$95,131,571	48%

- Non-departmental and Capital Outlay are more than 10% below target primarily based on capital projects not yet started

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EXPENDITURES BY CATEGORY



RECONCILIATION TO ADOPTED BUDGET

	Current YTD	Budget	Budget Remaining	% Expended
Personnel	\$12,701,774	\$27,256,986	\$14,555,212	47%
Operating	23,172,106	34,650,694	11,478,588	67%
Capital	15,291,058	46,877,048	31,585,990	33%
Debt Service	593,109	1,163,756	570,647	51%
Transfers & Other	11,690,419	11,815,419	124,999.92	99%
Total Budget	\$63,448,466	\$121,763,903	\$58,315,437	52%
Reconciliation to FY 2016 Adopted Budget:				
Purchase Order Roll-forwards		(10,527,316)		
Project and Capital Roll-forwards		(25,319,977)		
Council Budget Amendments		(467,689) *		
Subtotal Budget Changes		<u>(36,314,982)</u>		
Total FY 2016 Adopted Budget		\$ 85,448,921		
* Council Budget Amendments include:				
Law Enforcement Trust Fund Uses		17,689		
FDEP Grant for WCC Project		200,000		
WCC Gazebo and Walkways		250,000		
Total Council Budget Amendments		\$ 467,689		

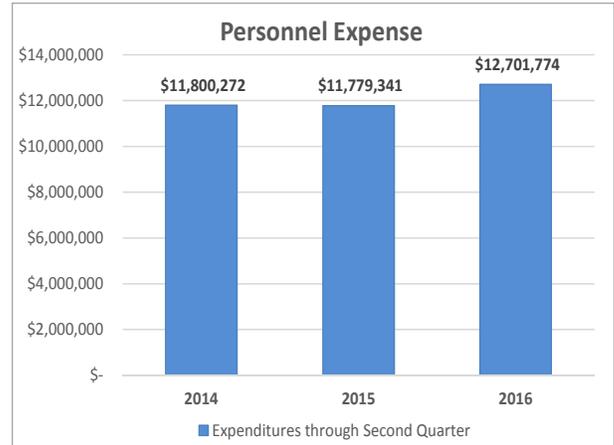
FY 2016 Q2 Budget Update

The following charts provide a comparison of current year actual expenditures to past years for significant expenditure types.

PERSONNEL

Consists of all wage, overtime, and benefit expenditures.

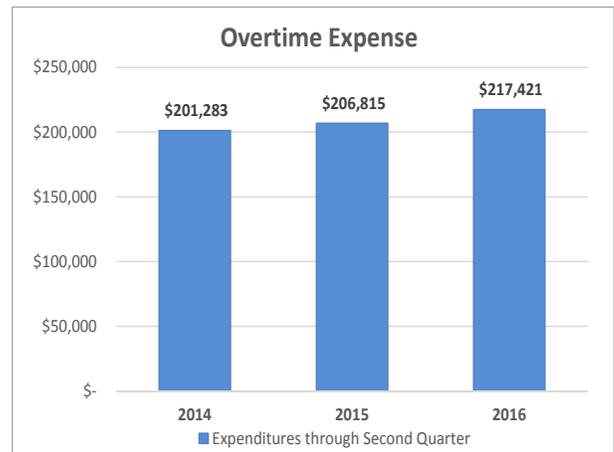
- Second quarter expenditures increased since 2014, primarily due to moderate increases in wages, overtime, and benefits
- FY 2016 Q2 expenditures at 47% of budget, up 8% from the same period last year



OVERTIME

In addition to unexpected overtime for emergencies, overtime is expected and budgeted for special events, weekend operations (amphitheater and parks) and night meetings.

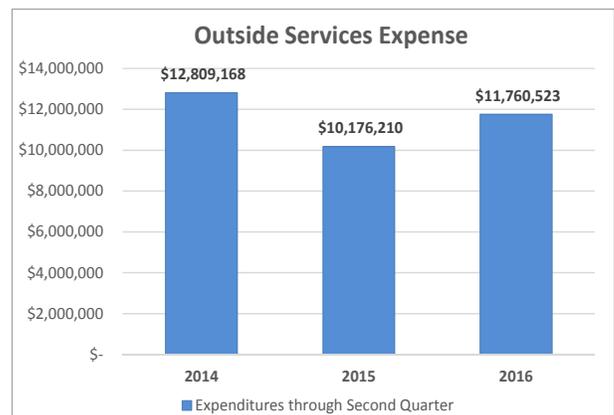
- FY 2016 Q2 expenditures at 89% of budget, up 5% from the same period last year, mainly for special events and custodial services
- Building had unanticipated overtime to cover for absences



OUTSIDE SERVICES

Includes legal and contractual services, election expense, landscape contracts, aquatic vegetation control, program contracts, and PBSO.

- FY 2016 Q2 expenditures at 45% of budget, which is below target, but up 13% from prior year

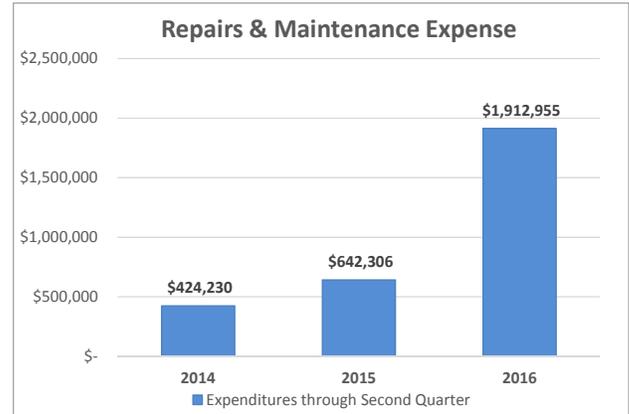


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REPAIRS & MAINTENANCE

Includes repairs and maintenance services for buildings, equipment, grounds and major maintenance of facilities & infrastructure.

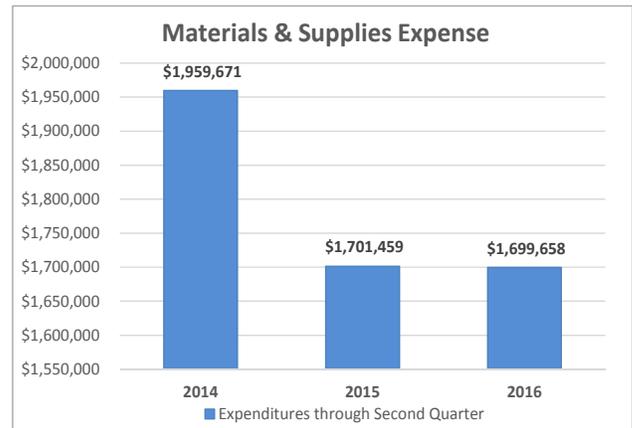
- FY 2016 Q2 expenditures at 33% of budget, which is below target
- The shift of major maintenance into the operating accounts from capital expense in FY 2016 explains the significant increase in 2016 expenditures over the prior year



MATERIALS & SUPPLIES

Includes all materials, equipment and supplies costing less than \$5,000 each.

- FY 2016 Q2 expenditures at 35% of budget, which is below target
- Second quarter expenditures are consistent with the prior year and below FY 2014



FY 2016 Q2 Budget Update

CAPITAL PROJECTS AND PROGRAMS EXPENDITURES

Fund/Project	FY 2016 Budget	Expenditures	Encumbrances	Remaining	Status
GAS TAX CAPITAL					
120th Paving & Improvements	1,140,000	1,503		1,138,497	Current
Aeroclub Multiuse Pathway	675,000	18,448		656,552	Current
Flying Cow Pathway	756,627	686,898	59,454	10,275	Current
Huntington Drive Sidewalk	45,000	25,784		19,216	Current
Pierson Road Realignment	350,000	5,073		344,927	Current
Road & Pathway Overlay Improvements	300,176		9,568	290,608	Current
Southshore Phase III Improvements	361,000			361,000	Current
SR 7/US 441 Corridor Improvements	360,000			360,000	Not Started
Streetscape	205,000			205,000	Not Started
Traffic Calming Program	200,000			200,000	Not Started
Turn Lane Construction - Big Blue	300,000	4,200		295,800	Current
ROAD IMPACT FEES					
120th Paving & Improvements	646,000			646,000	Current
50th Street Improvements	20,000			20,000	Complete
Bike & Pedestrian Pathway Expansion	410,000		5,500	404,500	Grants In Progress
Lake Worth Rd School Crossing	45,000	15,464		29,536	Current
Southshore Phase III Paving	637,656	637,656		0	Complete
Stribling Roundabout	550,000	3,826	0	546,174	Current
GOVERNMENTAL CAPITAL					
2014 Acme R & R Program	1,257,592	3,871	46,200	1,207,521	Current
ACME Parks Master Plan	176,000			176,000	Not Started
CDBG Projects	35,203	12,738	295	22,170	Current
Communication & Technology Investment	497,325	0	35,092	462,233	Current
Facilities Capital Improvements - Govt	498,800	246,221	252,444	135	Ongoing
Neighborhood Parks Program	235,959	50,093	28,972	156,894	Ongoing
Neighborhood Trails Program	263,283	0	1,015	262,268	Grants In Progress
Parks Capital Improvements	790,407	238,550	10,379	541,478	Ongoing
Pump Station & SWM System Rehab	385,950	118,286	133,871	133,793	Ongoing
Safe Neighborhoods	218,411	137,489	3,808	77,114	Ongoing
Southshore Phase III Drainage	400,000	104,929	295,071	0	Current
Tennis Center Construction	71,756	2,327	69,429	(0)	Complete
WCC Improvements	6,982,108	3,880,097	3,014,426	87,585	Current
SADDLE TRAIL NEIGHBORHOOD					
Saddle Trail Park Improvements	29,737	38,493	0	(8,756)	Current
WATER/WASTEWATER CAPITAL					
Communication & Technology Investment	250,000	82,500	4,367	163,133	Current
Water Supply R & R	242,000		100,000	142,000	Ongoing
WTP Renewal & Replacement	12,012,200	62,927	376,330	11,572,943	Ongoing
Water Dist & Trans R&R	3,506,943	70,155	2,859,135	577,653	Ongoing
Field Services Facility	86,337	78,461	5,444	2,432	Current
General Facilities R & R - Util	20,000			20,000	Current
WWTP Renewal & Replacement	6,249,833	70,192	13,641	6,166,001	Ongoing
Collection System Repair & Replacem	360,000			360,000	Ongoing
Lift Station Upgrades & Rehab	811,945	76,886	35,096	699,963	Ongoing
Reuse Transmission Lines	1,879,000			1,879,000	Not Started
TOTAL CAPITAL PROJECTS	\$44,262,248	\$6,673,066	\$7,359,538	\$30,229,645	