

# FY 2016 Q3 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 third quarter period of April through June 2016 and includes financial highlights, revenues and expenditure analyses.



## FINANCIAL HIGHLIGHTS

- **Economic condition** - The U.S. economy (GDP) grew by 1.1% in the first quarter of 2016, down from 1.4% growth in the fourth quarter:
  - Consumer spending contributed 2.8 percentage points to the gross domestic product in the second quarter of 2016. This being one of the three strongest quarters since 2006, which was greatly impacted by the fastest quarterly growth of nondurable goods spending in the same time period.
  - 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 6<sup>th</sup> highest in the nation.
  - National unemployment is at 4.9% at the end of June; Wellington's unemployment rate for May 2016 is below the May National rate at 3.5%
  - Due to stock market volatility and unimproved global economic conditions the Federal Reserve had left the interest rate unchanged. The Federal Reserve did cut the number of interest rate hike from 4 to 2 in 2016.
- **Revenues** – Overall revenues are \$5.4 million, or 9.1%, higher than the third quarter of FY 2015
  - Actual current year-to-date governmental revenues are 22% 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 Grants
  - Enterprise revenues are down 2% from this time last year due to the reduction in the Solid Waste assessment rate and capacity fees.
- **Expenditures** - Overall, expenditures are as expected for this time of the year.
  - Personnel expenditures are at 69%, slightly below target by 6% due to unexpended tennis and non-departmental budgets.
  - Operating expenses are above quarterly target by 4% as anticipated, due to encumbrances of full-year expenditures at the start of the fiscal year.
  - Currently, \$23 million in capital projects and programs are underway

# FY 2016 Q3 Budget Update

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	16,145,340	16,160,495	15,155	100%	14,518,409	14,686,913	99%
Non-AV Property Assessments	5,500,914	5,665,050	164,136	97%	5,550,917	5,643,200	98%
Utility & Service Taxes	4,260,434	5,030,000	769,566	85%	3,903,829	4,790,000	81%
Franchise Fees	2,443,452	3,400,000	956,548	72%	2,431,756	3,250,000	75%
Local Communication Service Tax	1,794,233	2,500,000	705,767	72%	1,873,459	2,500,000	75%
State Shared Revenue	5,987,379	7,223,000	1,235,621	83%	5,671,334	6,963,000	81%
Grants	732,754	1,478,151	745,397	50%	106,994	363,527	29%
Licenses & Permits	3,091,870	2,980,000	(111,870)	104%	3,094,368	3,115,000	99%
Charges for Services	1,867,260	2,662,500	795,240	70%	1,619,839	1,704,685	95%
Fines & Forfeitures	340,777	337,000	(3,777)	101%	518,049	514,000	101%
Investment Income	491,346	224,530	(266,816)	219%	279,140	140,000	199%
Miscellaneous Revenues	1,702,257	1,578,496	(123,761)	108%	487,024	313,000	156%
Debt Issue	3,235,000	3,235,000	-	100%			
Impact Fees	1,719,033	400,000	(1,319,033)	430%	242,083	900,000	27%
<b>Total Revenues before Transfers</b>	<b>\$49,312,046</b>	<b>\$52,874,222</b>	<b>3,562,176</b>	<b>93%</b>	<b>\$40,297,201</b>	<b>\$44,883,325</b>	<b>90%</b>

- Total Governmental revenues are \$9.0 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 third quarter of the fiscal year

# FY 2016 Q3 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	3,045,934	3,006,565	(39,369)	101%	3,466,651	3,610,360	96%
Franchise Fees	195,270	220,000	24,730	89%	183,564	220,000	83%
Charges for Services	14,325,842	18,748,000	4,422,158	76%	14,423,680	18,527,000	78%
Grants	27,024	55,000	27,976	49%	37,955	50,000	0%
Investment Income	403,525	150,000	(253,525)	269%	187,932	120,000	157%
Miscellaneous Revenues	689,641	808,000	118,359	85%	655,776	757,000	87%
Capacity Fees	201,885	400,000	198,115	50%	318,469	900,000	35%
<b>Total Revenues before Transfers</b>	<b>\$18,889,122</b>	<b>\$23,387,565</b>	<b>\$4,498,443</b>	<b>81%</b>	<b>\$19,274,027</b>	<b>\$24,184,360</b>	<b>80%</b>

*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 \$385,000 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.
  - Majority of revenues are currently exceeding expected collections at the third quarter of the fiscal year.

# FY 2016 Q3 Budget Update

## 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
<b>Ad Valorem Taxes</b>	16,145,340	16,160,495	15,155	100%	14,518,409	14,686,913	99%
<b>Non Ad Valorem Assessments</b> <i>Acme and Solid Waste</i>	8,546,848	8,671,615	124,767	99%	9,017,567	9,253,560	97%
<b>Utility Taxes</b>	4,260,434	5,030,000	769,566	85%	3,903,829	4,790,000	81%
<b>Franchise Fees</b>	2,638,722	3,620,000	981,278	73%	2,615,320	3,470,000	75%
<b>Local Communication Service Tax</b>	1,794,233	2,500,000	705,767	72%	1,873,459	2,500,000	75%
<b>State Shared Revenue</b> <i>Half cent Sales, State Revenue Sharing, Gas Taxes</i>	5,987,379	7,223,000	1,235,621	83%	5,671,334	6,963,000	81%
<b>Grants</b> <i>CDBG, FDOT, Solid Waste Recycling</i>	759,778	1,533,151	773,373	50%	144,949	363,527	40%
<b>Licenses &amp; Permits</b> <i>Building Permits, Residential Dwelling Licenses, Foreclosure Reg., Eng. Fees</i>	3,091,870	2,980,000	(111,870)	104%	3,094,368	3,115,000	99%
<b>Charges for Services</b> <i>Recreation Revenues, Wycliffe Drainage, B&amp;G Club Loan, Water &amp; WW Services, Solid Wst Roll-off</i>	16,193,102	21,410,500	5,217,398	76%	16,043,519	20,231,685	79%
<b>Fines &amp; Forfeitures</b> <i>Lien Satisfaction, Traffic Fines, LETF</i>	340,777	337,000	(3,777)	101%	518,049	514,000	101%
<b>Investment Income</b> <i>Interest, Realized &amp; Unrealized Gains/Losses</i>	894,871	374,530	(520,341)	239%	467,072	260,000	180%
<b>Miscellaneous Revenues</b> <i>LWPC Lease, Contributions &amp; B&amp;G Club Loan, Saddle Trail Prepayments</i>	2,391,898	2,386,496	(5,402)	100%	1,142,800	1,070,000	107%
<b>Impact &amp; Capacity Fees</b>	1,920,918	800,000	(1,120,918)	240%	560,552	1,800,000	31%
<b>Total Revenues before Transfers</b>	<b>\$64,966,168</b>	<b>\$73,026,787</b>	<b>\$8,060,619</b>	<b>89%</b>	<b>\$59,571,228</b>	<b>\$69,017,685</b>	<b>86%</b>

- Total Village revenues are ahead of prior year for percent of budget collected
- Total Village revenues are currently exceeding expected collections at the third quarter of the fiscal year in permits, licenses, investment income and capacity fees.

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

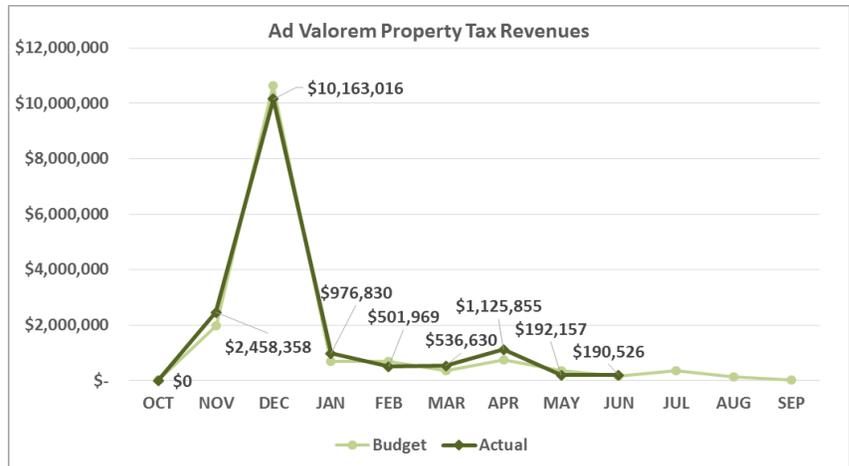
# FY 2016 Q3 Budget Update

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.

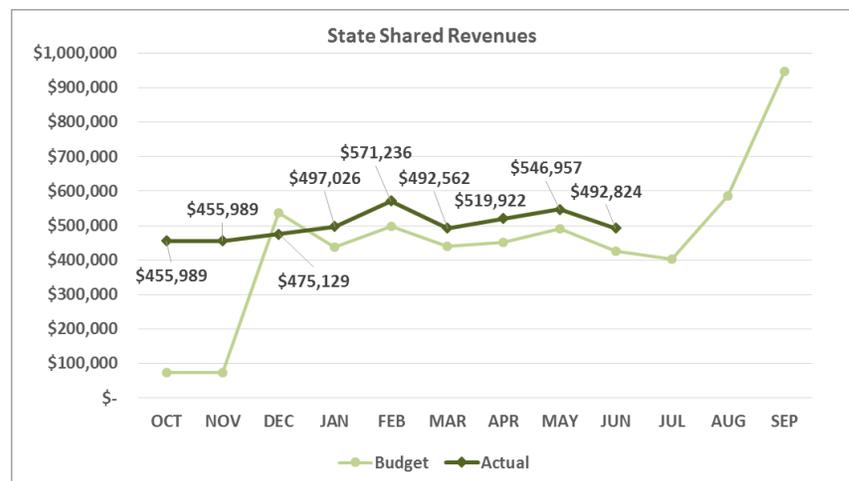
⇔ Collections are on target with budget for the third quarter and the same as last year at this time



## STATE SHARED REVENUES

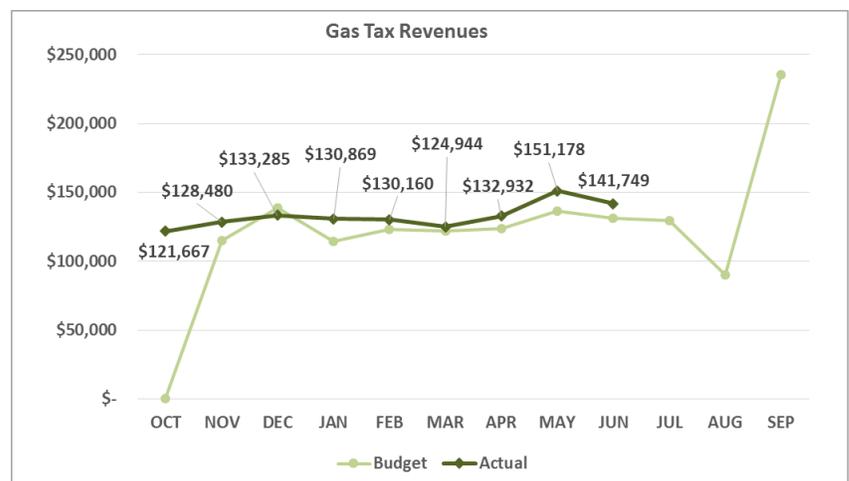
Revenues received from the state for Half-Cent Sales Tax, Municipal Revenue Sharing and Alcoholic Beverage Licenses. Monthly collection amounts vary throughout the year.

↑ Actual collections exceed budget due to accrual accounting entries to record expected receipts consistently throughout the year  
 ↑ Receipts are approximately \$316k more than FY 2015 Q3



## GAS TAXES

↑ Actual collections exceed budget through the third quarter of 2016 due to accrual accounting entries.  
 ⇔ Actual collection to date are not significantly changed from the same period in FY 2015.

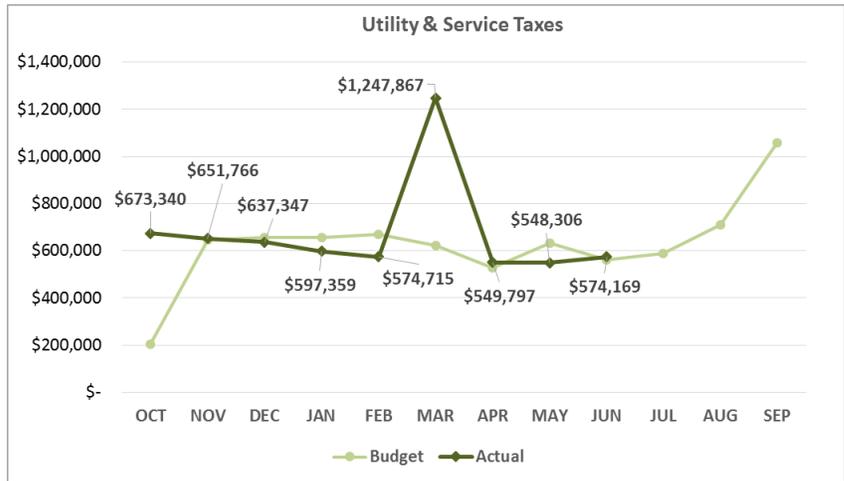


# FY 2016 Q3 Budget Update

## 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

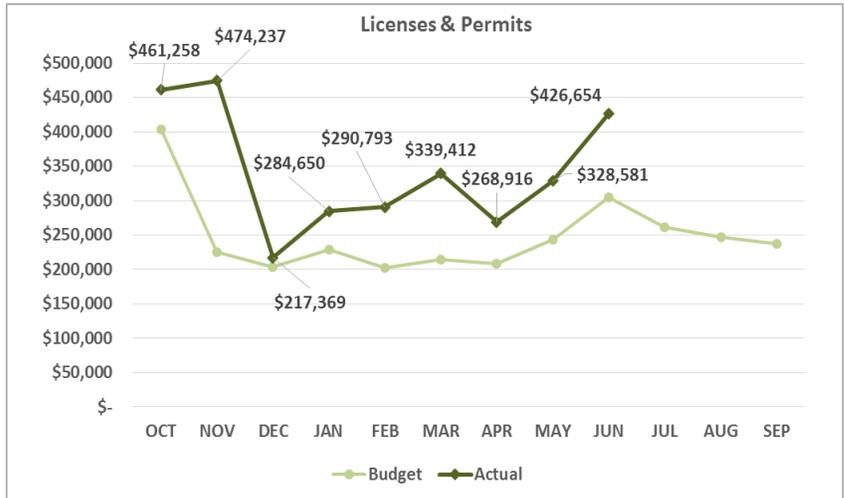
- ⤴ Actual receipts are slightly ahead of budget for the June posting of business tax receipts.
- ⤴ Receipts are approximately \$356,000 more than FY 2015 Q3.



## PERMITS & FEES

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

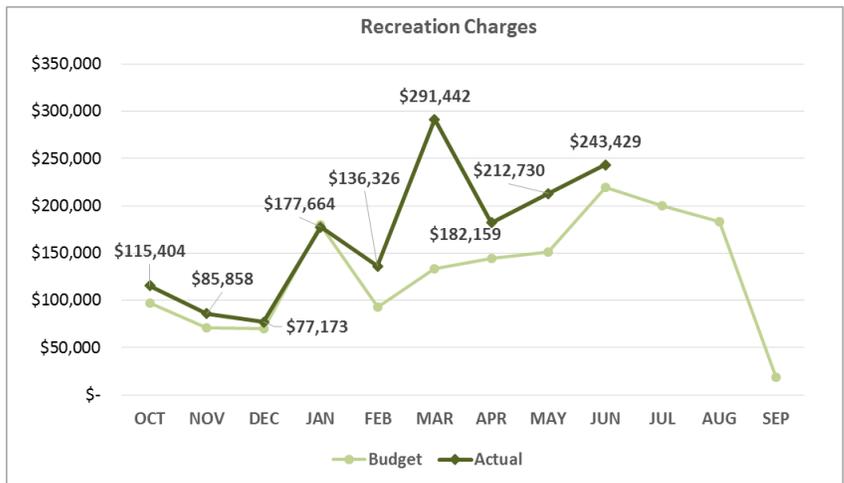
- ⤴ Total collections from building permits and engineering fees significantly exceeds the budget amount through Q3
- ⤴ Receipted Building permit fees are higher than the third quarter of FY 2015 by about \$203,000.



## 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 third 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

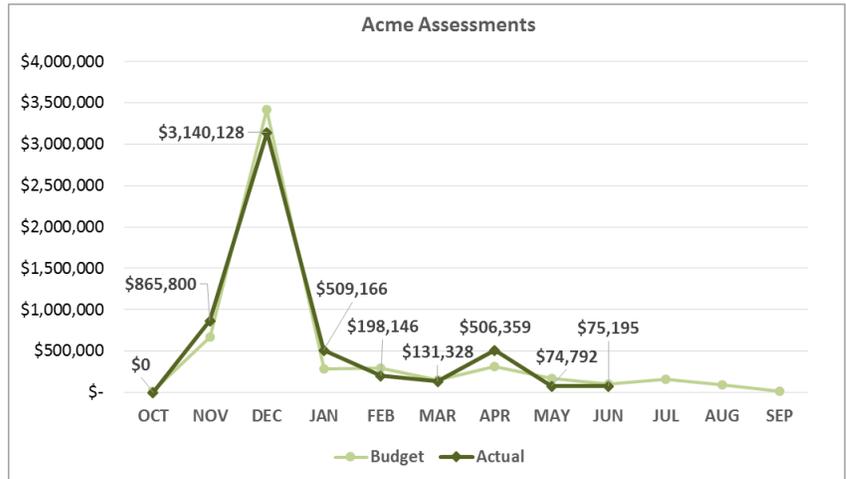


# FY 2016 Q3 Budget Update

## ACME ASSESSMENTS

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

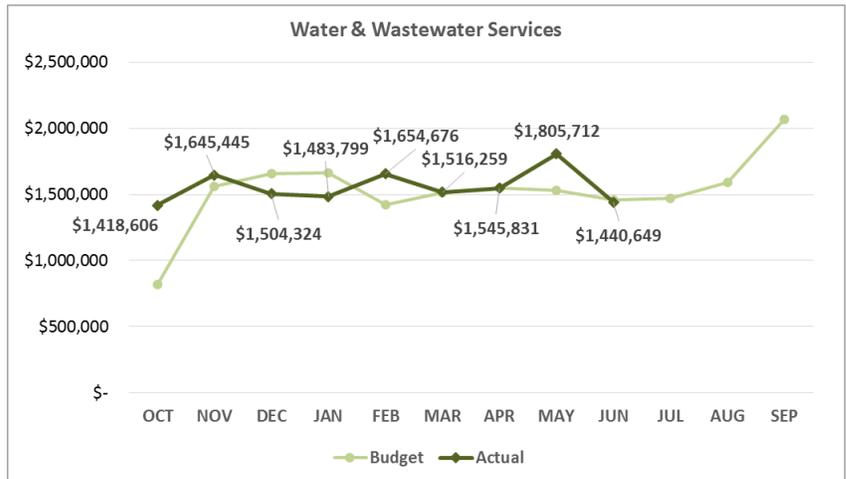
⇔ Collections are on budget with 97% collected through Q3



## WATER & WASTEWATER SERVICES

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

⇔ Actual billings are on target for Q3  
Minimal change from this time last year.



# FY 2016 Q3 Budget Update

## Expenditures

### GOVERNMENTAL USES

	Budget vs Actual				Prior Year Actual		
	Actual	Amended	Budget	%	Prior	Prior Year	Prior Year
	YTD	Budget	Remaining	Expended	YTD	Amended Budget	vs. Budget
General Government	7,793,367	11,604,508	3,811,141	67%	7,506,394	12,036,546	62%
Public Safety	7,719,308	8,436,502	717,194	91%	6,171,776	8,250,899	75%
Physical Environment	12,533,126	17,030,761	4,497,635	74%	10,129,786	14,991,790	68%
Economic Environment	900,839	1,324,965	424,126	68%	905,519	1,252,796	72%
Transportation	2,510,113	3,127,812	617,699	80%	1,198,817	1,708,388	70%
Culture & Recreation	2,920,050	4,769,229	1,849,179	61%	2,499,222	3,816,837	65%
Emergency Management	18,018	46,000	27,982	39%	33,919	47,700	71%
Capital Outlay	18,895,457	24,701,207	5,805,750	76%	8,916,269	22,622,670	39%
Debt Service	650,875	1,217,754	566,879	53%	6,037,456	1,207,539	500%
Non-departmental	586,102	1,371,784	785,683	43%	377,792	675,454	56%
Transfers Out	7,013,747	9,776,662	2,762,915	72%	6,989,838	7,469,839	94%
<b>Total Expenditures</b>	<b>\$61,541,001</b>	<b>\$83,407,184</b>	<b>21,866,183</b>	<b>74%</b>	<b>\$50,766,788</b>	<b>\$74,080,458</b>	<b>69%</b>

- Total Governmental Funds expenditures are right on target for the Q3.
- Public Safety expenditures are more than 5% ahead of the third quarter budget target due to the annual amount for the PBSO contract is fully encumbered, which is included in the actual year-to-date amount.
- Capital Outlay – the WCC construction, Acme Renewal and Replacement Program and Water Distribution System capital projects comprise a large portion of the actual year-to-date outlay and commitments

### ENTERPRISE USES

	Budget vs Actual				Prior Year Actual		
	Actual	Amended	Budget	%	Prior	Prior Year	Prior Year
	YTD	Budget	Remaining	Expended	YTD	Amended Budget	vs. Budget
Economic Environment	379,113	483,266	104,153	78%	255,486	334,496	76%
Water & Wastewater	7,278,318	9,950,404	2,672,086	73%	6,119,328	9,355,126	65%
Solid Waste	3,435,974	3,499,316	63,342	98%	2,656,951	3,430,146	77%
Capital Outlay	4,413,885	26,251,987	21,838,102	17%	2,164,754	5,646,664	38%
Debt Service	28,001	30,000	1,999	93%	28,662	26,000	110%
Non-departmental	47,675	217,338	169,663	22%	34,315	76,653	45%
Transfers Out	1,754,068	2,338,757	584,689	75%	2,182,028	2,182,028	100%
<b>Total Expenditures</b>	<b>\$17,337,033</b>	<b>\$42,771,068</b>	<b>\$25,434,034</b>	<b>41%</b>	<b>\$13,441,524</b>	<b>\$21,051,113</b>	<b>64%</b>

# FY 2016 Q3 Budget Update

- Enterprise Funds expenditures more than 10% ahead of the third quarter budget target for expenditures and encumbrances in:
  - Solid Waste – annual contract is fully encumbered.
  - Debt Service – interest paid on utility security deposits is transacted in November each year.
- Capital Outlay is significantly below Q3 target for budgeted Water & Wastewater Treatment Plant improvements not yet encumbered.

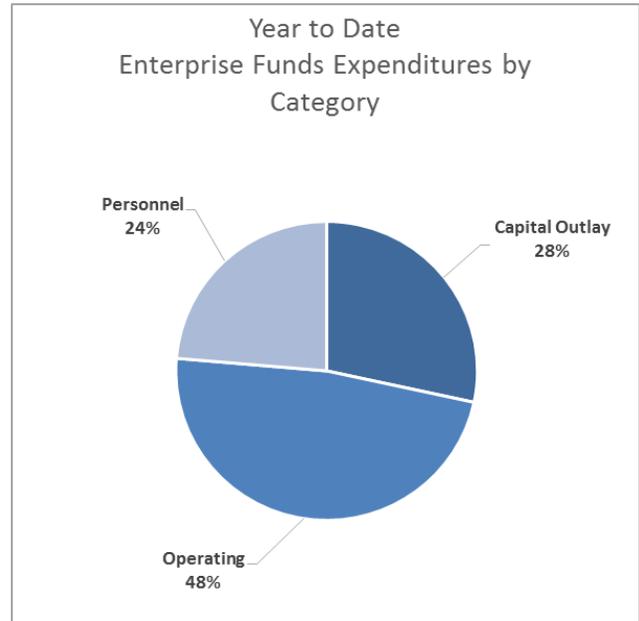
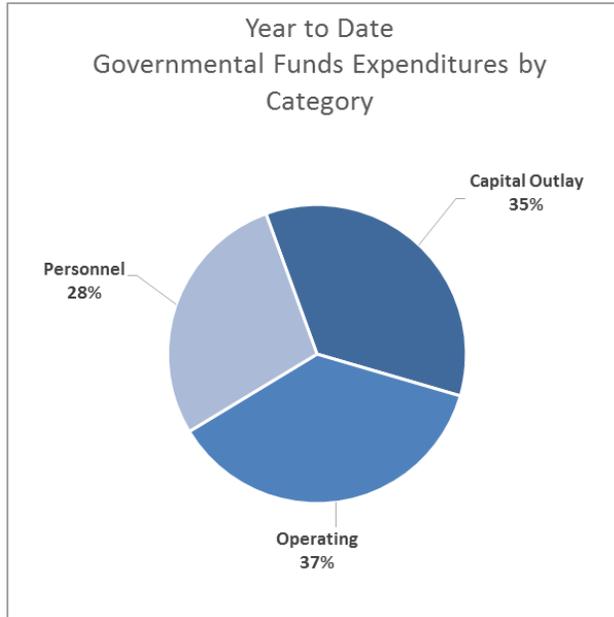
## ALL FUNDS EXPENDITURES

	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	7,793,367	11,604,508	3,811,141	67%	7,506,394	12,036,546	62%
Public Safety	7,719,308	8,436,502	717,194	91%	6,171,776	8,250,899	75%
Physical Environment	12,533,126	17,030,761	4,497,635	74%	10,129,786	14,991,790	68%
Economic Environment	1,279,952	1,808,231	528,279	71%	1,161,005	1,587,292	73%
Transportation	2,510,113	3,127,812	617,699	80%	1,198,817	1,708,388	70%
Culture & Recreation	2,920,050	4,769,229	1,849,179	61%	2,499,222	3,816,837	65%
Emergency Management	18,018	46,000	27,982	39%	33,919	47,700	71%
Water & Wastewater	7,278,318	9,950,404	2,672,086	73%	6,119,328	9,355,126	65%
Solid Waste	3,435,974	3,499,316	63,342	98%	2,656,951	3,430,146	77%
Capital Outlay	23,309,343	50,953,194	27,643,851	46%	11,081,023	28,269,334	39%
Debt Service	678,877	1,247,754	568,877	54%	6,066,119	1,233,539	492%
Non-departmental	633,776	1,589,122	955,346	40%	412,106	752,107	55%
Transfers Out	8,767,814	12,115,419	3,347,604	72%	9,171,866	9,651,867	95%
<b>Total Expenditures</b>	<b>\$78,878,034</b>	<b>\$126,178,252</b>	<b>\$47,300,217</b>	<b>63%</b>	<b>\$64,208,312</b>	<b>\$95,131,571</b>	<b>67%</b>

- Non-departmental and Capital Outlay are more than 10% below target primarily based on capital projects not yet started.
- Emergency Management is less than 50% spent due to budgeted replacement supplies and management software not yet purchased.

# FY 2016 Q3 Budget Update

## EXPENDITURES BY CATEGORY



## RECONCILIATION TO ADOPTED BUDGET

	Current YTD	Budget	Budget Remaining	% Expended
<b>Personnel</b>	\$18,821,844	\$27,233,986	\$8,412,142	69%
<b>Operating</b>	27,297,284	34,627,899	7,330,615	79%
<b>Capital</b>	23,309,343	50,953,193	27,643,850	46%
<b>Debt Service</b>	678,877	1,247,754	568,877	54%
<b>Transfers &amp; Other</b>	11,690,419	12,115,419	424,999.92	96%
<b>Total Budget</b>	<b>\$81,797,766</b>	<b>\$126,178,251</b>	<b>\$44,380,485</b>	<b>65%</b>

### Reconciliation to FY 2016 Adopted Budget:

Purchase Order Roll-forwards	(10,527,316)
Project and Capital Roll-forwards	(25,319,977)
Council Budget Amendments	(4,882,037) *
Subtotal Budget Changes	(40,729,330)
<b>Total FY 2016 Adopted Budget</b>	<b>\$ 85,448,921</b>

### \* Council Budget Amendments include:

Law Enforcement Trust Fund Uses	17,689
FDEP Grant for WCC Project	200,000
WCC Gazebo and Walkways Project and transfers	250,000
Saddle Trail Bond Proceeds	4,414,348
<b>Total Council Budget Amendments</b>	<b>\$ 4,882,037</b>

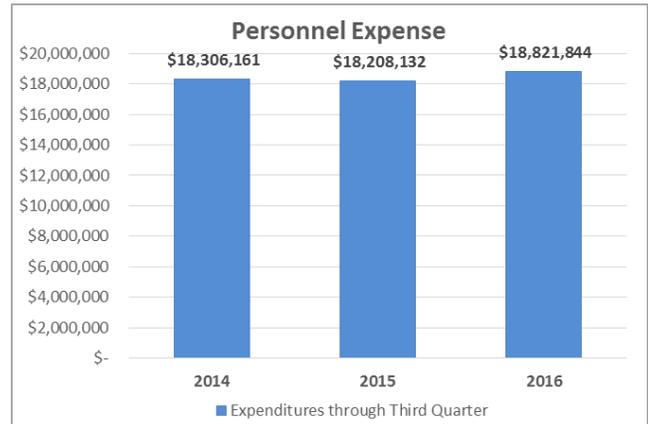
# FY 2016 Q3 Budget Update

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.

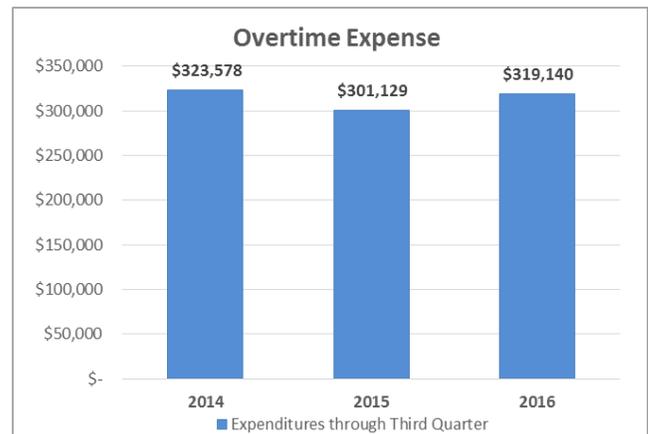
- Third quarter expenditures increased since 2014, primarily due to moderate increases in wages and benefits
- FY 2016 Q3 expenditures are at 69% of budget, up 3% from the same period last year



## OVERTIME

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

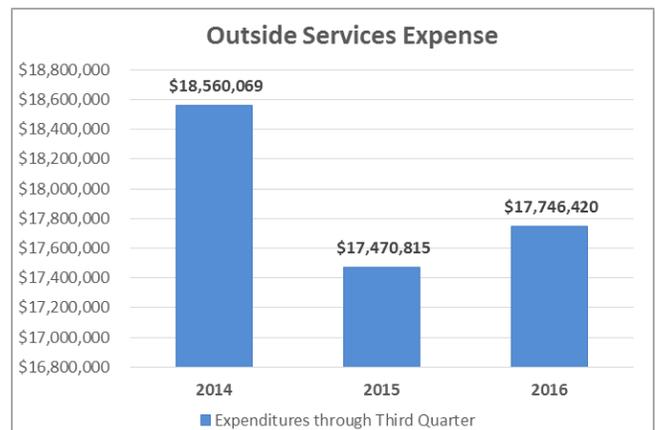
- FY 2016 Q3 overtime is at 131% of budget, up 7% from the same period last year.
- Building had unanticipated overtime to cover for absences
- Custodial Services, Building Maintenance and Parks Maintenance all have added overtime for special events and WCC preparations



## OUTSIDE SERVICES

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

- FY 2016 Q3 expenditures at 67% of budget, which is below target and only up 1.6% over same time period last year.

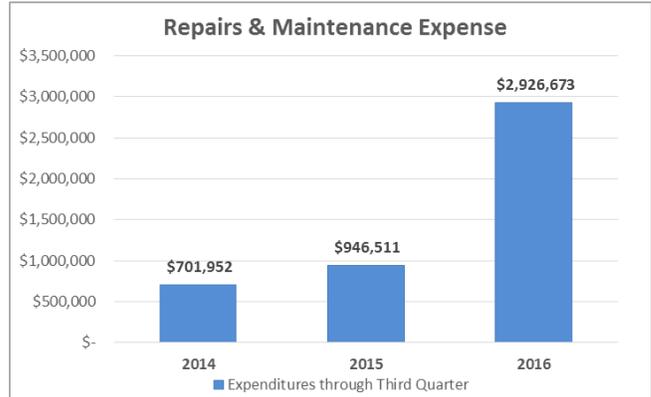


# FY 2016 Q3 Budget Update

## REPAIRS & MAINTENANCE

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

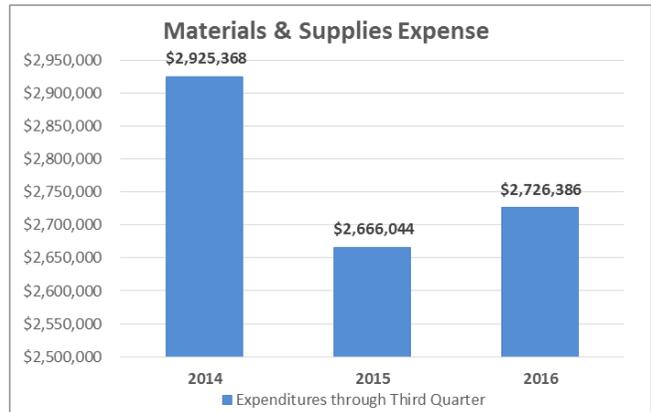
- FY 2016 Q3 expenditures at 50.4% of budget, which is below target. Unspent budget balances will carry forward at the end of the fiscal year.
- The shift of major maintenance into the operating accounts from capital expense in FY 2016 explains the significant increase in 2016 expenditures over the prior year.



## MATERIALS & SUPPLIES

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

- FY 2016 Q3 expenditures at 56.9% of budget, which is below target.
- Third quarter expenditures are only over the prior year by 2.2% and below FY 2014.



# FY 2016 Q3 Budget Update

## CAPITAL PROJECTS AND PROGRAMS EXPENDITURES

Fund/Project	FY 2016 Budget	Expenditures	Encumbrances	Remaining	Status
<b>GAS TAX CAPITAL</b>					
120th Paving & Improvements	949,985	561,408	388,577	0	Current
Aeroclub Multiuse Pathway	675,000	118,521	450,173	106,306	Current
Flying Cow Pathway	756,627	686,898	525	69,204	Current
Huntington Drive Sidewalk	45,000	25,784		19,216	Current
Pierson Road Realignment	540,015	5,323	535,244	(552)	Current
Road & Pathway Overlay Improvements	300,176		9,568	290,608	Current
Southshore Phase III Improvements	361,000			361,000	Not Started
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
<b>ROAD IMPACT FEES</b>					
120th Paving & Improvements	646,000		569,997	76,003	Current
50th Street Improvements	20,000			20,000	Not Started
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	110,757	387,517	51,726	Current
<b>GOVERNMENTAL CAPITAL</b>					
2014 Acme R & R Program	1,257,592	6,875	1,314,861	(64,144)	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	248,674	180,765	67,886	Current
Communication & Technology Investment	100,000	34,009	21,005	44,986	Current
Facilities Capital Improvements - Govt	498,800	401,046	97,782	(28)	Ongoing
Neighborhood Parks Program	235,959	67,012	6,975	161,972	Ongoing
Neighborhood Trails Program	263,283	4,950	1,015	257,318	Grants In Progress
Parks Capital Improvements	790,407	251,104	36,999	502,304	Ongoing
Pump Station & SWM System Rehab	385,950	132,437	167,108	86,405	Ongoing
Safe Neighborhoods	218,411	149,036	87,218	(17,843)	Ongoing
Southshore Phase III Drainage	400,000	229,991	170,009	0	Complete
Tennis Center Construction	71,756	71,756	0	0	Complete
WCC Improvements	6,982,108	5,878,622	1,341,240	(237,754)	Current
<b>SADDLE TRAIL NEIGHBORHOOD</b>					
Saddle Trail Park Improvements	4,060,087	287,088	3,712,509	60,490	Current
<b>WATER/WASTEWATER CAPITAL</b>					
Communication & Technology Investment	250,000	98,623	65,888	85,489	Current
Water Supply R & R	242,000		100,000	142,000	Ongoing
WTP Renewal & Replacement	12,012,200	205,933	236,825	11,569,442	Ongoing
Water Dist & Trans R&R	3,506,943	1,512,254	1,426,481	568,208	Ongoing
Field Services Facility	86,337	84,255		2,082	Current
General Facilities R & R - Util	20,000			20,000	Not Started
WWTP Renewal & Replacement	6,249,833	70,192	13,641	6,166,001	Ongoing
Collection System Repair & Replacemt	360,000			360,000	Not Started
Lift Station Upgrades & Rehab	811,945	88,604	23,308	700,033	Ongoing
Reuse Transmission Lines	1,879,000			1,879,000	Not Started
<b>TOTAL CAPITAL PROJECTS</b>	<b>\$48,392,598</b>	<b>\$12,006,709</b>	<b>\$11,345,525</b>	<b>\$25,040,364</b>	