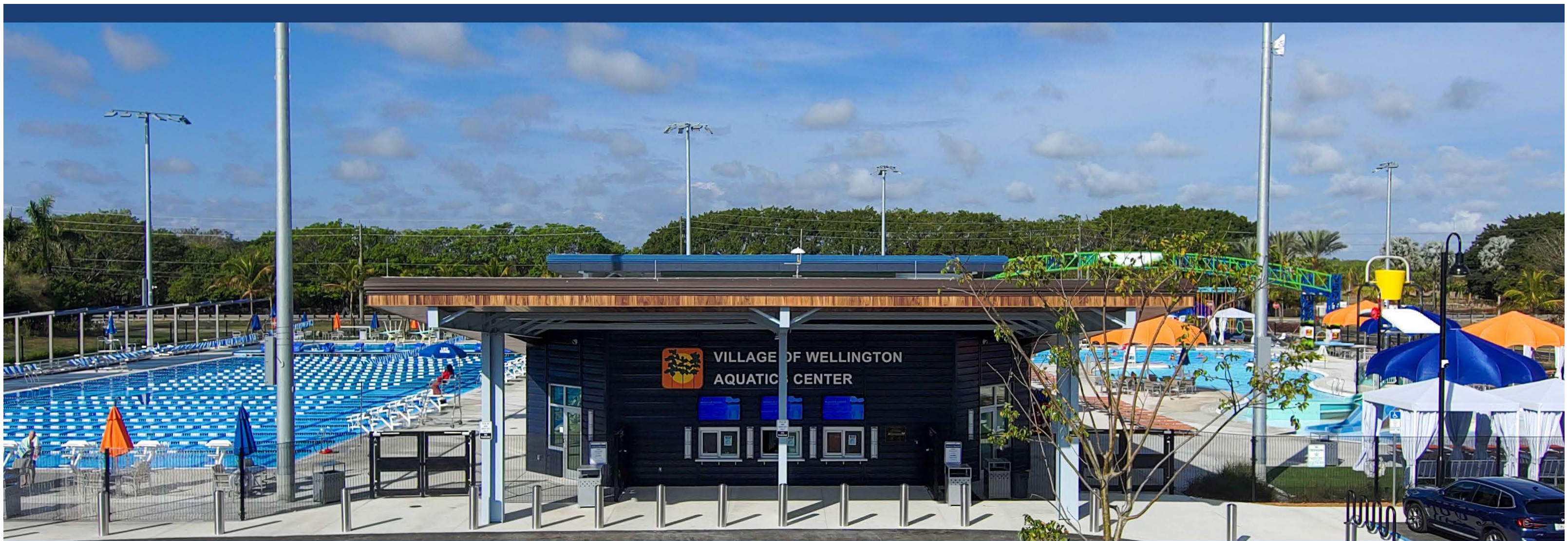

THE VILLAGE OF WELLINGTON

FY 2026-2031
Long-Range Financial Plan

T

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Councilman	Councilwoman	Mayor	Vice Mayor	Councilman
Stephen A. Levin	Amanda Silvestri	Michael J. Napoleone	Maria S. Antuña	Johnny Meier

SENIOR LEADERSHIP TEAM

Village Manager	*Jim Barnes, AICP, ICMA-CM*
Deputy Village Manager	*Tanya Quickel*
Assistant Village Manager	*Ed de la Vega*
Village Clerk	*Chevelle D. Hall, MMC*

DEPARTMENT HEADS

Chief Information Officer	*William Silliman*	Parks & Recreation Director	*Eric Juckett*
Village Engineer	*Jonathan Reinsvold, PE*	Director of Administrative & Financial Services	*Ana Acevedo, CPA*
Director of Public Works	*Bruce Wagner*	Human Resources Director	*Kim Gibbons*
Utilities Director	*Anjuli Panse, PE*	Director of Emergency Management and Public Safety	*Nicole Coates*
Planning, Zoning & Building Director	*Tim Stillings*	Community Services Director	*Jenifer Brito*

LRFP PREPARATION — Budget & Reporting Director *Christine Fischer*

Vision

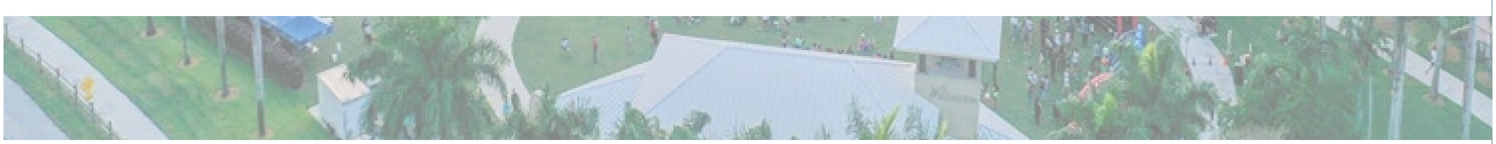
A Great Hometown:
Great Neighborhoods ֍ Great Schools ֍ Great Parks

Mission

To provide high-quality municipal services, preserve the equestrian and village character of Wellington, support infrastructure renewal, maintain fiscally sustainable operations, and deliver exceptional quality of life

Fundamental Goals

Neighborhood Renaissance
Economic Development
Protecting Our Investment
Respecting the Environment
Responsive Government



Strategic Focus Areas

Infrastructure & Utilities
Public Safety & Resilience
Quality of Life
Economic Development & Fiscal Sustainability
Community Engagement & Governance

FINANCIAL PLAN ELEMENTS

II. EXECUTIVE SUMMARY

A discussion of the long-term financial plan objectives and process, with a summary of resulting considerations and initiatives.

III. FINANCIAL CONDITION ASSESSMENT & MARKET ANALYSIS

The presentation and analysis of historical financial performance. Ratings of the Village's fiscal health is provided using the Florida Auditor General's Financial Condition Assessment.

The Market Analysis is an overview of economic and demographic influences. Includes available economic forecasts that are the basis of assumptions used in the Village financial projections.

IV. REVENUE AND EXPENDITURE FORECAST

Using assumptions based on the Financial Condition Assessment and Market Analysis, a forecast of revenues and expenditures is prepared for the General, Utilities, and Solid Waste Funds. The forecasts are presented in summary with 5-year projections. Included in the section is a description of revenue sources, a history of Wellington rate, and a discussion of potential legislative impacts.

V. FUND BALANCE ANALYSIS

An analysis of fund balances and reserves to a) determine adequacy in providing for the program needs in each fund, and b) ensure compliance with Village financial policies and legal requirements of state, county and local ordinances.

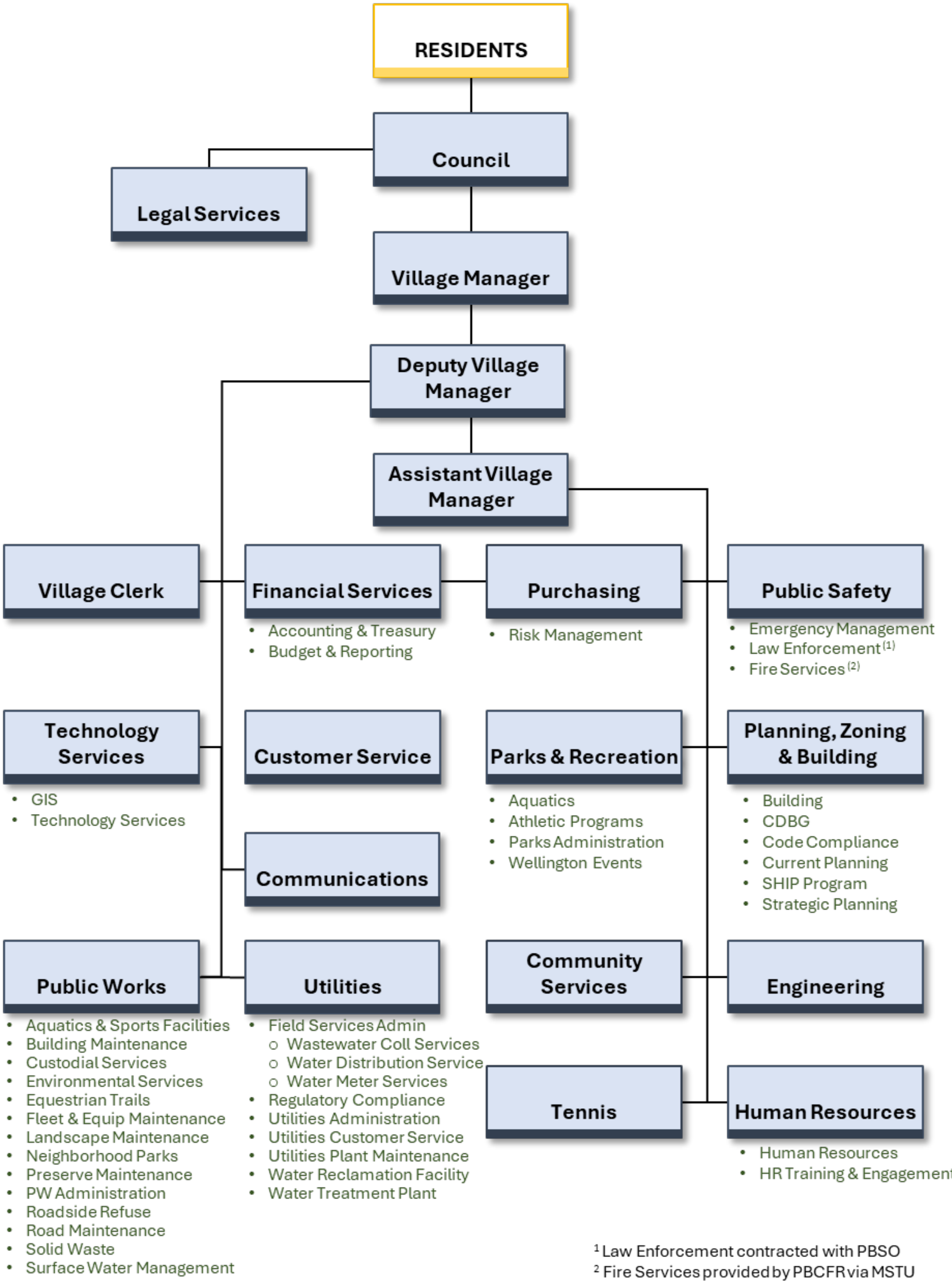
VI. CAPITAL IMPROVEMENT PLAN

The presentation of approved capital projects and future projects that may present funding challenges and considerable impacts. The section includes estimated funding requirements and timing.

VII. FINANCIAL POLICIES

A review of the Village's pertinent financial policies and any recommended changes or additions.

VILLAGE ORGANIZATION



[1] Law Enforcement contracted with PBSO
[2] Fire Services provided by PBCFR via MSTU

Departments with multiple divisions are shown in green

Purpose/Objectives

The purpose of a multi-year financial planning process is to identify current and future revenue and expense trends in order to provide Council and residents with the insight required to address issues affecting the Village's financial condition. The long-term financial plan is a key forecasting tool that the Village updates annually using audited financial information and statistical data sources to project the financial position of major funds over the next five years.

The plan presents current and future financial condition, allowing for recommendations or policy adjustments to be incorporated in the annual budget.

Process

The long-term planning process is designed to detect and provide the means to formulate solutions for the issues that are identified as impacts on the long-term financial condition. The long-term financial plan is developed by the Village Council each year in a workshop prior to the annual budget adoption process.

The Council workshop will provide the opportunity for the following:

- Review, refine and modify multi-year goals and projects
- Identify and discuss key trends and issues affecting the Village in the long term
- Develop strategies and solutions to address key trends and issues

This process is intended to combine strategic planning with financial planning to ensure the resources are assigned to achieve the Village vision and mission.

Subsequent to Council discussion of the priorities to be included in the long-range financial plan, the plan and/or its recommendations will be presented to Council for adoption at a noticed public meeting.

Executive Summary

THE VILLAGE OF WELLINGTON LONG-RANGE FINANCIAL PLAN

Council
Michael J. Napoleone, Mayor
Maria Antuña, Vice Mayor
Amanda Silvestri, Councilwoman
Stephen A. Levin, Councilman
Johnny Meier, Councilman

Manager
Jim Barnes

Honorable Mayor and Council Members:

I am pleased to present to you the draft Long-Range Financial Plan (LRFP) for Fiscal Years 2026-2031. The Village's commitment to providing responsible financial oversight has allowed us to maintain our excellent bond ratings. As you will see, the Village's financial outlook has some challenges, which we have projected for the last few years to be on the horizon as costs are increasing at a higher rate than revenues are increasing. The Village, however, has some opportunities before it to meet the financial needs of its residents to address the changing economic environment and control costs into the future. The plan serves to identify the major considerations, policies, strategies and resources required to ensure financial sustainability and service delivery going forward. It is the compilation of financial analysis and planning tools to help our Village leaders map the future of Wellington.

The LRFP has become an integral part of our annual visioning workshop, planning and budgeting process, and I look forward to incorporating its results in future budgets. Our long-term goals and short-term objectives will be discussed and refined during our time at visioning as well.

Maintaining confidence by following our policies and procedures, as mundane as they may be, and given its focus on the safety and security of protecting and respecting our fiduciary responsibility, it does protect what we now have – a strong financial footing for the Village of Wellington.

The Village's LRFP is a long-range planning tool which provides the Council, and staff, information to make strategic decisions affecting the Village's fiscal sustainability, both in the short and long term. The LRFP describes our financial structure, condition, and prepares the Village to address strategic issues. The LRFP consists of the Village's Financial Reporting Overview, Financial Trend and Market Analysis, and Financial Forecast. It outlines specific recommendations and provides a forecasted position as the annual budget process is approached. This approach allows the Village to work towards a better financial position so issues or conditions can be addressed in a clear and transparent process. Currently, this financial information is important by providing context as we work to address strategic issues facing the Village.

As we prepare the budget for Fiscal Year 2027, the focus on the Village's core service responsibilities remains a priority. As we look out over the next five years, we will experience issues that have presented themselves in the last few years and will likely continue in future years: rising costs or at least costs that remain high, continued inflationary pressures, meeting staffing demands, capital maintenance needs, and the always present demand for Village resources and services.

We retain our focus on these critical commitments as we refine our LRFP. It is another step to ensure the goal that Wellington is a viable, vibrant, and great hometown into the future.

Sincerely,

Jim Barnes
Village Manager

LONG-RANGE FINANCIAL PLAN SUMMARY

The Executive Summary provides a synopsis of the financial analysis, forecast and considerations included in this Financial Plan. Additional details that support the summary findings are provided in each document section.

The Executive Summary presents several central areas of financial planning for review and discussion with Council and staff:

LONG-RANGE FINANCIAL PLAN REVIEW – a review of the long-term planning elements and status of actions

CURRENT FINANCIAL CONDITION – a summary chart of financial condition indicators and the trend status for Wellington. Includes benchmarking to comparable municipalities

FINANCIAL FORECAST – a presentation of the current year forecast results and significant legislation

CONSIDERATIONS & RECOMMENDATIONS – recommended Council and staff actions to improve financial stability, arising from the results of the LTFP analyses

An example of initiatives arising from prior years' financial analysis and forecast, and the year in which they impact the budget include:

- ✓ Assigned General Fund Undesignated Fund Balance for priority capital projects determined by Council – 2016
- ✓ Shift the funding source for Neighborhood Parks from the Acme Improvement District to the General Fund to alleviate the depletion of Acme Fund reserves – 2017
- ✓ Established and funded a Facility & Infrastructure Reserve to ensure available reserves for repairs, replacement or rehabilitation of Village facilities, roads, technology systems or other infrastructure – 2017 through 2024. Much of the F & I Reserve was assigned in FY 2024 via Budget Amendment to fund the Aquatics Center construction.
- ✓ Assessment rate adjustments for the Acme Improvement District and Solid Waste Collection & Recycling budgets to balance increasing costs
- ✓ Proceeds from the sale of the 10-acre site totaling $11 million committed in FY 2025 to the Facility & Infrastructure Reserve, Rate Stabilization Reserve and the Field Improvement capital project for future construction of an athletic field at Palm Beach Central High School.
- ✓ Proceeds from the Wellington v. Palm Beach Polo Foreclosure Violations Case $9.3 million committed to the new Environmental, Resilience, and Open Space Reserve and assigned to the Stormwater Pump Stations Improvement project in FY 2025
- ✓ Proceeds from the Utility PFAS Litigation assigned to the Water Plant Membrane Upgrade project in FY 2025 & FY 2026

ANNUAL LRFP UPDATES

In Plan updates, a summary of the status of long-term financial planning issues and initiatives is provided in a summary format. The table below is used to track and report on long-term planning issues.

Financial Trend Analysis	Status
An evaluation of Wellington's current fiscal condition is completed based on the Florida Auditor General's Financial Condition Assessment (FCA).	Complete through FY 2025 using audited results
Market Analysis	**Status**
Key economic and demographic indicators are analyzed to determine the impact on Wellington's financial condition and to estimate future trends on financial stability. The market analysis is the basis for formulating assumptions for the financial projections.	Completed with continual monitoring throughout the year and publication in annual budget documents.
Revenue & Expenditure Forecast	**Status**
The annual projection of revenues and expenditures for the next five years is presented for the General Fund, Acme Fund and Solid Waste Fund	Completed for FY 2026 – 2031; updates will occur with the FY 2027 budget process
Fund Balance Analysis	**Status**
Fund balances in all governmental funds, but primarily the General Fund, are examined in depth.	Considerations for use of unassigned and assigned fund balances will be presented during the budget process
Capital Improvement Projects	**Status**
To examine planned projects compared to future revenues and determine the timing of projects to coincide with available funding.	The FY 2027 Capital Improvement Plan is in development for presentation in the annual budget process. Staff will identify and adjust future projects based on Council discussion.
Financial Policies	**Status**
Review accounting, purchasing and financial policies every three (3) years in order to identify appropriate changes, additions or deletions.	Update completed in 2024.

Plans & Studies	Status
Acme Water Control Plan	The last update was completed and submitted to the South Florida Water Management District in 2021, and the Plan will be updated in 2026. The FY 2027 budget will include funding requests for improvements scheduled in the Plan.
State Road 7 Corridor Study	The results of the study providing development/redevelopment options that would be beneficial to Wellington for specific properties along the SR-7 corridor were presented to Council in 2023. An Implementation Plan and coordination with private partners is in progress.
Safe Streets for All (SS4A) Action Plan	A plan that recommends traffic improvement areas is complete and recommendations will be included in future capital plans.
Water Meter Replacement Program and Membrane Plant Expansion Projects	Projects to execute master plans for meter replacement and membrane plant expansion are included in the FY 2026 and FY 2027-FY2031 capital plans
Utilities Rate Study	Completed in 2019 and 2023; recommendations are incorporated into rate indexing and utility capital planning. Future updates will follow the Utility Revenue Sufficiency and Financial Forecast.
Utility Revenue Sufficiency and Financial Forecast - 2022	Results were implemented in the FY 2025 and FY 2026 budgets, with recommendations for annual rate increases required to fund Utility capital improvements continuing in FY 2027.
Building Services Fee Analysis and Revenue Sufficiency	Updated in 2023, no changes were recommended to Building Permit Fees until October 2025. Recommendations to Building Reserve assignments were completed in FY 2024, and an update will be completed during 2026.

Plans & Studies	Status
Public Facility Fee Study - 2023	Completed and to be presented to Council in 2024. Fees collected will be reserved and recommendations included in the FY 2027-2031 capital plan.
Village of Wellington Strategic Plan	We are in the process of evaluating options to deliver a community-wide strategic plan.
Economic Analysis	Completed work with Urban3 to prepare policy recommendations for Council and the planning commission, to provide education in cumulative economic thinking, and allow understanding of the true costs of development, its maintenance, and the relationship to taxation.

Financial Condition Assessment

The Village Long-Range Financial Plan (LRFP) focuses on the governmental funds and especially the General Fund as the primary operating fund. Key financial indicators derived from the ICMA financial trend model and GFOA best practices were previously used to create a picture of the Village's financial performance and findings are presented to interpret the trend direction and to support recommendations.

At our auditor's recommendation, the Village now utilizes the Florida Auditor General's Financial Condition Assessment (FCA). The analytical tool provides standardized indices for governments to analyze financial condition and compare to other cities. The Financial Indicator results are presented in the Financial Trend Analysis section with a summary of the analysis below.

FINANCIAL INDICATORS (FI) SUMMARY FY 2021 – 2025

F = Favorable U = Unfavorable I = Inconclusive

FI #	Indicator	Warning Trend	Wellington Rating
1	Percent Change in Net Position	Decreasing results over time indicate the government's financial position is weaker as a result of resource flow.	F
2	Unassigned and Assigned und Balance + Unrestricted Net Position	Declining results may indicate that the entity could have difficulty maintaining a stable tax and revenue structure and/or adequate level of services. Deficits may indicate a financial emergency.	F
3GF 3G	Unassigned and Assigned Fund Balance/Total Expenditures – General Fund Governmental Funds	Percentages decreasing over time may indicate unstructured budgets that could lead to future budgetary problems for the local government even if the current fund balance is positive.	F U
4GF 4G 4P	Cash & Investments/ Current Liabilities – General Fund Governmental Funds Proprietary Funds	Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.	I U I
5G 5P	Cash & Investments/ Total Expenditures Monthly Expenditures – Governmental Funds Proprietary Funds	Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.	U I
6G 6P	Current Liabilities/ Total Revenues – Governmental Funds Proprietary	Increasing results may indicate liquidity problems, deficit spending, or both.	U F
7	Long-Term Debt per Capita - Governmental Funds	Percentages increasing over time may indicate that the local government has a decreasing level of flexibility in how resources are allocated or decreasing ability to pay its long-term debt.	U
8	Excess of Revenues Over (Under) Expenditures/ Total Revenues – Governmental Funds	Decreasing surpluses and/or increasing deficits may indicate that current revenues are not supporting current expenditures.	U

FI #	Indicator	Warning Trend	Wellington Rating
9	**Operating Income (Loss)/ Total Operating Revenues** – Proprietary Funds	Decreasing income and/or increasing losses may indicate that current revenues are not supporting current expenses.	F
10G 10P	**Intergovernmental Revenues as a percent of Total Revenues** – Governmental Funds Proprietary Funds	Percentages increasing over time indicate a greater risk assumed by the local government due to increased dependence on outside revenues.	F F
11G 11P	**Unassigned and Assigned FB as a percent of Total Revenues** – Governmental Funds Proprietary Funds	Decreasing results may indicate a reduction in the local government's ability to withstand financial emergencies and/or its ability to fund capital purchases without having to borrow.	I F
12	**Total Revenues per Capita** – Governmental Funds	Decreasing results indicate that the local government may be unable to maintain existing service levels with current revenue sources.	F
13	**Debt Service Expenditures /Total Expenditures** – Governmental Funds	Percentages increasing over time may indicate declining flexibility the local government has to respond to economic changes.	U
14	**Total Expenditures per Capita** - Governmental Funds	Increasing results may indicate that the cost of providing services is outstripping the local government's ability to pay (i.e., the local government may be unable to maintain services at current levels).	U
15G 15P	**Accumulated Depreciation/ Capital Assets** – Governmental Funds Proprietary Fends	An increasing trend suggests that a local government is not systematically investing in its capital assets which may indicate increasing deferred replacement or maintenance costs.	U U
16	**Operating Millage Rate**	Millage rates approaching the statutory limit may indicate that the local government has a reduced ability to raise additional funds when needed.	F

MARKET TRENDS

↑ ↓ → = Favorable Increase/Decrease/Stable

↓ ↑ = Unfavorable Increase/Decrease

Market Indicator	Significance	Warning Trend	Trend
Building Permits	Permitting types and activity level are indicators of local economic conditions and can impact future tax revenues	Declining all permits, new construction permits, building permit revenues Total All Permits Total New Construction Permits Permit Revenue	 ↓ ↓ →
Business Tax Receipts	The change in local business licensing is an indicator of local economic conditions	Declines in business tax receipts	↑
Consumer Price Index (CPI)	Measures changes in the prices of goods over time and is used to measure the inflation rate, affecting costs and revenues	Continued increases in the CPI indicate inflation Most Recent CPI Predicted CPI in One Year	 ↓ ↑
Municipal Cost Index (MCI)	Helps determine the effect of inflation on the cost of providing municipal services	Increases in the MCI	↑
Employment Cost Index	The change in total compensation for all workers in state and local government as compared to the compensation of private industry workers is a major consideration in future budget decisions	Decreases in government worker compensation or a lower change rate than for private workers	↑
Unemployment	The rate of unemployment for Wellington and compared to the nation, state and county impacts revenue	Increasing unemployment rate or a rate higher than comparative statistical areas	↑
Personal Income	Personal income determines consumer spending and impacts future millage rate caps under TRIM rules	Declining or negative personal income change rate	↓
Property Values	Taxable and new construction values directly contribute to Wellington property tax receipts	Declining property values, slow growth rate of property values and declining new construction	↑

Financial Forecast

The financial forecast is completed annually to ascertain the ability of future revenues to fund future expenditures and planned activities. Using conservative estimates that do not assume any significant changes from present operations, the forecasts focus on the General Fund, Acme Fund, Utilities Fund and Solid Waste Fund. Research and projections for FY 2026 and FY 2027 show:

- Revenues in property taxes and a code case settlement rose by $12.2 million, or 8.9%, in the governmental funds for FY 2025, while expenses increased $1 million, or less than 1%. The General Fund Unassigned Fund Balance remained stable at $31.7 million. The higher fund balance has enabled Wellington to maintain a stable millage rate in the long-range forecast.

- The discretionary local sales surtax approved in 2017 reached the maximum allowable collection amount in FY 2026. This will reduce the available funding for future capital projects.

- Utility rates increased 10% in FY 2025-2026 per rate study recommendations, and forecasts are based on a return to indexed rate adjustments capped at 3.5% per year.

- The Acme Improvement District forecast demonstrates that the current assessment rate will be sufficient to fund operations and maintenance if a portion of K-Park sale proceeds are deposited for the capital rehabilitation and improvement of pump station infrastructure (see recommendations). The current per-unit assessment is $275 per benefit unit.

- The Solid Waste curbside and containerized assessment rates do not fully fund projected costs of solid waste collection and recycling activities at current levels. Forecast increases in the assessment rate are recommended due to annual contract rate costs and additional accounts from new construction and annexation. The FY 2027 forecast increase of $5 per unit supports the costs of the rising contract and operating costs.

Considerations

Considerations made evident by the financial planning and analysis process focus on ensuring that appropriate financial controls and financial management practices are in place to promote the Village's future financial health. Considerations for discussion and projects presented in the detail sections of the long-term financial plan are summarized in the following:

- *Governmental revenues in FY 2026 are projected to meet budget and in FY 2027 are expected to rise modestly. However, cost increases will likely outpace revenue increases.*
  - *The Property Appraiser will provide a preliminary update for Wellington's taxable value by the end of May 2026*
  - *Costs for specific expenditure areas, such as construction materials, medical care and waste collection are based on CPI, and updates will occur prior to budget adoption*
  - *The addition of the expanded Aquatics Center, Tennis Center, and special events will increase revenues and operating expenses in the General Fund*
- *Capital funding sources, including fuel taxes are not projected to cover road projects and the ending of the sales surtax will affect future capital improvement options.*

Any initiatives that arise from reviews in progress, Council Directions discussions and budget workshops will be incorporated into the annual budget preparation.

Recommendations

The following is a general timeline for receipt of upcoming one-time funds:

1. Sales Surtax Funds – the sales surtax collection has ended as of December 31, 2025 with remaining funds of approximately $7 million.
2. Proceeds from Sale of 10-acre site: Sale price - $11 million. These funds are projected to be received during the next 12 months (Fiscal Year 2026 to Fiscal Year 2027).
3. Sale of K-Park: Sale price – Related Ross $31 million; EIM $16 million. These funds are projected to be received during the next 12 to 24 months (Fiscal Year 2026 to Fiscal Year 2028).

Based on the general timelines outlined above, the following recommendations are provided:

A. SALES SURTAX FUNDS - $7 - $8 MILLION

1. Staff recommends replacement of the $7,000,000 (R2024-14) in the Facility & Infrastructure Reserve used on the Aquatics Complex from the remaining Sales Surtax Funds.

   Following the completion and release of the Annual Comprehensive Financial Report for the year ended September 30, 2025, the Facility & Infrastructure Reserve ending balance is now $4,749,554. With the replacement of the funding used for the Aquatics Complex, the Facility & Infrastructure Reserve ending balance will be approximately $12 million.

2. Staff recommends allocating any remaining Sales Surtax Funds to the Athletic Field Improvement Capital Project Budget following completion of all current projects to close out the Sales Surtax Fund.

B. 10-ACRE SITE PROCEEDS - $11 MILLION

1. Staff recommends $10,000,000 from the 10-acre site proceeds be assigned to the Rate Stabilization Fund. The Rate Stabilization Fund is currently $2,785,000. Council has consistently supported maintaining a stable millage rate. The purpose of this reserve fund is to offset the need for future rate increases. As we are seeing multiple legislative challenges to maintaining various revenues, it is critical to prepare for state mandated changes that will potentially lower various revenue sources. The final recommendation is to maintain the Rate Stabilization Fund at the minimum value of one (1) mill by assigning up to 50% of excess (over 30% of subsequent year expenditures) Unassigned Fund Balance each year, before assignment to the F & I Reserve, to increase the Rate Stabilization Reserve balance to the minimum one (1) mill amount.

   Calculations that help put perspective on this reserve include:

   - Revenue value of each tenth (.1) mill is $1.25 million in FY 2026.
   - Revenue value of one (1) mill is approximately $12.5 million.

2. Staff recommends appropriating $1 million to the Athletic Field Improvement Capital Project Budget.

C. SALE OF K-PARK: SALE PRICE – RELATED ROSS $31 MILLION; EIM $16 MILLION

1. Assign up to $15 million to the Rate Stabilization Fund.
2. Appropriate $22 million for Strategic Capital Investment
3. Appropriate $10 million to the ACME Improvement District Stormwater Pump Stations Improvements Plan.

RECOMMENDED USE OF ONE-TIME FUNDS OVERVIEW

	ONE-TIME FUNDS		
Fund Use	**Sales Surtax**	**10-Acre Site**	**K-Park Sale**
FACILITY & INFRASTRUCTURE RESERVE	$ 7,000,000		
RATE STABILITATION RESERVE		$ 10,000,000	$ 15,000,000
ATHLETIC FIELD CAPITAL PROGRAM	$ 1,000,000	$ 1,000,000	
ACME STORMWATER PUMP STATIONS CAPITAL IMPROVEMENT PROJECT			$ 10,000,000
STRATEGIC CAPITAL INVESTMENT			$ 22,000,000
TOTALS	**$ 8,000,000**	**$ 11,000,000**	**$ 47,000,000**

D. OTHER RECOMMENDATIONS

1. Continuation of the annual Utility Rate increase in accordance with Utility Rate Consultant recommendations. The index shall be the greater of the U.S. Bureau of Labor Statistics Water and Sewer Maintenance Index or 3.5 percent. At this time, the Fiscal Year 2027 increase is projected to be 3.5%.

2. Continuing to borrow for Utility capital projects using State Revolving Loan Funds and Debt Forgiveness programs, if available.

3. Continuing moderate forecasted increases in the Solid Waste curbside and containerized assessment rates are required to balance the rising costs of collection and recycling while maintaining fund balance.

4. Maintain ACME Improvement District Assessment Rate to address critical infrastructure improvement program.

5. Responsibly adopt generative artificial intelligence (AI) technologies within our municipal operations specifically to enhance efficiency, reduce operational costs, and improve service delivery to the public.

Financial Condition Assessment and Market Analysis

THE VILLAGE OF WELLINGTON LONG-RANGE FINANCIAL PLAN

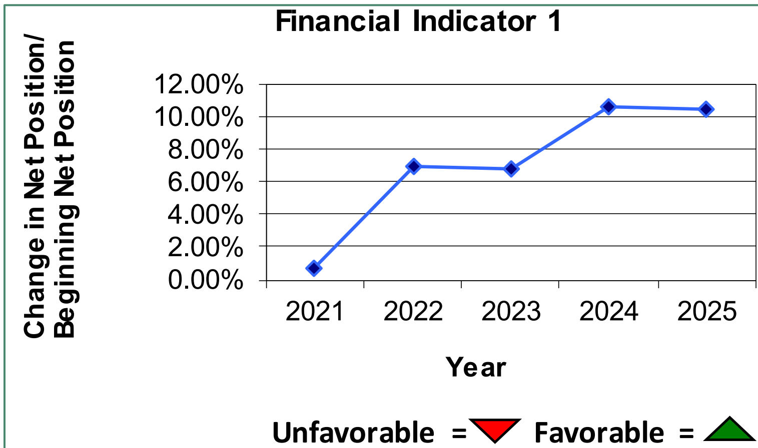
Financial Condition Assessment

Wellington has maintained an outstanding financial position despite economic fluctuations while providing a consistently high level of service to residents. Wellington is currently in excellent fiscal health, enjoying a high bond rating and solid fund reserves as compared to other area municipalities.

Wellington utilizes financial ratios and indicators to assess short and long-term fiscal vitality. The multi-year trends of key financial indicators provide a valuable look into specific areas of Village finances and financial performance. The analysis may also reveal areas of concern to address early in order to ensure the Village's fiscal sustainability.

FINANCIAL INDICATORS

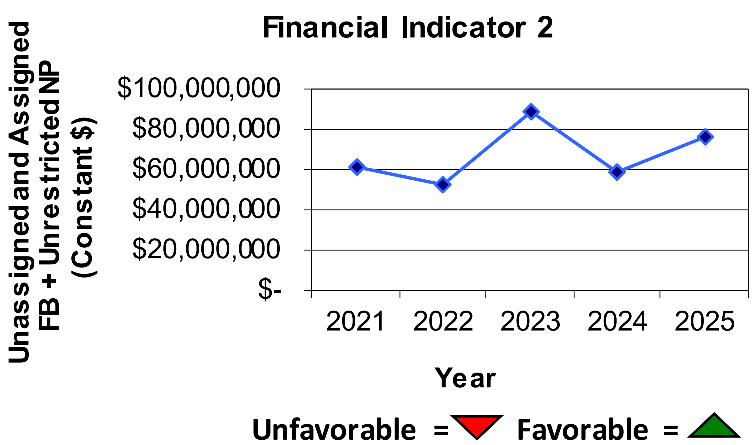
FLORIDA AUDITOR GENERAL



Trend Information	
Y1 to Y5 Diff	1518%
Y2 to Y5 Diff	51%
Y3 to Y5 Diff	55%

Wellington Trend:	Favorable

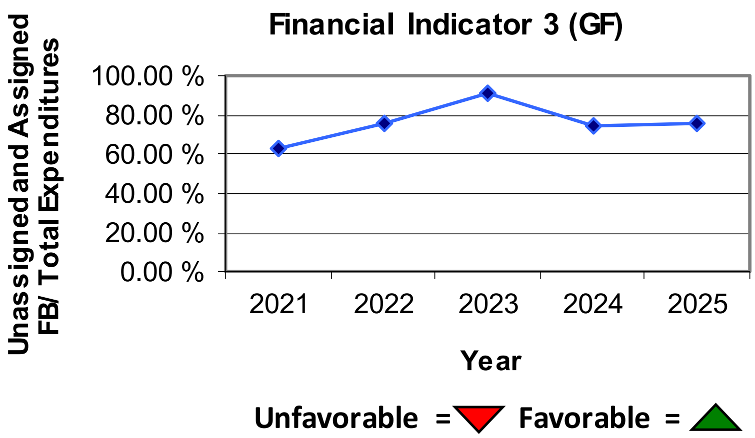
The government-wide Change in Net Position for Wellington has a favorable status resulting from the last five years' increasing trend. This indicates that available resources are higher over time. Revenues remained high in 2025 due to legal settlements, utility charges for services, interest on bond income, and higher property values.



Trend Information	
Y1 to Y5 Diff	25%
Y2 to Y5 Diff	46%
Y3 to Y5 Diff	-13%

Wellington Trend:	Favorable

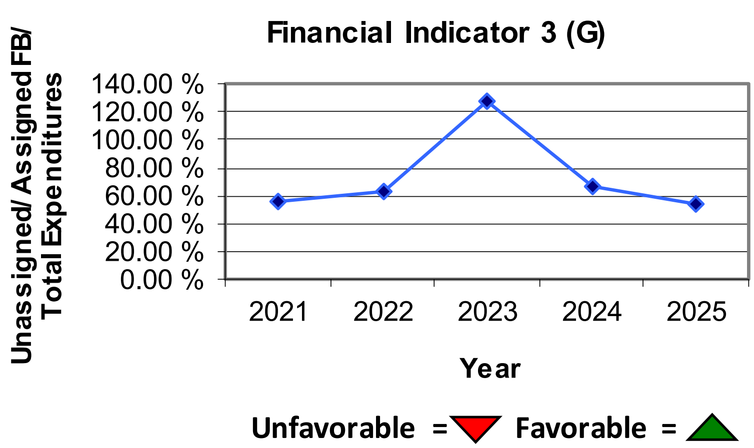
The Unassigned Fund Balance for the General Fund, Capital Funds, and the Proprietary Funds combined has a Favorable status. This is a result of the 5-year increase in the indicator since 2021. Fluctuations in the indicator in 2022-2024 are due to reclassification of Wellington Athletics proceeds to restricted net position and transfers to fund the Aquatics Center capital project; utilities increased net position by 10% and received polyfluoroalkyl substances (PFAS) settlement funds while utilities expenses remained the same. Governmental fund balance has remained stable since 2019, with the exception of the significant increase in 2023, due to the issuance of the Wellington Athletics bond of $33 million. Proprietary net position has increased over the last two years. Despite the fluctuation for all funds, the General Fund Unassigned fund balance continues to meet or exceed the policy of 25-30% of expenditures.



Trend Information	
Y1 to Y5 Diff	20%
Y2 to Y5 Diff	0%
Y3 to Y5 Diff	-17%

Wellington Trend:	Favorable

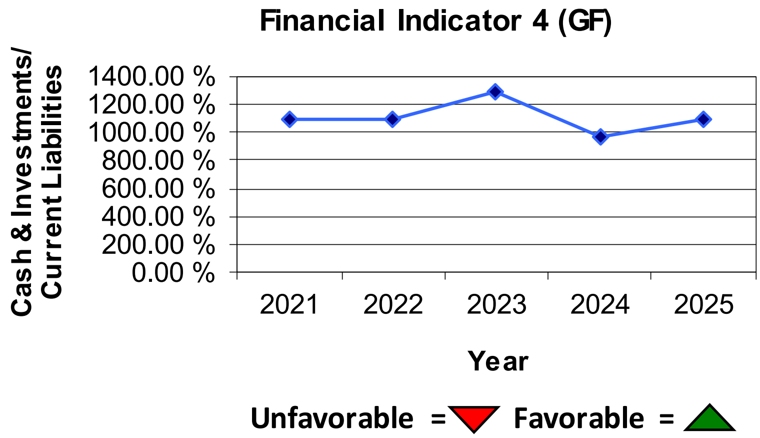
The General Fund combined Unassigned and Assigned Fund Balance as a percent of total expenditures has risen since 2021, with a decline in 2024 for capital project expenditures. The 5-year trend is increasing by 20%, which is favorable. The fund balances allow Wellington to maintain a stable tax and revenue structure to support its service levels and project funding.



Trend Information	
Y1 to Y5 Diff	-2%
Y2 to Y5 Diff	-14%
Y3 to Y5 Diff	-57%

Wellington Trend:	Unfavorable

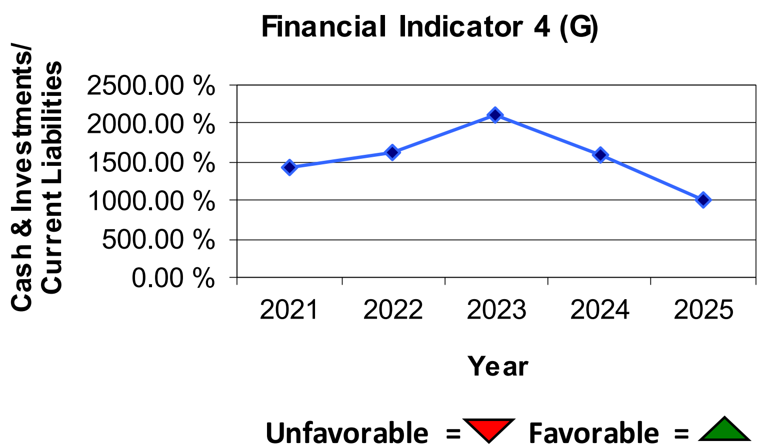
The combined Unassigned and Assigned Fund Balance as a percent of Total Expenditures for all governmental funds declined in both 2024 and 2025, and is therefore Unfavorable. The significant increase in 2023 is due to the issuance of the Wellington Athletics bond of $33 million, and the 2024 decline a result of reclassification of the bond proceeds from Assigned to Restricted, removing the proceeds from this indicator. The further decline in 2025 results from $39 million more in governmental capital expenditures over 2024.



Trend Information	
Y1 to Y5 Diff	-1%
Y2 to Y5 Diff	0%
Y3 to Y5 Diff	-16%

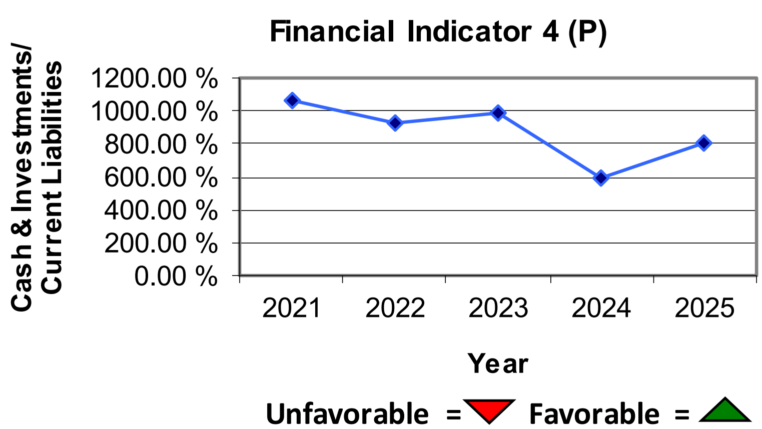
Wellington Trend:	Inconclusive

Total Cash & Investments as a percent of Current Liabilities in the General Fund (above) and for all governmental funds declined in 2024 with a slight favorable increase in 2025 due to the legal settlement and property taxes, resulting in a flat 5-year trend and an Inconclusive rating. For the governmental funds (below), the further decline in 2025 results in an Unfavorable trend arising from higher capital spending of prior year bond proceeds. The indicator shows if there is sufficient cash and investments to meet current needs for these funds.



Trend Information	
Y1 to Y5 Diff	-30%
Y2 to Y5 Diff	-39%
Y3 to Y5 Diff	-53%

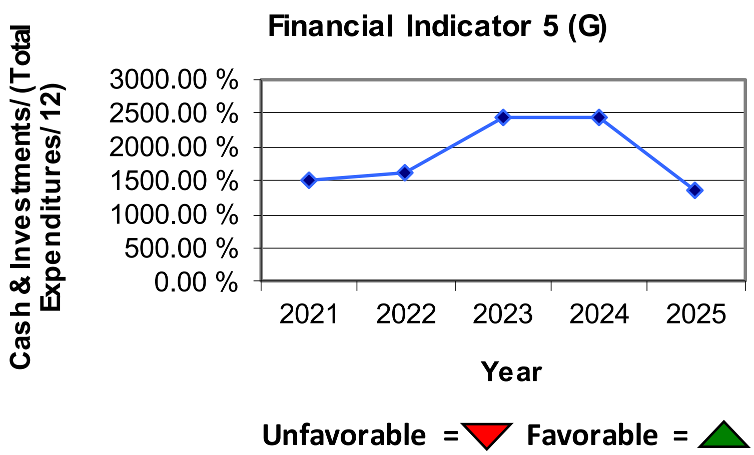
Wellington Trend:	Unfavorable



Trend Information	
Y1 to Y5 Diff	-25%
Y2 to Y5 Diff	-13%
Y3 to Y5 Diff	-18%

Wellington Trend:	Inconclusive

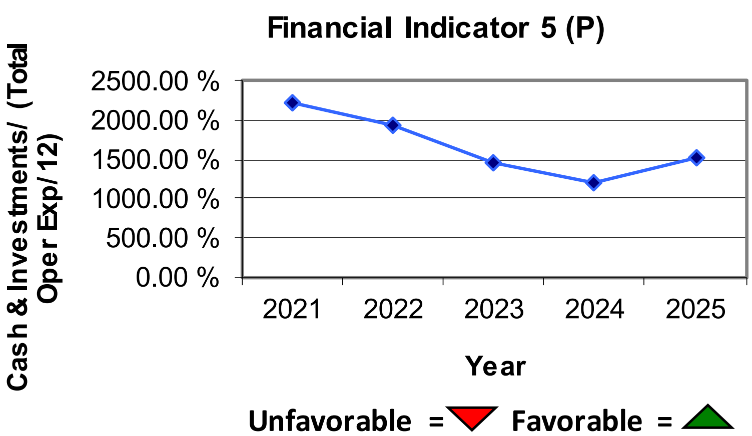
Total Cash & Investments as a percent of Current Liabilities for the proprietary funds has decreased over a 5-year period. The indicator is rated Inconclusive due to the 2025 rise in the Utilities Fund resulting from stable liabilities while cash increased from the 10% rate increase and PFAS settlement. Borrowing to fund Utilities capital projects, and continued assessment rate adjustments in the Solid Waste Fund will assist in continuing to recover cash balances in the proprietary funds.



Trend Information	
Y1 to Y5 Diff	-9%
Y2 to Y5 Diff	-15%
Y3 to Y5 Diff	-44%

Wellington Trend:	Unfavorable

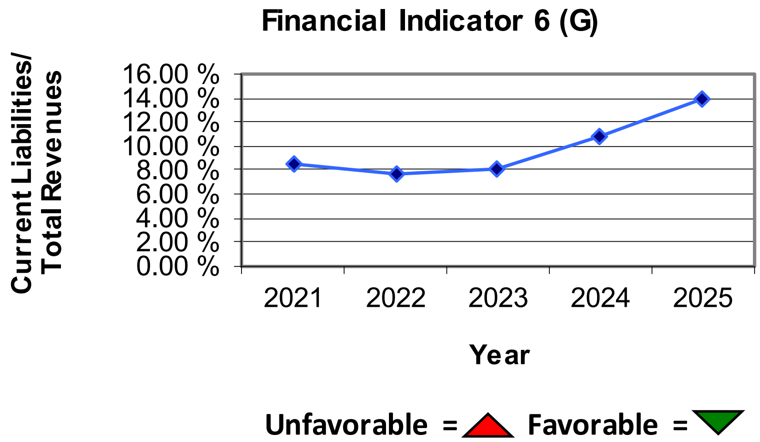
Cash & Investments as a percentage of monthly expenditures is another indicator of the entity's ability to fund ongoing needs. The 2025 decline in the governmental funds is Unfavorable. The significant increase in 2023 is due to the issuance of the Wellington Athletics bond of $33 million and the 2025 decrease is a result of high capital expenditures on the Sports Academy and Aquatics Center projects.



Trend Information	
Y1 to Y5 Diff	-31%
Y2 to Y5 Diff	-21%
Y3 to Y5 Diff	6%

Wellington Trend:	Inconclusive

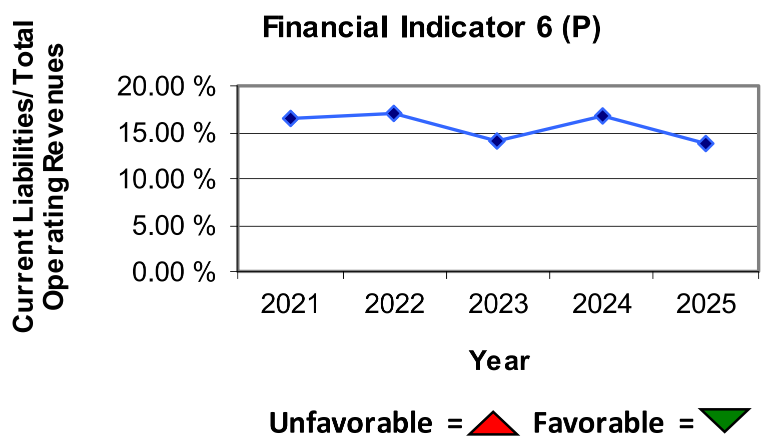
Alternately, the Cash & Investments as a percentage of monthly expenditures indicator for the proprietary funds has upgraded from Unfavorable to Inconclusive for 2025. Adjustments to utility rates and Solid Waste assessments rates are increasing cash balances to cover operations in the proprietary funds.



Trend Information	
Y1 to Y5 Diff	64%
Y2 to Y5 Diff	81%
Y3 to Y5 Diff	74%

Wellington Trend:	Unfavorable

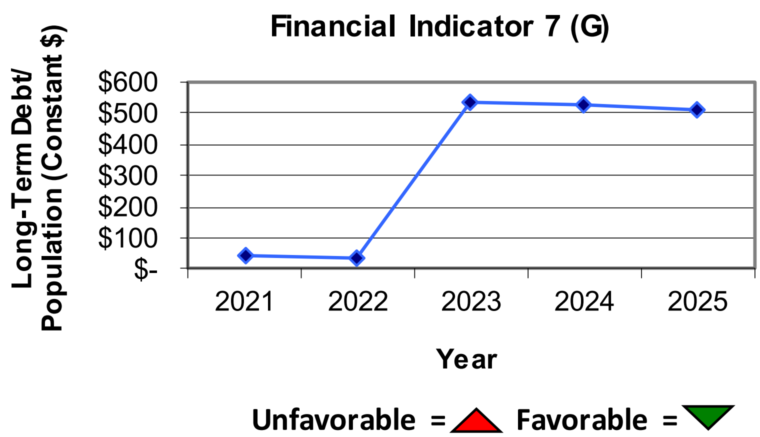
Current Liabilities as a percent of Total Revenues in the governmental funds has increased over the last five years, and is therefore Unfavorable as an indicator of potential liquidity problems. The indicator is up in 2024 and 2025 due to higher liabilities in the governmental capital funds.



Trend Information	
Y1 to Y5 Diff	-16%
Y2 to Y5 Diff	-20%
Y3 to Y5 Diff	-3%

Wellington Trend:	Favorable

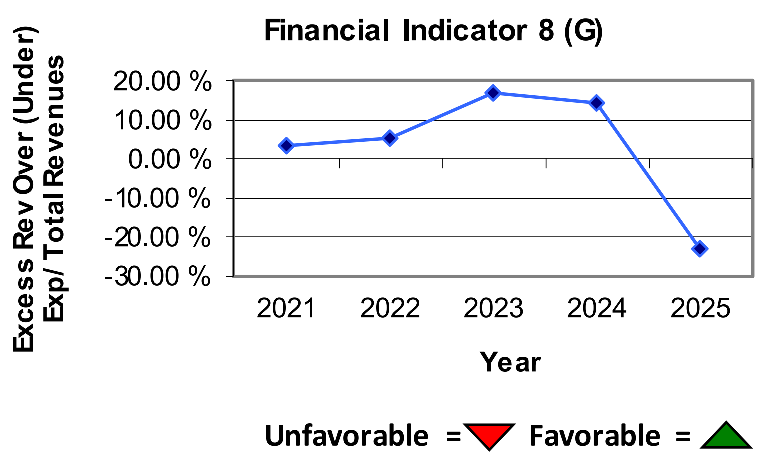
Current Liabilities as a percent of Total Revenues in the proprietary funds remains stable or decreasing over the last five years, and is therefore Favorable; indicating no liquidity problems.



Trend Information	
Y1 to Y5 Diff	1151%
Y2 to Y5 Diff	1382%
Y3 to Y5 Diff	-5%

Wellington Trend:	**Unfavorable**

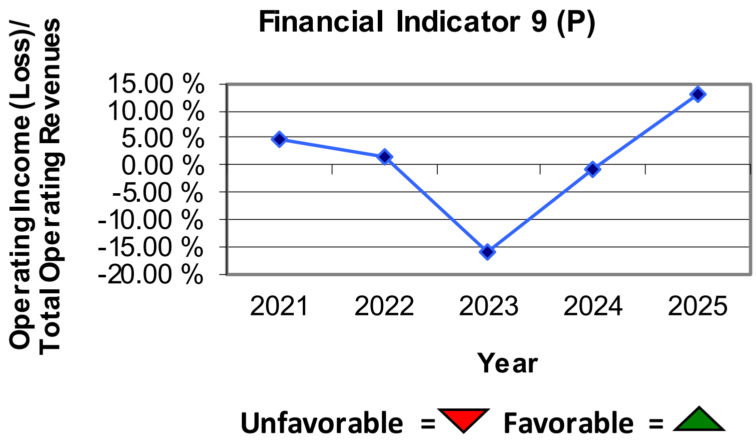
Long-Term Debt per Capita in the governmental funds increased significantly in 2023 due to the issuance of $33 million in bonds for the Wellington Athletics Center. While the trend is Unfavorable due to the change, the debt service on the added bonds is paid by an annual license fee from the private partner.



Trend Information	
Y1 to Y5 Diff	-828%
Y2 to Y5 Diff	-537%
Y3 to Y5 Diff	-238%

Wellington Trend:	**Unfavorable**

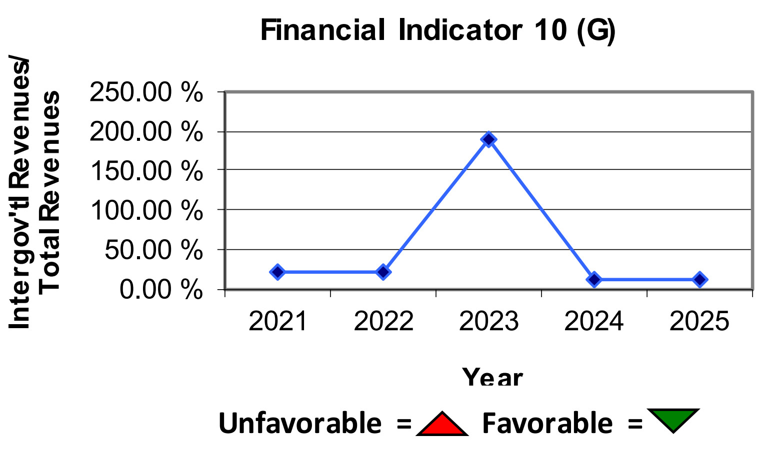
Excess Revenues as a percent of Total Revenues is trending Unfavorably in the governmental funds, as the indicator dropped in FY 2025 While revenues increased approximately $8-$10m per year over the last 3 years, expenditures related to major capital projects have led to the unfavorable trend.



Trend Information	
Y1 to Y5 Diff	175%
Y2 to Y5 Diff	855%
Y3 to Y5 Diff	182%

Wellington Trend:	Favorable

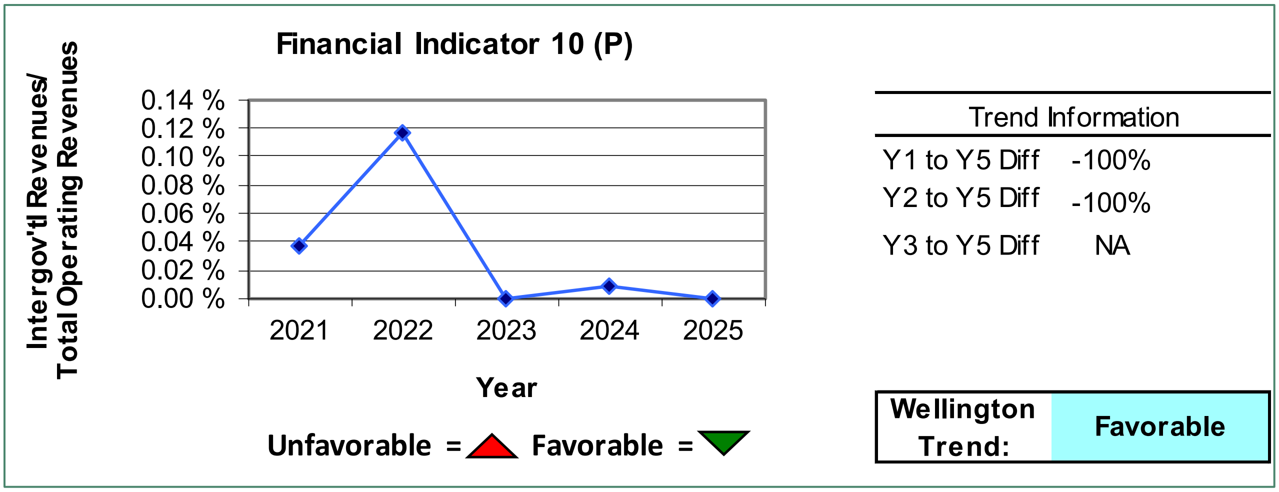
Operating Income as a percent of Total Operating Revenues for the proprietary funds dropped sharply in FY 2023 due to higher operating expenses resulting from investment in spare parts for major equipment. Operating income declined from 2021 to 2022, and corrective measures, such as raising utility and solid waste rates, have moved the indicator in a Favorable direction for 2024 and 2025.



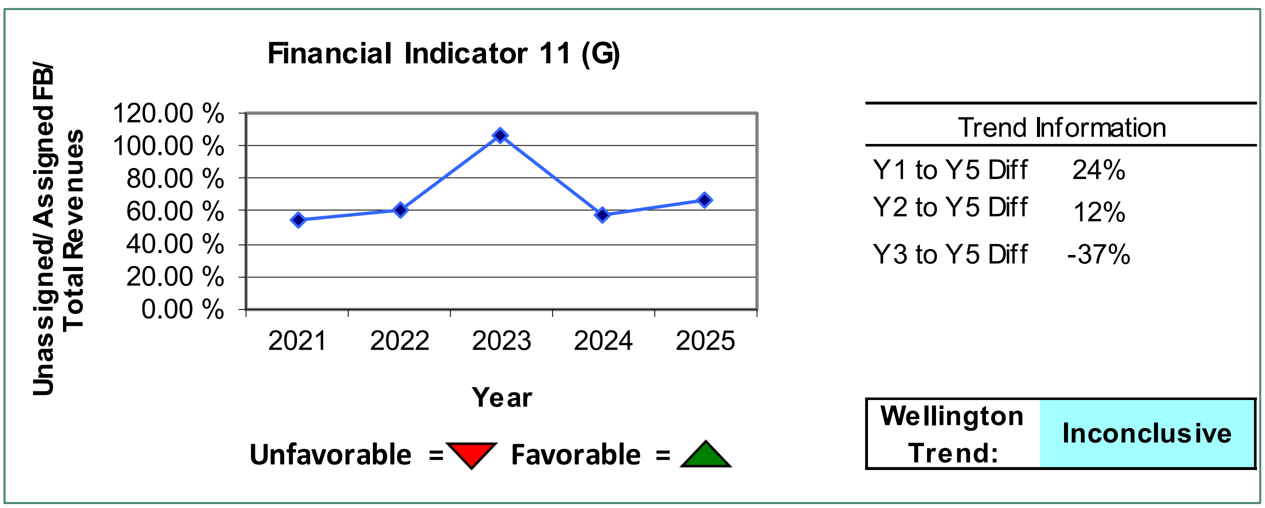
Trend Information	
Y1 to Y5 Diff	-41%
Y2 to Y5 Diff	-45%
Y3 to Y5 Diff	-93%

Wellington Trend:	Favorable

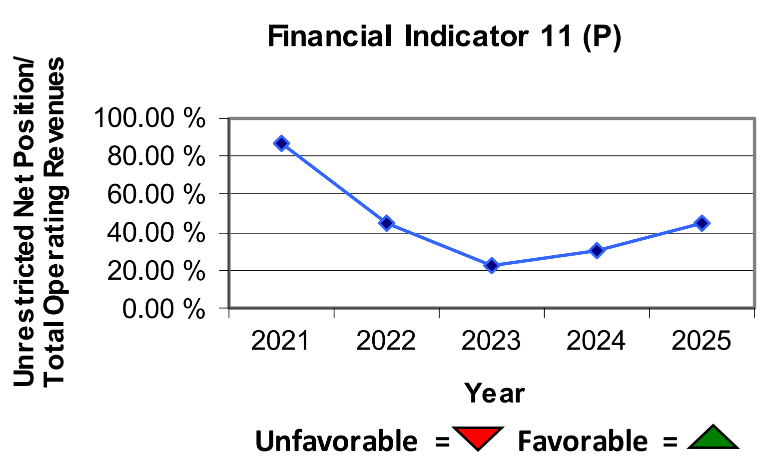
A decrease in the Intergovernmental Revenues (grants, state revenue sharing and Communications Services Tax) as a percent of Total Revenues is a Favorable indicator, showing that the government relies less on outside revenues subject to legislative and economic changes. The peak increase in FY 2023 is primarily due negative investment earnings causing a reduction in total revenues. 3-, 4-, and 5- year declining trend results in a Favorable rating.



A decrease in the Intergovernmental Revenues (grants, state revenue sharing and CST) as a percent of Total Revenues in the proprietary funds is a Favorable indicator, showing less reliance on outside revenues subject to legislative and economic changes. While the proprietary funds generally do not have intergovernmental revenues, the peak in FY 2022 is due to a Hazard Mitigation grant for utility lift stations.



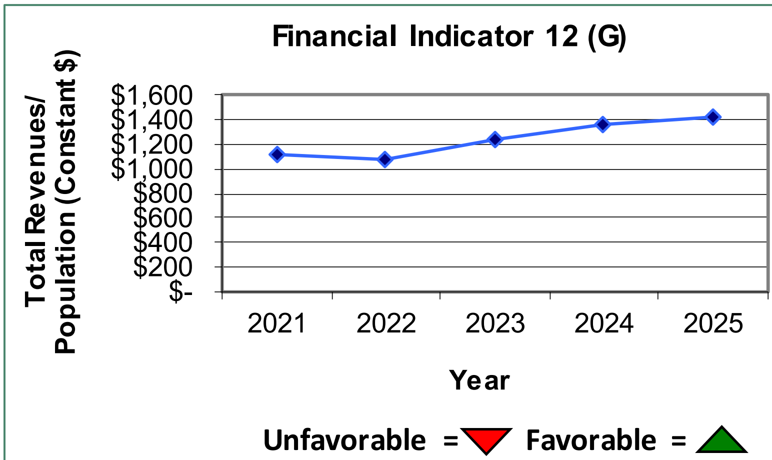
After increasing in 2023 due to the Wellington Athletics bond issuance, the indicator measuring Unassigned and Assigned Fund Balances as a percent of Total Revenues in the governmental funds has reduced to previous levels, continuing an Inconclusive, though increasing, trend for 2025.



Trend Information	
Y1 to Y5 Diff	-49%
Y2 to Y5 Diff	-1%
Y3 to Y5 Diff	101%

Wellington Trend:	Favorable

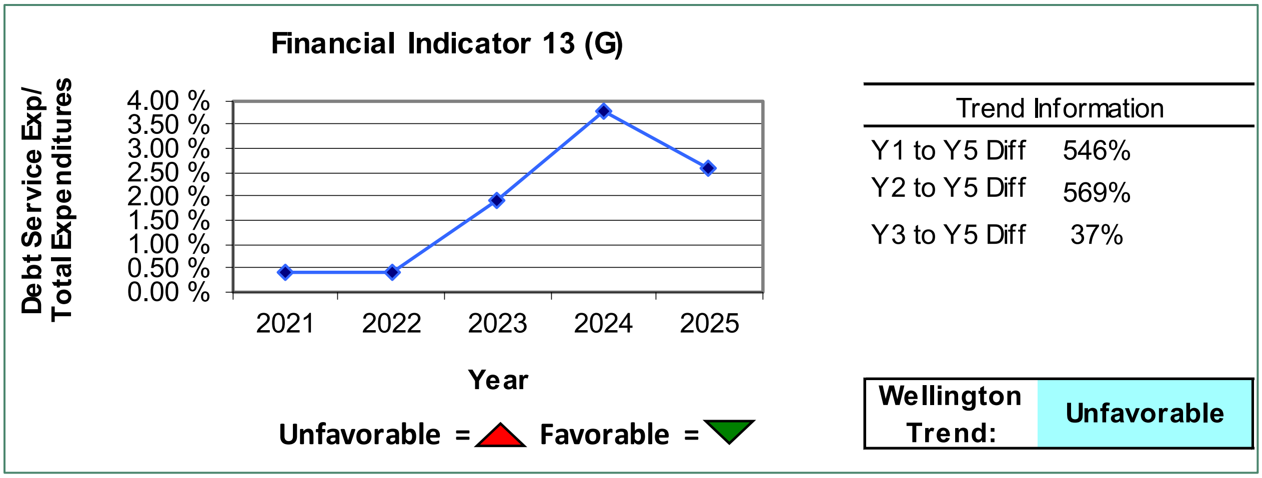
The Unrestricted Net Position indicator for the proprietary funds has increased since 2023, indicating an ability in the funds to withstand financial emergencies and to fund capital purchases without additional borrowing. Utility rates increased 10% in fiscal years 2024, 2025, and 2026 In order to fund ongoing capital needs. Utility rates are projected to return to CPI indexing in FY 2027.



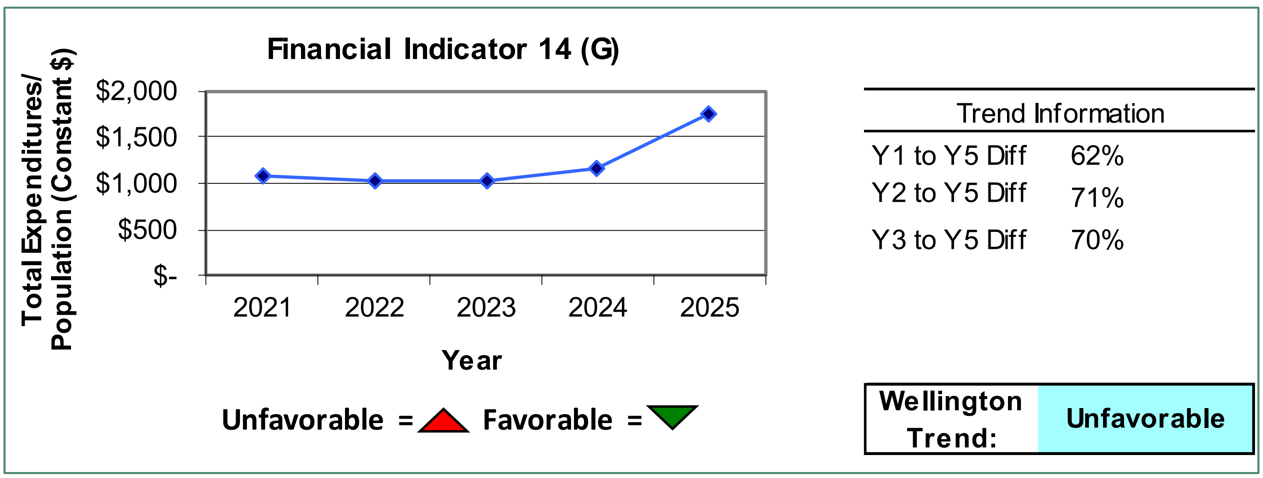
Trend Information	
Y1 to Y5 Diff	28%
Y2 to Y5 Diff	32%
Y3 to Y5 Diff	15%

Wellington Trend:	Favorable

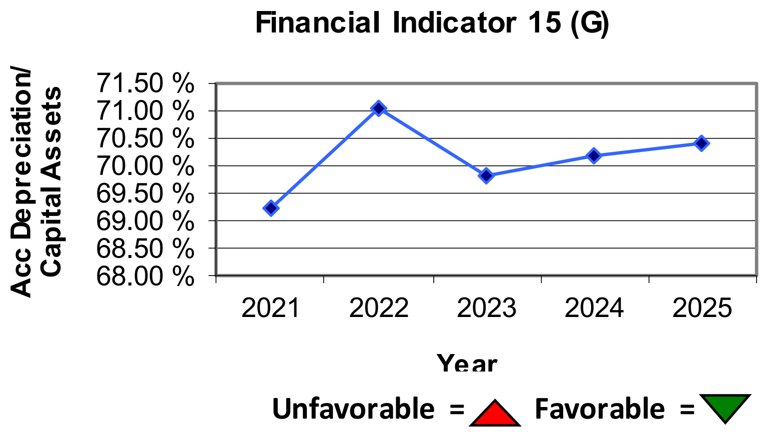
The change in Total Revenues per Capita is an indicator of a government's ability to maintain service levels with current revenue sources. The indicator for the governmental funds is increasing and Favorable. The favorable trend for FY 2023 through FY 2025 is related to improved market conditions resulting in positive investment earnings and increases in ad valorem taxes.



Debt Service as a percent of Total Expenditures in the governmental funds rose significantly in 2023 and 2024 due to the implementation of a new reporting standard (GASB 96- Subscription-Based Information Technology Arrangements, or SBITA) that reclassifies more expenditures as debt service. While this increase remains Unfavorable as a result of the Wellington Athletics bond debt service, the indicator declined favorably in 2025, and Wellington remains below the benchmark for other similar municipalities.



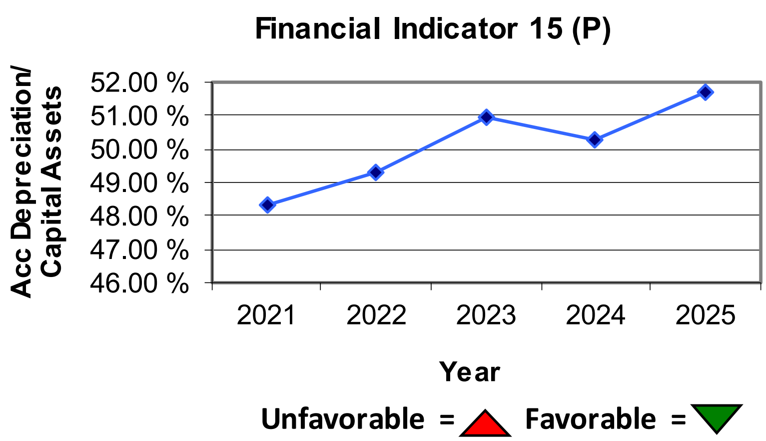
An increase in the Total Expenditures per capita in the governmental funds is Unfavorable for 2025, indicating a reduced ability to provide services to a higher population over time. The increase is related to higher spending in governmental capital projects and debt service.



Trend Information	
Y1 to Y5 Diff	2%
Y2 to Y5 Diff	-1%
Y3 to Y5 Diff	1%

Wellington Trend:	Unfavorable

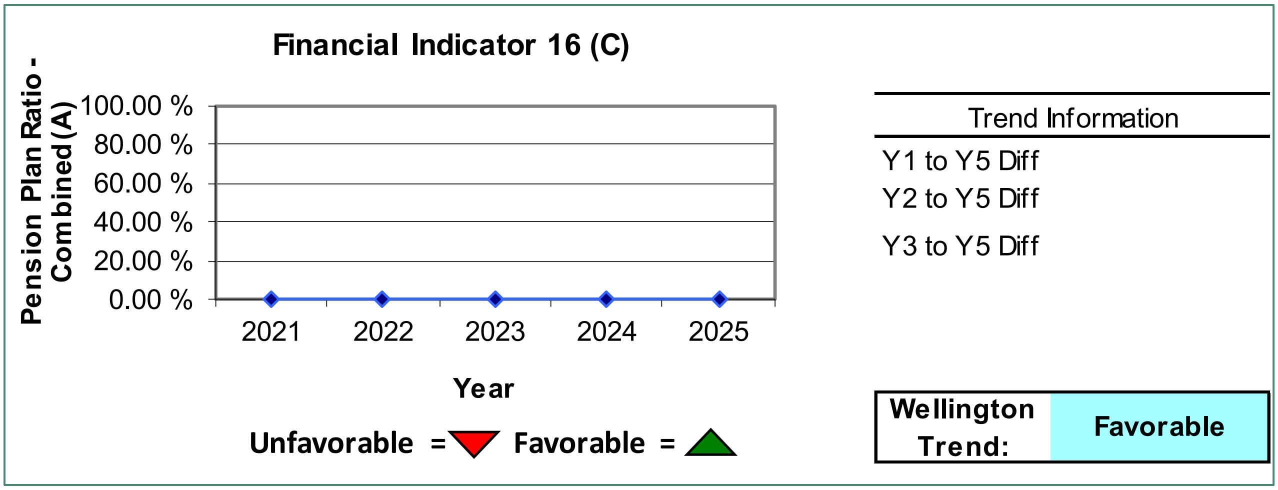
An increasing trend is unfavorable and indicates that the assets in the governmental funds are reaching the end of their useful life and replacements are being deferred. The increases in FY 2024 and FY 2025 lead to an Unfavorable rating from the depreciation of newly constructed capital projects. Approximately every 5 years, the Finance Department reviews all capital assets to ensure they are still in service and fully functional. The review was completed in FY 2024.



Trend Information	
Y1 to Y5 Diff	7%
Y2 to Y5 Diff	5%
Y3 to Y5 Diff	1%

Wellington Trend:	Unfavorable

An increasing trend is unfavorable and indicates that the assets in the governmental funds are reaching the end of their useful life and replacements are being deferred. The Unfavorable trend in the proprietary funds is a result of the depreciation of large capital projects that were recently completed.



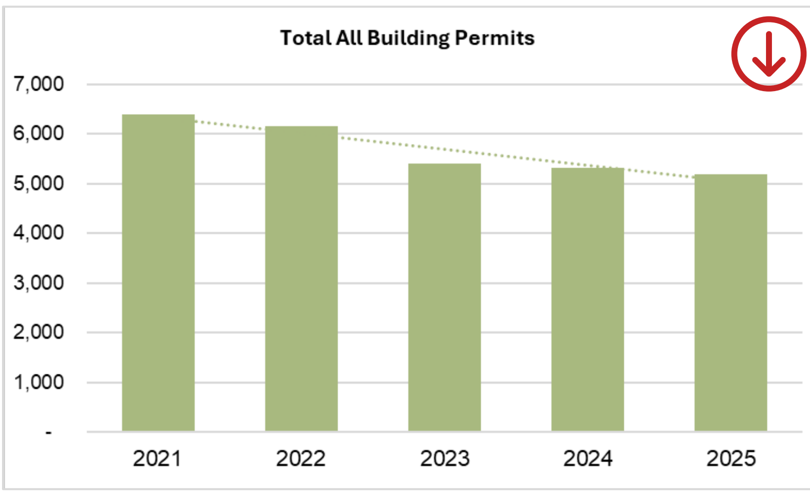
Wellington's 2.470 millage rate is stable and well under the statutory limit of 10 mills when including the county Fire Rescue MSTU millage of 3.458, and the Village Charter limit of 5 mills.

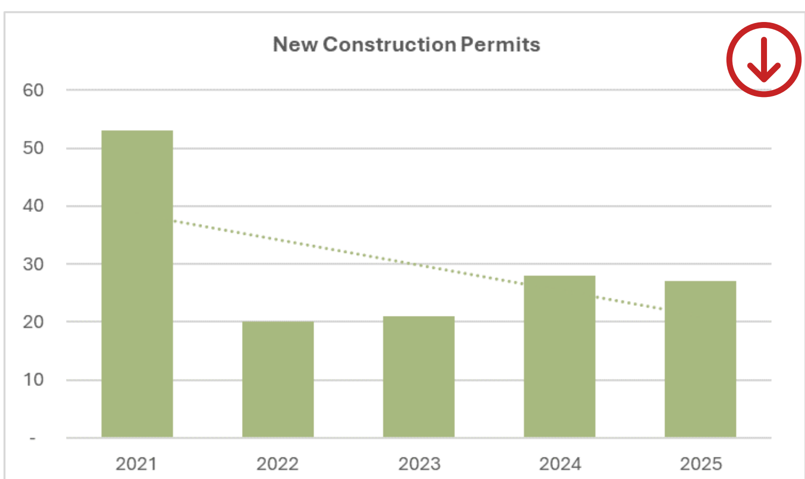
Market Analysis

Market analysis involves studying recent economic activity through the application of economic indicators to identify areas of growth and contraction and is a prerequisite for revenue and expense forecasting. The economic indicators assist in determining where changes in future revenues and expenses might occur and what surpluses and shortfalls may result from these changes. Additionally, the analysis provides insight into certain areas of contraction that may necessitate or warrant executive action.

BUILDING PERMITS & PERMIT REVENUE

Significance: New construction activity leads to future additions to the Wellington tax base. Permit revenue levels determine the funding for building inspection and plan review activities. Declines in these indicators over time will reduce future additions to the Village's tax base and signal action is needed to reduce costs in the Building department.

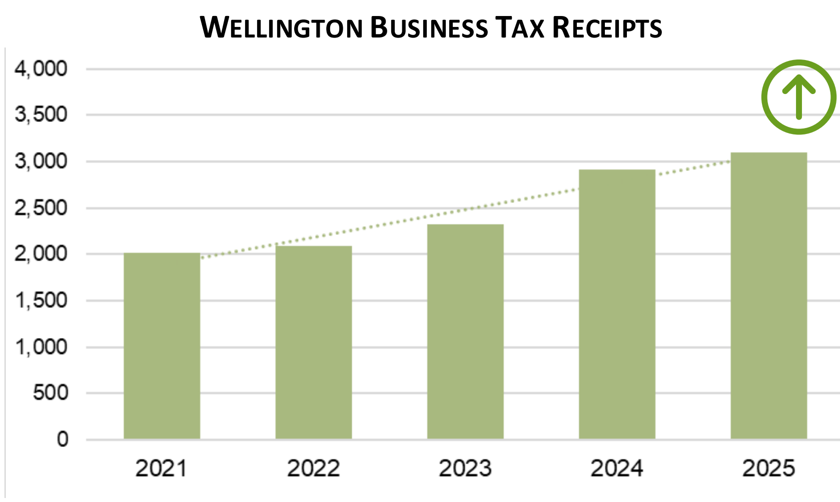




Trend: New construction in the Village decreased for FY 2025 with reduced permit revenue in part resulting from a policy change to cease permit charges for internal projects. Both permit and revenue charges related to new construction projects are expected to rise over the next 5 years for developments in progress. A declining trend in new construction is Unfavorable as it indicates less growth in the property tax base. Revenues are trending flat despite the increase in 2024 and less total number of permits over the last four years.

BUSINESS TAX RECEIPTS

Significance: Businesses choosing to establish within the Village create jobs, attract outside visitors and keep profits within the local economy. Business tax receipts is a significant revenue source for the Village, generating almost $1 million in revenue for FY 2025. Future changes in business tax receipts (licenses) will affect other elastic revenues as well.

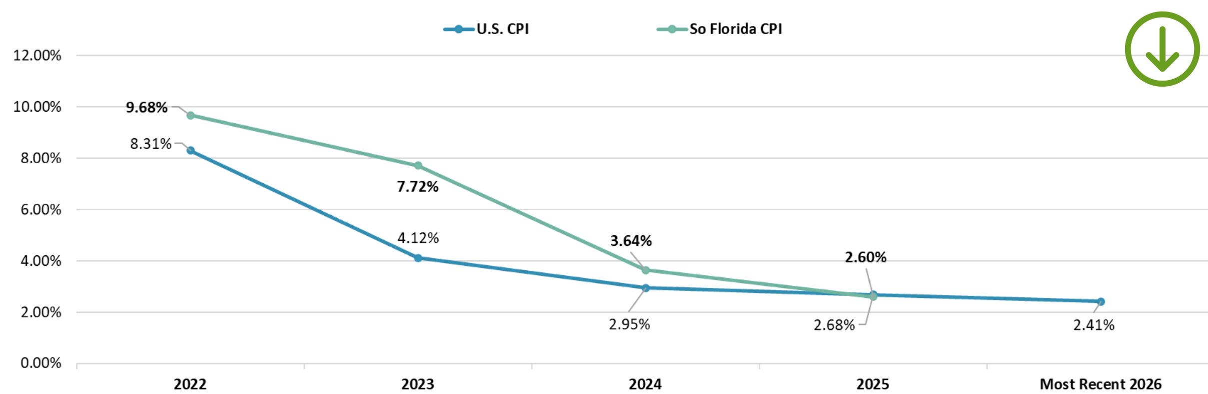


Trend: Business tax receipts issued to businesses inside Wellington have increased each year since 2021 after the pandemic. The number of FY 2025 BTRs issued were less than 1% higher than in FY 2024, and the multi-year trend remains Favorable.

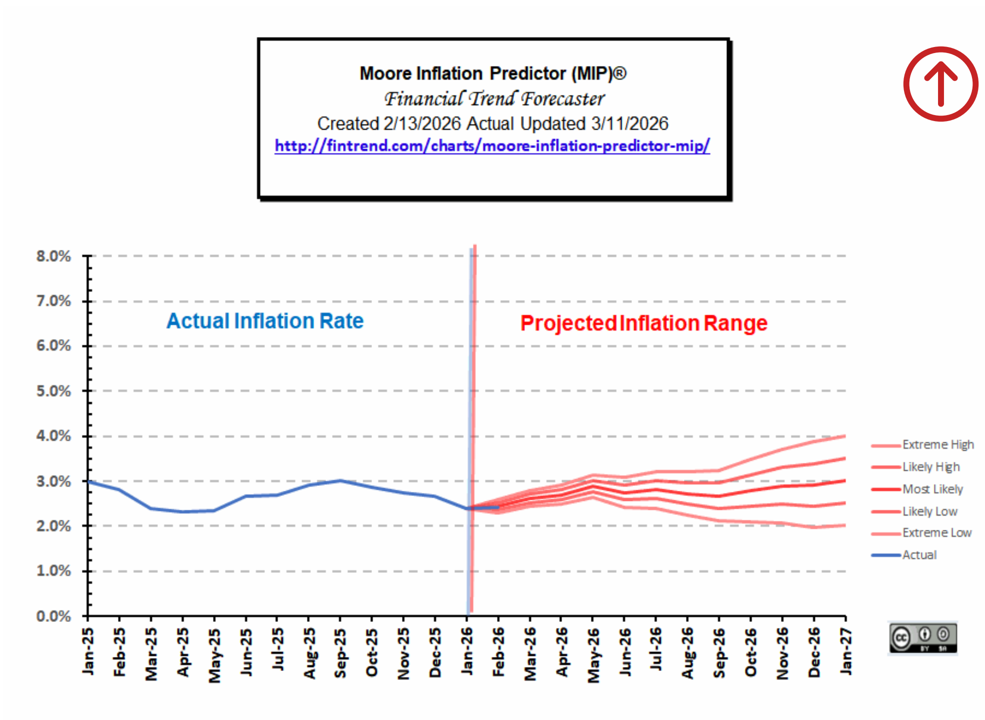
CONSUMER PRICE INDEX

Significance: The Consumer Price Index (CPI) is a measure of changes in the prices of goods over time and represents the rate of inflation. Price increases affect not only government costs, but also reflect the burden to local consumers and employees of everyday expenses, and influence spending decisions. These decisions in turn may affect future governmental revenues such as sales and gas taxes.

CPI INDICATOR: ALL ITEMS



INFLATION FORECAST

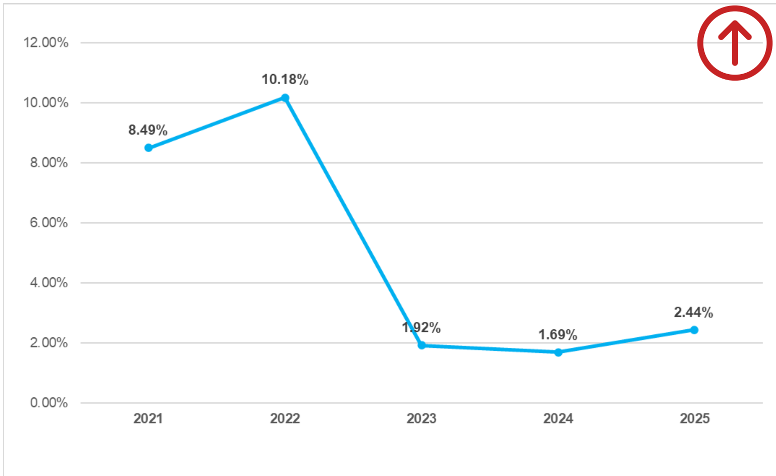


Trend: South Florida experienced higher inflation than the national average beginning in 2022 at 9.68% for the year, compared to the national annual rate of 8.31%. The CPI has decreased since 2022, but the total three-year cost impact from 2022 to 2025 locally of almost 24% inflation affects all municipal operational expenses as well as discretionary consumer spending. While the national rate in February 2026 was down from 2025, fuel prices will impact March and future months significantly. The current CPI and rate prediction through the end of 2026 are significant influences on the FY 2027 budget forecasts and preparation, and are predicted to turn Unfavorable through the end of the year.

MUNICIPAL COST INDEX (MCI)

Significance: The MCI was developed by *American City & County* to help determine the effect of inflation on the cost of providing municipal services. It is a composite index derived from the CPI, Producer Price Index (PPI) and the Department of Commerce's construction cost index. The MCI is used by Wellington to help analyze price trends for expense forecasting during budget development.

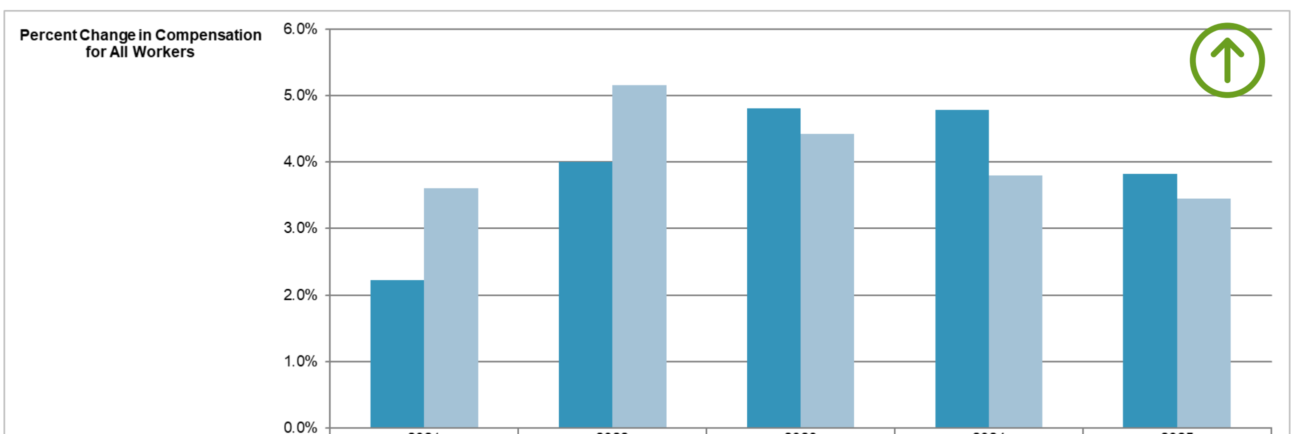
MUNICIPAL COST INDEX HISTORY



Trend: In a 3-year period, the MCI decreased from a 10.18% annual index to an average of 1.69% in 2024, increasing to 3.01% in February 2026. The Village will factor the MCI when monitoring current expenditures and estimating future budgets as price changes drive all costs of providing municipal services. The increasing trend in the index since 2024 is Unfavorable.

EMPLOYMENT COST INDEX (ECI)

Significance: The Employment Cost Index measures the change over time in labor costs by industry sectors. Because personnel costs represent over one-third of the total costs of government operations, the change in total compensation for all workers in state and local government as compared to the compensation of private industry workers is a major consideration in future budget decisions. Wellington seeks to provide fair compensation to its employees and to maintain a high retention rate.

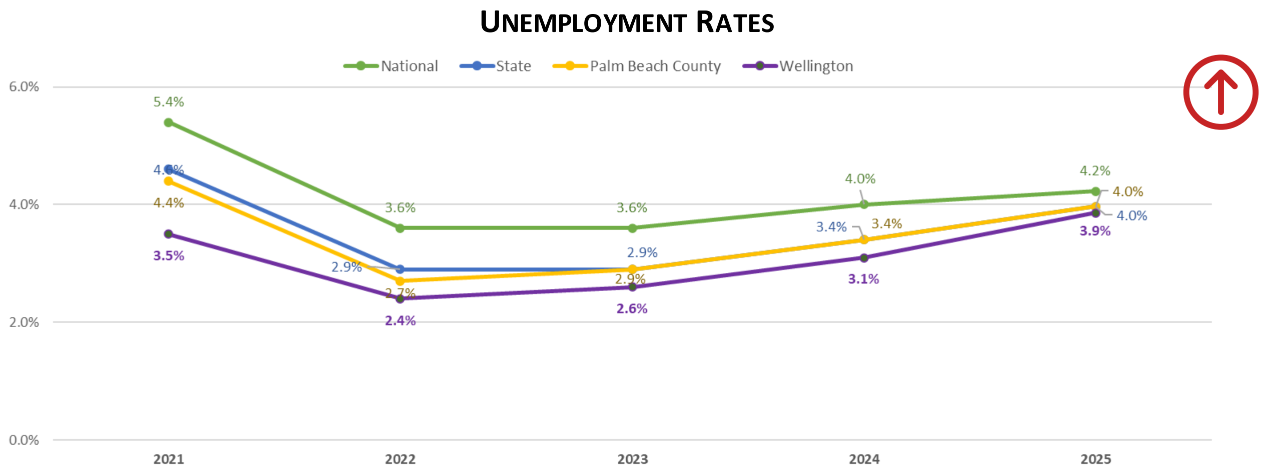


	2021	2022	2023	2024	2025
State & Local Goverment Annual Average	2.2%	4.0%	4.8%	4.8%	3.8%
Private Industry Annual Average	3.6%	5.2%	4.4%	3.8%	3.5%

Trend: The rise in compensation for state and local government workers exceeded that of private industry workers for 2024 and 2025. Governmental wages rose 4.8% in 2024 and 3.8% in 2025 to help compensate employees for higher costs due to inflation, and to close the gap with private industry wages. The trend in local government wages is considered Favorable as it helps attract skilled workers to the governmental sector.

UNEMPLOYMENT RATE

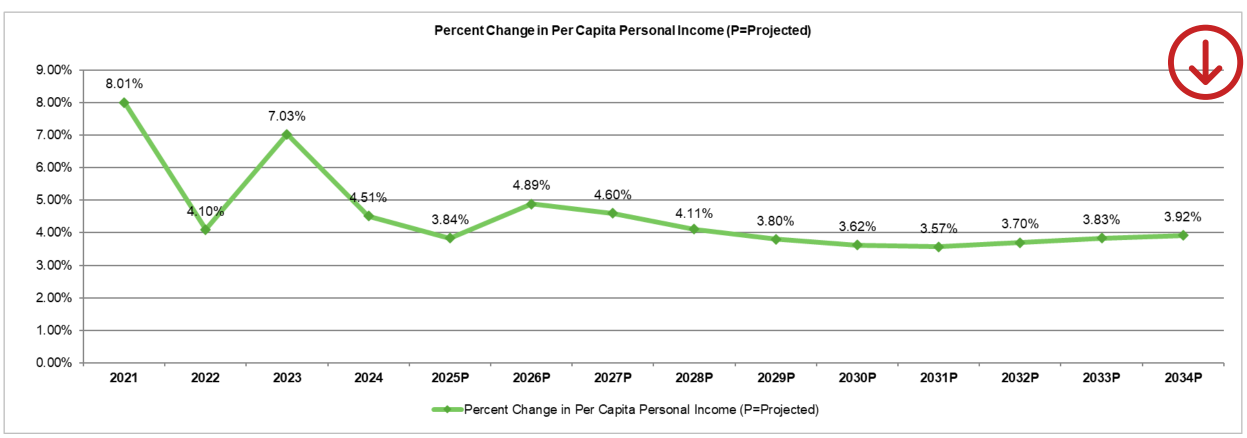
Significance: The local unemployment rate is an indicator of economic growth and improving conditions; residents are more willing to pay property taxes and spend money locally when employed. Local employment rates affect a municipality's ability to raise revenue and, therefore, the municipality's fiscal health.



Trend: The unemployment rate for Wellington has changed concurrent with the rest of the nation since the 2020 high during the pandemic. Wellington's annual unemployment rate for 2025 was 3.9%, below that of the nation, state and county. However, the rate is rising, and Unfavorable.

PERSONAL INCOME

Significance: Personal income determines consumer consumption, and consumer spending drives much of the economy. The level of local income and the change in personal income both affect Wellington's revenue receipts. The rate of change in personal income for the State of Florida directly also affects future ad valorem tax receipts. Statutes limit the annual increase in the maximum millage rate for a Florida government to the change in personal income without a super majority vote.

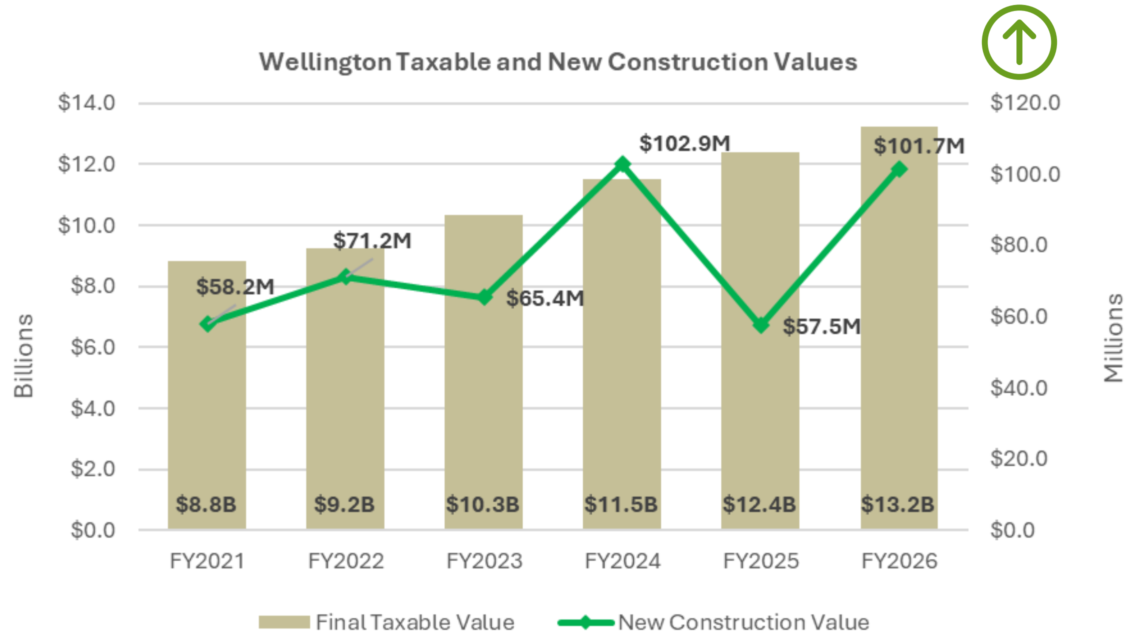


Trend: Florida's Office of Economic & Demographic Research (EDR) projects the percent change in per capital personal income to increase from 4.51% in 2024 to 3.84% in 2025, then increase again in 2026 to 4.89% and decline or remain stable thereafter. The EDR forecast is incorporated into assumptions for revenue forecasts, and affects TRIM maximum millage options. For the 2027 budget, the maximum majority millage rate allowable under TRIM is determined by the

2025 growth in personal income. Updates to the EDR projections are usually available around April 1 each year. As the change in personal income drops, it is an Unfavorable indicator; reducing future allowable millage rates.

PROPERTY VALUE

Significance: Wellington is a primarily residential community, and property values are an indicator of economic conditions affecting the ability of Wellington to generate property tax revenues. Maintaining or increasing home values continues to be a core objective of municipal projects and programs. The assessed value of Wellington homes is influenced by recent sales prices, and is directly tied to the ad valorem tax revenues received by Wellington. The total taxable value of properties within a municipality is the assessed value minus the value of all exemptions and is the value to which the millage rate is applied when determining property tax revenue. The value of new construction adds to the total tax base.



Trend: The taxable value of Wellington properties has risen each year, with a Favorable 7% taxable property value increase and $101.7 million in new construction in FY 2026. Budget forecasts will include assumptions for modest taxable value increases tied to maximum allowable increases in assessed values. New construction is expected to add to the tax base from new developments as approved and constructed.

Revenue & Expenditure Forecasts

THE VILLAGE OF WELLINGTON LONG-RANGE FINANCIAL PLAN

Financial projections are prepared and updated annually by staff to estimate future revenues and expenditures to assist in making timely, significant decisions that influence future tax rates, revenue streams and expenditure levels in order to preserve Wellington's financial condition.

These trends, combined with economic forecast publications from trusted sources and assumptions for Wellington operations, are applied to formulate the FY 2026 budget and updated for the FY 2027 budget preparation currently underway. The following charts focus on the General Fund, Acme Fund, and the enterprise funds, and updates to the FY 2027 projections are in progress.

Professional rate studies for utility services, Village policies, and capital improvement planning are incorporated into forecast assumptions. The following chart depicts some of the growth assumptions used in forecasting.

WELLINGTON PRELIMINARY FORECAST ASSUMPTIONS

	ACTUAL			BUDGET	PRELIM	PROJECTION ASSUMPTIONS			
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
REVENUES									
TAXABLE VALUE BASE GROWTH	13%	12%	9%	7%	2%	2%	2%	2%	3%
NEW CONSTRUCTION (MILLIONS) [1]	$ 65.42	$ 102.86	$ 57.53	$ 101.68	$ 87.00	$ 104.73	$ 107.87	$ 111.11	$ 114.44
POPULATION	61,788	61,794	61,836	62,764	63,705	64,661	65,630	65,959	66,288
ACME COMPUTED ACRES	26,344	26,302	26,281	26,434	26,434	26,434	26,434	26,434	26,434
WATER/WASTEWATER UTILITY:									
NUMBER OF ACCOUNTS	20,755	20,777	20,827	20,827	20,945	21,259	21,578	21,902	22,230
AVG MONTHLY RESIDENTIAL BILL	$ 67.54	$ 74.38	$ 81.85	$ 90.11	$ 93.24	$ 96.50	$ 99.88	$ 103.38	$ 107.00
CHANGE FROM PRIOR YEAR	3.5%	3.6%	10.0%	10.0%	3.5%	3.5%	3.5%	3.5%	3.5%
SOLID WASTE									
CURBSIDE UNITS	22,679	22,714	22,753	22,739	23,094	23,440	23,792	24,149	24,511
ANNUAL ASSESSMENT RATES:									
CURBSIDE	$ 220	$ 290	$ 310	$ 320	$ 325	$ 330	$ 335	$ 340	$ 350
CONTAINERIZED	$ 170	$ 225	$ 230	$ 235	$ 240	$ 245	$ 250	$ 255	$ 265
EXPENDITURE CHANGE									
SALARIES & BENEFITS									
WAGES	8%	5%	3%	4.5%	4%	4%	4%	4%	4%
RETIREMENT	12%	15%	3%	0%	5%	5%	5%	5%	5%
HEALTH INS	6%	3%	5%	5%	5%	5%	5%	5%	5%
OTHER BENEFITS	11%	0%	0%	2%	3%	3%	3%	3%	3%
OPERATING									
MATERIALS, SUPPLIES, FUEL	14%	3%	-2%	16%	3%	3%	3%	3%	3%
REPAIRS & MAINTENANCE	-5%	3%	3%	10%	5%	5%	5%	5%	5%
PBSO CONTRACT	3%	3%	4%	2%	3%	3%	3%	3%	3%
SOLID WASTE CONTRACT	3.87%	5.00%	4.96%	4.58%	5.00%	5.00%	5.00%	5.00%	5.00%
ALL OTHER	7%	6%	3%	8%	3%	3%	3%	3%	3%
CAPITAL & TRANSFERS									
CAPITAL OUTLAY - ASSETS	cyclical				5%	5%	5%	5%	5%
INDIRECT COST ALLOCATIONS					0%	4%	0%	0%	4%
ROAD MAINTENANCE TRANSFERS					34%	4%	4%	4%	4%

[1] *Includes new homes, commercial and reappraisals. New homes are placed on the tax roll on January 1 following receipt of their Certificate of Occupancy*

Notes: The assumptions shown were formulated from information available at the time. These numbers may differ from final figures appearing in the budget.

Revenue and Expenditure Projections

The accompanying projections of revenues and expenditures demonstrate how economic trends, legislative action, and the Village's financial policies may influence future cash balances and tax levies. As with any projection, known quantities, such as actual revenues and expenditures, interact with key assumptions to determine a possible scenario. The number of unknowns in this analysis tends to reduce its validity in the longer term. Additionally, while this financial projection is intended to advise decision makers on the current and potential financial conditions of the village, it does not represent a legal obligation.

General assumptions used in the Wellington forecasts for the FY 2027 budget are:

- Growth in home values is expected to remain in the range of 1.8-2.0% per year for FY 2027 – FY 2031 excluding new construction based on the overall economy and as a result of an expected stabilization after the larger increases of recent years.
- Assumptions for revenue growth are based on short-term national economic growth and state revenue projections.
- Impacts of most proposed legislation is **not** included.
- Future expenditures are based on the current service levels adjusted for forecast commodity price changes. Some future commodity prices have been adjusted from previous years' projections as a result of published information.
- The number of positions is based on the FY 2026 budget with no new positions added in future years.
- Future capital projects budgets are based on the adopted FY 2026 – 2030 Capital Improvement Plan adjusted for known FY 2027 preliminary project changes and the major maintenance schedule established for the governmental funds.

General Fund

The General Fund financial analysis first focuses on revenues in order to estimate available funds for expenditures and guide budget requests. To analyze the impact on FY 2026 of economic changes due to the national and worldwide events, staff looks at the change in revenues and expenditures over one- and three-year periods to forecast future fiscal needs.

The following chart shows a five-year forecast of revenue and expenditures for the General Fund as the primary operating fund. Projected amounts are based on currently known events for which estimates are available; largely based on growth assumptions. Ad valorem revenues are based on a constant millage rate of 2.47. Not included in the projections are any unresolved issues in the current year budget, annexations, changes mandated by legislation or changes in service areas.

5-YEAR FORECAST OF REVENUES AND EXPENDITURES
GENERAL FUND

	Adopted Budget	Preliminary Forecast	Projected			
GENERAL FUND	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
REVENUES/OTHER FINANCING SOURCES						
AD VALOREM TAXES	(31,185,244)	(31,730,432)	(32,547,330)	(33,451,400)	(34,381,145)	(35,337,306)
UTILITY SVC TAXES	(6,299,962)	(6,433,026)	(6,561,687)	(6,692,921)	(6,890,275)	(7,079,611)
COMMUNICATIONS SVC TAX	(2,117,636)	(1,754,346)	(1,775,749)	(1,809,311)	(1,839,345)	(1,868,223)
BUSINESS TAX RECEIPT	(1,100,000)	(995,000)	(1,004,950)	(1,015,000)	(1,025,149)	(1,045,652)
FRANCHISE FEES	(5,591,550)	(5,471,618)	(5,580,010)	(5,690,560)	(5,859,155)	(6,032,787)
OTHER PERMIT & FEES	(1,752,000)	(1,689,000)	(1,719,570)	(1,751,546)	(1,687,833)	(1,627,602)
INTERGOVT- GRANTS	(289,551)	(289,551)	(292,447)	(295,371)	(298,325)	(301,308)
INTRGVT-ST.REV SHARE	(8,656,490)	(7,718,610)	(7,904,830)	(8,124,267)	(8,347,246)	(8,585,894)
CHARGES FOR SERVICES	(7,179,400)	(7,162,815)	(7,324,900)	(7,444,103)	(7,540,777)	(7,641,463)
FINES & FORFEITURES	(275,000)	(1,480,000)	(1,426,700)	(1,319,584)	(1,172,757)	(1,005,606)
INVESTMENT EARNINGS	(636,725)	(1,130,000)	(1,141,300)	(1,147,007)	(1,152,742)	(1,158,505)
MISCELLANEOUS	(352,000)	(261,000)	(265,970)	(271,074)	(276,317)	(281,701)
OTHER FINANCING SOURCES - TRANSFERS IN	(5,401,048)	(5,474,203)	(5,667,868)	(5,814,958)	(5,996,283)	(6,194,805)
Total Revenue & Other Financing Sources	$ (70,836,606)	$ (71,589,601)	$ (73,213,311)	$ (74,827,100)	$ (76,467,349)	$ (78,160,463)
EXPENDITURES/OTHER FINANCING USES						
GENERAL GOVERNMENT	27,147,554	28,156,977	29,185,948	30,010,462	30,939,193	32,310,094
PUBLIC SAFETY	13,401,181	13,816,634	14,243,096	14,671,045	15,112,144	15,579,878
PHYSICAL ENVIRONMENT	1,616,192	1,677,426	1,745,083	1,805,495	1,866,501	1,943,089
ECONOMIC ENVIRONMENT	240,932	250,479	260,406	270,727	281,457	292,614
CULTURE & RECREATION	17,428,435	17,717,783	18,338,607	18,919,627	19,535,157	20,278,391
CAPITAL OUTLAY	869,000	912,450	927,465	135,549	712,177	847,726
OPERATING & CAPITAL TRANSFERS OUT	12,392,175	11,544,434	11,897,051	11,965,573	12,342,796	12,823,328
OPERATING CONTINGENCY	45,000	-	-	-	-	-
Total Expenditures and Other Financing Sources	$ 73,140,469	$ 74,076,183	$ 76,597,657	$ 77,778,476	$ 80,789,426	$ 84,075,119
EXCESS (REVENUES)/EXPENDITURES	$ 2,303,863	$ 2,486,582	$ 3,384,346	$ 2,951,376	$ 4,322,077	$ 5,914,657

Revenue projections in the financial plan are conservative to ensure that public services will be provided, even if revenues fall short of projections. In cases where expenditures exceed revenues, as in all years shown, millage rates may be increased, fund balances or assigned reserves may be appropriated as available, or Wellington may elect to issue debt to avoid the levy of additional taxes. The revenue and expenditure figures for all years have been adjusted to balance the effects of internal transfers and may differ from numbers presented in future budget presentations.

Potential Legislative Impacts - General Fund

As we prepare for the upcoming legislative session and more broadly the next budget year, we are paying particular attention to property tax reform measures being considered by the legislature. Similar to previous tax reform proposals, the impacts to our service levels can be significant. Unlike previous proposals that focused on agriculturally classified property, this session's proposals focus on residential/homesteaded properties.

Regardless of the outcome for this session, this will continue to be a topic that will be considered for the foreseeable future. We will be doing a deeper dive as part of the upcoming budget process as to service level scenarios and associated impacts. The information below provides some background and context specific to our residentially driven tax base and helps us build an understanding of the impact of residentially focused property tax reform.

The statewide proposals under consideration: eliminating non-school property taxes for homesteads, tightening appraisal caps, and layering on new exemptions; sound simple until placed against the actual distribution of Wellington's tax roll. Then the conversation looks very different.

It is important to note that Wellington's tax base is built differently from other taxing authorities. Based on the 2025 Tax Roll (Fiscal Year 2025-2026), Wellington's property values tell a story that is uniquely ours.

WELLINGTON TAX ROLL TOTALS

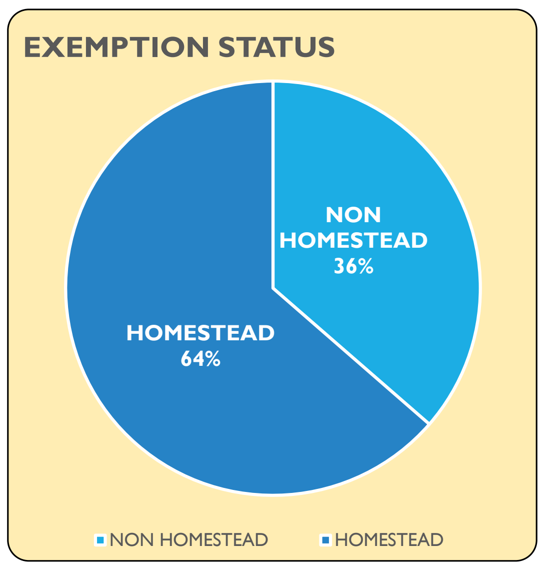
23,228 PARCELS

29,207 ACRES

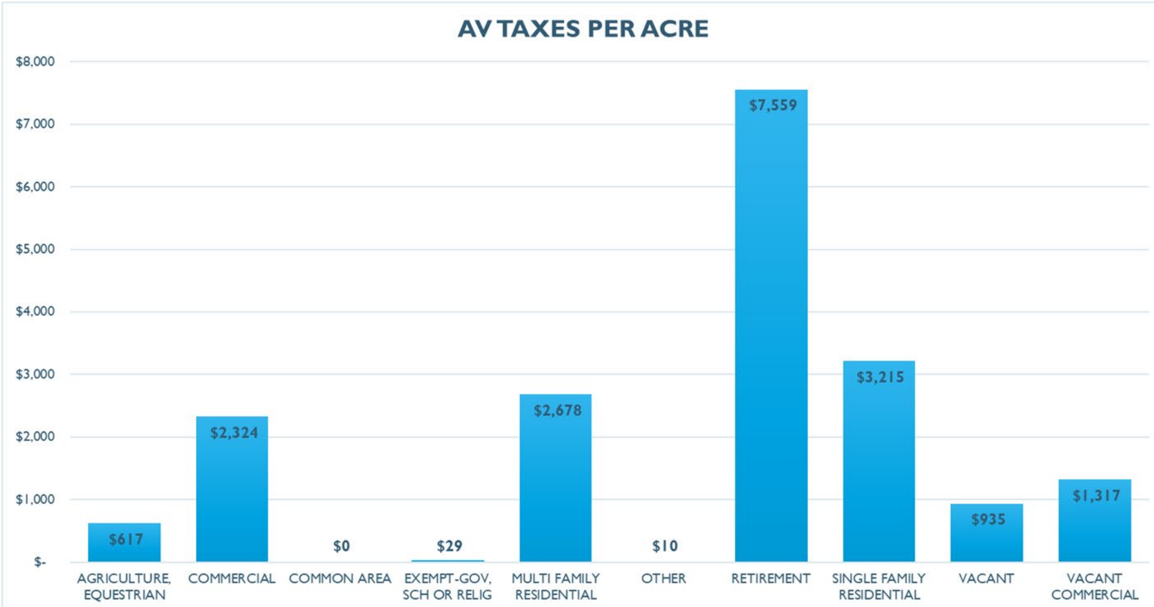
$21.24B MARKET VALUE

$12.95B TAXABLE VALUE

$88.47M NEW VALUE



AD VALOREM TAXES PER ACRE



PROPERTY TYPES AND VALUES

Top Five Property Types in Market Value	Market Value
Single-Family Residential	$11.98 billion
Equestrian & Agriculture	$4.50 billion
Multifamily Residential	$2.50 billion
Commercial	$1.06 billion
Exempt (Gov/School/Religious)	$0.65 billion

Top Five Property Types In Taxable Value	Taxable Value
Single-Family Residential	$7.66 billion
Multifamily Residential	$1.97 billion
Equestrian & Agriculture	$1.73 billion
Commercial	$1.02 billion
Vacant	$0.30 billion

Wellington is overwhelmingly a homestead-driven tax base. Our largest property tax revenue generator Is single-family residential. Our second largest taxable category is multifamily housing. Our third largest is the equestrian/agricultural sector that defines our identity and our economy. In short: Wellington's operations are dependent on residential value in a way that many Florida cities are not. This makes us exceptionally vulnerable to reforms that shrink the homestead portion of the tax base or suppress its growth.

One of the major proposals from the House Select Committee on Property Taxes would eliminate or sharply reduce non-school property taxes for homesteaded properties. In Wellington, with $7.66 billion in taxable homestead value forming the center of our fiscal foundation it is the erosion of our operating backbone. It would remove the very portion of the tax base that pays for:

- PBSO public safety contract
- parks and recreation programming
- infrastructure maintenance
- road resurfacing
- emergency and hurricane response
- environmental protections
- village facilities construction and maintenance

These are the services that define Wellington's quality of life and protect our residents' safety. If that tax base disappeared, was compressed, or was replaced with an unstable revenue source, we would face three lasting choices:

1. Cut services
2. Raise alternative taxes or fees
3. Shift costs onto renters, small businesses, and agricultural properties
   (because they remain taxable while homesteads do not)

The reforms would show up in:

- longer response times,
- slower maintenance cycles,
- fewer deputies per shift,
- delayed capital projects, and
- scaled-back recreation programming

Wellington's equestrian and agricultural lands are the heart of our identity but also structurally vulnerable. Our data shows: equestrian & agricultural properties total $4.5 billion in market value but only $1.73 billion in taxable value. This gap is caused by agricultural classifications and exemptions that limit taxable value compared to market value. These properties operate on slim taxable margins. Under state proposals pertaining to:

- New residential exemptions
- Appraisal caps
- Homestead-only relief

…the burden would shift more heavily to commercial, multifamily, and agricultural property owners.

For Wellington, where market values have remained strong, this means deeper long-term compression, resulting in compressed services. If the homestead portion of the tax base is removed or suppressed, we will face a multi-year reduction in revenue capacity just as public safety labor markets tighten, insurance and liability costs rise, infrastructure ages, and mandates continue.

Acme Fund

The projection of the Acme Improvement District's surface water management needs determines the assessment rates paid by each unit in any given fiscal year. The annual benefit assessment is based on the actual operating and capital needs of the district. The current financial forecast model of the district indicates that a budget shortfall to fund maintenance increases as well as pump station renewal, replacement and expansion projects.

However, if $10 million in K-Park sale proceeds are added to the Acme Fund to pay for pump station improvements, the current assessment rate could be maintained at $275 per unit for the forecast period.

The forecast for the Acme Fund is projected at $275 per benefit unit. Beyond the next five years, the forecast indicates the need to increase the assessment rate once the property sale proceeds are spent. Please see recommendations presented in the Executive Summary to utilize K-Park property sale proceeds of $10 million to fund the future need for the ongoing rehabilitation of pump station infrastructure.

5-YEAR PROJECTIONS ACME FUND

ACME FUND	Budget	Preliminary		Projected		
REVENUES/OTHER FINANCING SOURCES	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
SPECIAL ASSESSMENTS	(6,955,729)	(6,955,729)	(6,955,729)	(6,955,729)	(6,955,729)	(6,955,729)
OTHER PERMIT & FEES	-	-				
INTERGOVERNMENTAL - GRANTS	-					
CHARGES FOR SERVICES	(312,907)	(325,000)	(325,000)	(325,000)	(325,000)	(325,000)
INVESTMENT EARNINGS	(36,000)	(61,000)	(67,100)	(67,771)	(68,449)	(69,133)
MISCELLANEOUS	(38,000)	(20,000)	(21,978)	(22,198)	(22,420)	(22,644)
PROCEEDS - ASSET SALES	-	-				
CARRYFORWARD	-					
Total Revenue & Other Financing Sources	**$ (7,342,636)**	**$ (7,361,729)**	**$ (7,369,807)**	**$ (7,370,698)**	**$ (7,371,598)**	**$ (7,372,506)**
EXPENDITURES/OTHER FINANCING USES						
PHYSICAL ENVIRONMENT	4,196,764	4,386,984	4,586,042	4,794,354	5,012,359	5,240,516
CULTURE & RECREATION	717,408	748,279	780,516	814,181	849,338	886,055
CAPITAL OUTLAY	-	212,000	218,360	224,911	231,658	238,608
NON-DEPARTMENTAL	55,000	36,400	37,856	39,370	40,945	42,583
OPERATING & CAPITAL TRANSFERS OUT	3,157,947	2,678,818	2,634,735	3,309,735	4,834,735	1,710,722
Total Expenditures and Other Financing Sources	**$ 8,127,119**	**$ 8,062,482**	**$ 8,257,509**	**$ 9,182,551**	**$ 10,969,035**	**$ 8,118,484**
EXCESS (REVENUES) EXPENDITURES	***$ 784,483***	***$ 700,753***	***$ 887,702***	***$ 1,811,853***	***$ 3,597,437***	***$ 745,978***

Without the recommended addition of property sale proceeds to Acme capital projects, the assessment rate required to fund surface water management operations, maintenance, and rehabilitation would increase annually by $50-$150.

Utility Services

The projection of utility services area needs is critical, since rates and charges for such service account for the majority of the total revenues in any given fiscal year. If growth is not realized as development declines or utility revenues are reduced due to such factors as increased customer awareness of the need for water conservation or mandated legislative changes, the ability to meet the financial requirements of the utility may be dampened. The number of customers receiving service in the future is based on planning projections prepared by internal departments predicated on estimates of known or anticipated construction within the utility service area. It is expected that the utility service area will incur some gradual growth during the next few years as Wellington approaches a build-out status. The amount of water and wastewater consumption is predicated on historical trends in water use, the assumed growth of the utility system, and normalized weather patterns. The current financial forecast model of the utility indicates that indexing in utility rates is required each year to fund cost and consumption increases as well as future facility renewal and replacement projects.

5-YEAR PROJECTIONS UTILITY ENTERPRISE FUND

UTILITIES WATER & WASTEWATER FUND	**Budget**	**Preliminary**	**Projected**			
REVENUES/OTHER FINANCING SOURCES	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
OTHER PERMIT & FEES	$ (110,000)	$ (115,000)	$ (115,000)	$ (115,000)	$ (115,000)	$ (115,000)
CHARGES FOR SERVICES	(33,085,116)	(34,761,844)	(35,978,509)	(37,237,757)	(38,541,078)	(39,890,016)
INVESTMENT EARNINGS	(317,754)	(406,000)	(414,120)	(422,402)	(430,850)	(439,467)
MISCELLANEOUS	(26,000)	(46,000)	(47,610)	(49,276)	(51,001)	(52,786)
CAPACITY CHARGES	(1,142,000)	(200,000)	(200,000)	(170,000)	(150,000)	(135,000)
Total Revenue & Other Financing Sources	**$ (34,680,870)**	**$ (35,528,844)**	**$ (36,755,239)**	**$ (37,994,435)**	**$ (39,287,929)**	**$ (40,632,269)**
EXPENDITURES/OTHER FINANCING USES						
PHYSICAL ENVIRONMENT						
SALARIES & BENEFITS	8,702,085	9,063,680	9,440,567	9,833,405	10,242,879	10,669,706
OPERATING	12,149,029	12,569,964	13,006,352	13,458,795	13,927,926	14,414,398
CAPITAL OUTLAY	9,896,046	14,528,409	14,310,177	14,265,912	13,141,367	14,994,849
DEBT SERVICE	2,267,225	2,667,225	3,693,897	3,748,045	3,775,525	3,803,280
INDIRECT COST ALLOCATION TRANSFER OUT	3,319,000	3,492,284	3,614,112	3,740,203	3,870,708	4,005,780
Total Expenditures and Other Financing Sources	**$ 36,333,385**	**$ 42,321,562**	**$ 44,065,105**	**$ 45,046,360**	**$ 44,958,404**	**$ 47,888,013**
EXCESS (REVENUES) EXPENDITURES	***$ 1,652,515***	***$ 6,792,718***	***$ 7,309,866***	***$ 7,051,925***	***$ 5,670,475***	***$ 7,255,744***

The future capital requirements of the utility are expected to result in the need to allocate capital reserves and capacity fees to fund high-cost capital projects. Strategic additional borrowing is in progress to cover the costs of needed improvements. The current (February 2026) Water and Sewer maintenance CPI stands at 4.73%, and the rate increases in the forecast are projected at 3.5% for 2027 through 2031.

Solid Waste Collection

The five-year forecast of revenues and expenditures for the Solid Waste Collection and Recycling services of the Village is based on amounts reflected in Fiscal Year 2026 budget and assumptions regarding events which may occur in the future. The projections are largely based on growth requirements and anticipated changes in contracted collection services due to known changes in such contract.

Changes in inflation rates for various services, the cost of collection by Wellington's approved franchise hauler, and the growth of the service area can affect annual cost levels and ultimately the rates charged for service. Each projection made in the forecast was based on the best information currently available, but actual costs and revenues in future years may be higher or lower than forecasted amounts, as changes in prevailing economic conditions, contract terms or other circumstances influence actual financial outcomes.

5-YEAR PROJECTIONS SOLID WASTE COLLECTION FUND

	Budget	Preliminary	Projected			
SOLID WASTE FUND	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
REVENUES/OTHER FINANCING SOURCES						
FRANCHISE FEES	(450,000)	(400,000)	(412,000)	(424,360)	(437,091)	(450,204)
SPECIAL ASSESSMENTS	(7,347,994)	(7,574,964)	(7,814,254)	(8,046,804)	(8,284,627)	(8,653,486)
OTHER PERMITS & FEES	-	-	-	-	-	-
INTERGOVT - GRANTS	-	-	-	-	-	-
CHARGES FOR SERVICES	(3,000)	(2,500)	-	-	-	-
INVESTMENT EARNINGS	(15,000)	(49,000)	(51,450)	(54,023)	(56,724)	(59,560)
MISCELLANEOUS	-	-				
Total Revenue & Other Financing Sources	**$ (7,815,994)**	**$ (8,026,464)**	**$ (8,277,704)**	**$ (8,525,187)**	**$ (8,778,441)**	**$ (9,163,249)**
EXPENDITURES/OTHER FINANCING USES						
PHYSICAL ENVIRONMENT						
SALARIES & BENEFITS	247,455	258,590	268,934	279,691	290,879	302,514
OPERATING	6,449,526	6,772,002	7,110,602	7,466,133	7,839,439	8,231,411
CAPITAL OUTLAY	50,000	-	-	55,000	-	-
INDIRECT COST ALLOCATION TRANSFER OUT	780,000	797,496	822,625	847,116	872,172	910,369
Total Expenditures and Other Financing Sources	**$ 7,526,981**	**$ 7,828,089**	**$ 8,202,162**	**$ 8,647,940**	**$ 9,002,490**	**$ 9,444,294**
FUNDS (AVAILABLE)/FUNDS REQUIRED	***$ (289,013)***	***$ (198,374)***	***$ (75,542)***	***$ 122,754***	***$ 224,049***	***$ 281,045***

Solid Waste revenues are determined by the non-ad valorem assessment for collection and recycling. Projected contract and operating costs determine the amount to be assessed per curbside and containerized unit in each year. To balance the FY 2027 budget and maintain 25% fund balance, rates would increase $5 per unit type in the coming budget cycle to cover the increased cost of the services.

Per the above forecast, the Solid Waste assessment rates required to cover costs and maintain fund balance are:

Service	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Curbside	$320	$325	$330	$335	$340	$350
Containerized	$235	$240	$240	$245	$250	$260

Rates & Revenues

	FISCAL YEAR						
	2020	2021	2022	2023	2024	2025	2026
TAXABLE VALUE (BILLIONS)	$8.7	$8.9	$9.3	$10.4	$11.6	$12.5	$13.2
NEW CONSTRUCTION ADDED (BILLIONS)	$0.09	$0.06	$0.07	$0.07	$0.10	$0.06	$0.10
CUMULATIVE NEW CONSTRUCTION ADDED (BILLIONS) 2001 - PRESENT	$3.29	$3.35	$3.42	$3.48	$3.58	$3.64	$3.74
MILLAGE RATE	2.47	2.47	2.47	2.47	2.47	2.47	2.47
ACME ASSESSMENT RATE	$230	$230	$230	$230	$255	$255	$275
WATER UTILITY USAGE RATE	$2.26	$2.34	$2.42	$2.50	$2.77	$3.05	$3.36
SOLID WASTE ASSESSMENT RATE - CURB	$135	$135	$171	$220	$290	$310	$320
SOLID WASTE ASSESSMENT RATE - CONTAINER	$100	$100	$121	$170	$225	$230	$235
TOTAL BUDGET EXCL. RESERVES (MILLIONS)	$106.3	$101.6	$133.9	$128.6	$137.7	$148.0	$155.4
FULL-TIME EMPLOYEES (PERMANENT)	303.0	298.0	302.0	310.0	314.0	318.0	324.0
POPULATION	61,637	61,768	61,807	61,788	61,794	61,836	62,764

Sources: BEBR and Wellington P & Z staff projections

Ad Valorem Taxes

Local governments such as the Village of Wellington are given the authority to levy ad valorem taxes by the Florida Constitution, Section 9, Article VII. Ad valorem taxes are an important source of revenue for local governments because the funds may be used for general governmental operating expenses and for repayment of debt. Further, the State Legislature must approve the collection of any other forms of taxes by a local government, which increases the relative importance of ad valorem taxes. Millage rates vary among local governments subject to constitutional, statutory, and political limitations.

Ad valorem taxes are levied via mills, or dollars per $1,000 value, applied to the total taxable value of real and tangible personal property within the corporate limits of Wellington.

Municipalities are not permitted to levy an operating millage higher than 10 mills. Wellington's Charter establishes a Village operating millage cap of 5 mills, half of the statutory limit due to the millage rate of the Municipal Services Taxing Unit (MSTU) for county-provided fire rescue services within Village limits.

Each year, the county property appraiser establishes property values as of January 1st based on fair market values. A tax roll is prepared by July 1st and provided to the Florida Department of Revenue (FDOR) and to taxing authorities for use in preparing their annual budgets. Taxpayers are provided their property values via the annual Notice of Proposed Taxes sent by the county taxpayer's office in August of each year. Residents wishing to amend their property value may file a petition with the county Value Adjustment Board by September 15th of the tax year.

Ad valorem taxes were first levied in Wellington on October 1st, 1996 and enabled Wellington to meet the eligibility requirements in §218.23(1) Florida Statutes regarding state revenue sharing participation, which require a minimum revenue amount of an equivalent of 3 mills based on the appraised value of all properties within Wellington at the date of incorporation from a combination of ad valorem taxes, occupational license taxes and utility taxes. Wellington's enabling legislation waived these requirements through the State's fiscal year beginning July 1st, 1996 and ending June 30th, 1997. Also relative to ad valorem tax revenue is the Save Our Homes Limitation passed by the Florida electorate in 1992, capping the annual increase in a homesteaded property's assessed value.

In June 2007 the Florida Legislature approved House Bill 1B and Senate 2B which places limitations on the amount of taxes that may be levied by local governments beginning in fiscal year 2008. In accordance with the bill, Wellington adopted a millage rate 5.8% higher than the rollback rate.

In fiscal years 2009 and later, local governments are limited to annual millage rate increases equal to the income growth for the State of Florida unless a higher rate is adopted by a supermajority of the governing body.

Millage rates may be set only by ordinance or resolution of the taxing authority's governing body in the manner specifically provided by general law or special law.

EXEMPTIONS

Homesteaded properties in the State of Florida are permitted an exemption from all ad valorem property taxes on the first $25,000 of assessed value. Further, voters approved Amendment One to the state constitution in January 2008 allowing for an additional exemption of $25,000 on homesteaded properties. The additional exemption reduces the taxable value of the property prior to applying the ad valorem millage rate for most local governments, though it is not applicable to school taxing authorities.

In October 2003, Wellington passed Ordinance 2003-26 which allows for an additional homestead exemption of $25,000 for any person who on January 1st has attained the age of sixty-five, (65) and meets certain requirements.

Beginning January 1, 2025, Florida's homestead exemption increased due to Amendment 5, adjusting the second $25,000 portion of the exemption annually based on inflation (Consumer Price Index).

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.

Wellington Rate History

Wellington sets its millage rate via resolution and following TRIM guidelines with a preliminary rate adoption in July and final adoption after two public hearings in September. The amount of property taxes generated by the rate is dependent on the certified taxable value of all properties in Wellington as issued by the county Property Appraiser, and restrictions in tax rate increases under the TRIM act. The history of Wellington's ad valorem tax rates illustrates the rate adjustments over time in response to economic conditions and government services provided.

Millage Rate	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Preliminary	2.44	2.43	2.55	2.48	2.47	2.47	2.47	2.47	2.47	2.47
Final	2.44	2.43	2.48	2.47	2.47	2.47	2.47	2.47	2.47	2.47

Non Ad Valorem Assessments

Ad valorem taxes and non-ad valorem special assessments are distinguishable because there are no requirements that ad valorem property taxes must provide a specific benefit to property. As established by case law, there are two requirements for the imposition of non-ad valorem assessment:

- The property assessed must receive a special benefit from the service provided; and,
- The assessment must be fairly and reasonably apportioned between the properties that receive the special benefit.

Like ad valorem property taxes, a non-ad valorem assessment is an effective means of generating resources for use by governmental entities. Unlike ad valorem property taxes, the methodology utilized in an assessment program's creation encompasses ideals such as accountability and adaptability in connection with the funding of a specific service area. These factors are often missing in any discussion regarding property tax implementations, and can be utilized to fund a wide variety of services with no direct link between the service being provided and those who are paying for the service.

In general, using assessments for those who utilize or depend on a service is a step towards implementing a fairer tax structure. Also, changes in the assessment rates over time can be equal to changes in a particular service area's budget. There are, however, those service areas for which the special benefit requirement cannot be established which are more appropriately funded via ad valorem taxes. In fact, a mix of these two revenues as well as any other sources available to Wellington represents a better funding mechanism than a reliance on any one source.

Non-ad valorem assessments are collected through a contract with the Palm Beach County Tax Collector in the same manner as ad valorem taxes. As discussed previously, the Acme Improvement District is authorized to levy non-ad valorem assessments against the land. These assessments are based on the benefit to the land of capital facilities (as determined in the Plan of Reclamation for each Unit of Development) and associated operating expenses. Under this Plan of Reclamation, non-ad valorem assessments may be collected to pay for drainage, roadways, parks and recreation, street lighting and general operating costs associated with administration, insurance, fringe benefits and other indirect costs. Debt Service and operating expenses, which exclusively benefit any specific Unit of Development, can be assessed against that unit only. Non-ad valorem assessments are collected by Wellington for drainage (surface water management), roadways and neighborhood parks. The complete revenue structure and options available to Wellington through its dependent taxing district are described below.

The Plan of Reclamation, approved in June 1995, and revised to conform with statutory requirements in 2000, divides the District into three distinct areas (A, urban; B, rural; and C, semi-urban) which overlay the previously established Units of Development for the purpose of creating "Benefit Units" which more accurately reflect the benefits received and hence the annual operating and maintenance assessments. The annual assessment rate for each unit is based on an estimate of relative service benefits (benefit ratio) indicated by:

- Dwelling unit density and lot size
- Population density
- Proximity to facilities
- Number of taxable parcels

Drainage and related facilities and/or services are equally assessed to all units. Within each of the areas, the original Units of Development remain intact.

Included in the 1994 Acme Master Water Control Plan was the "85-10-5" benefit ratio and assessment methodology for calculating costs of maintenance and improvements to roadways, parks and recreation facilities, landscaping, and administrative and operational facilities. It was determined that the methodology did not provide the flexibility needed to isolate the benefits provided to different geographic areas and different property uses. As a result, subsequent Water Control Plan updates define benefit ratios and assessment methodologies for roadways, trails, and parks and recreation facilities by using proximity and potential benefit as a determinant.

OVERVIEW OF UNITS OF DEVELOPMENT

Area	Original Unit of Development	Assessment Benefit Unit	Description of Area	Acreage per Lot	Relative Benefit Ratio	Total Units	Total Acres
A(Urban)	I	A-I	Wellington (excludes Paddock Park II & Saddle Trail Park)	1.49 or less	62%	13,592	5,354
	V	A-V	The Landings			2,203	1,134
	VII	A-VII	Wellington's Edge and SR 7/ US 441 Medical Arts			875	255
Total Unit A						**16,670**	**6,742**
B (Rural)	II	B-II	Palm Beach Point; Wellington Environmental Preserve	5 or greater	28%	5,663	4,422
	Overall District (OAD)	B-OAD	Little Ranches & all land south of Pierson Road (includes Orange Point, Commerce Park & other rural areas except sections 20 & 21)			1,551	1,560
Total Unit B						**7,214**	**5,982**
C (Semi-Urban)	I	C-I	Paddock Park and Saddle Trail Park	1.5 to 5	8%	1,209	1,151
			Grand Prix Farms and Wellington Country Place (Sections 20 & 21)			893	905.6798
Total Unit C						**2,102**	**2,057**
Wellington Green Mall					2%	**448**	**445**
Total All Units						**26,434**	**15,226**

Non-ad valorem assessments are levied on a "per unit" basis, which is based on acreage for the special district. In 1963, the District's Special Act was amended to provide for assessing taxes on land of less than one acre as a full acre or "1 unit". Therefore, a parcel of land up to 1.49 acres pays one unit of assessment. A parcel of land equal to or greater than 1.5 acres but less than 2.49 acres equals 2 units.

The following chart shows the per unit calculation:

Parcel Size	# Units
Up to 1.49 Acres	1
1.50 - 2.49	2
2.50 - 3.49	3
3.50 - 4.49	4

LOCAL COMMUNICATIONS SERVICE TAX

During the 2000 Regular Session, the Florida Legislature created the Communications Services Tax Simplification Law (CS/CS/CS/CB 1338), bringing with it the most comprehensive fiscal reform since the mid-eighties. The effective date for the new law was October 1st, 2001. The legislation attempted to create a new simplified tax structure for communications services, by creating a two-tiered tax composed of a state tax and a local option tax on communications services. Accordingly, the Local Communications Service Tax combined the revenues previously budgeted separately – telephone utility tax and cable franchise fees.

On June 26th, 2001, Wellington adopted the initial communications service tax rate of 5.5%, as computed in Section 12, 2001-140, General Laws of Florida (amending Section 202.10(1)(a) effective October 1st, 2001. The maximum rate of 5.1% as provided in Section 9, 2001, General Laws of Florida (amending Section 202.19(2), as computed in Section 12, 2001-140 General Laws of Florida (amending Section 202.20(1)(b), was also adopted and effective October 1st, 2002. The Council also elected to increase its total rate by an amount of .12% for a total tax rate of 5.22%.

The Local Communications Services Tax is budgeted in the Communications Service Tax revenue group.

UTILITY TAXES

Utility taxes are imposed on all electricity and metered or bottled gas, and are based on consumption of these utility services within the Village corporate limits. Chapter 166.231, Florida Statutes, authorizes municipalities to levy this tax based on a percentage of gross receipts from the sale of electricity, metered or bottled gas and water service. Wellington imposes a utility tax rate of 10%, which is the same as those charged by the County, on electric and gas sales. No utility tax is imposed on water service at this time.

These revenues are also in the Utility Service Taxes revenue group.

FRANCHISE FEES

Franchise fees are charged upon electric providers for the privilege of operating within the village corporate limits. The charge is levied based on a percentage (6%) of the provider's gross receipts pursuant to Chapter 180.14, Florida Statutes, which enables municipalities to collect such fees and limits the terms of such agreements to 30 years. As the electric service provider to Wellington, FPL compiles information regarding franchise fees expected to be collected by the village for the privilege of operating in the Wellington area. It is also difficult to predict the amount of franchise fee revenue because it is driven by actual usage.

Franchise Fees are budgeted in the Permits & Fees revenue group.

LICENSES AND PERMITS

Municipalities generally collect business tax receipts from businesses, professionals or occupations providing goods and/or services within their limits. These licenses are billed annually in August for licenses taking effect the following October 1st. Wellington enacted an occupational license ordinance in June 1997 pursuant to Chapter 205, Florida Statutes. In addition to revenues for business tax receipts that could be issued by Wellington, a portion of the business tax receipts fees collected by the county are remitted to the municipality in which the business is located. The total business tax receipts revenue is expected remain stable or decrease in the future.

Fees for building permits are collected in order to offset the cost of administering the department functions. Additionally, Wellington collects burglar alarm permit fees and Residential Dwelling License fees. All of these revenues are budgeted in the Permits & Fees revenue group.

STATE SHARED REVENUE

State shared revenue is available to municipalities under Chapter 218 of the Florida Statutes. These revenues are distributed at the State level and include Half-Cent Sales Tax, Beverage Tax and general State Revenue Sharing. The Half-Cent State Sales Tax is based on a pro rata share of the 6¢ Sales Tax. State Revenue Sharing is derived from a portion of Gas Tax collections.

The Local Government Half Cent Sales Tax Program distributes sales tax revenues from the State General Fund to counties and municipalities that meet eligibility requirements. The Program consists of three distributions: the ordinary distribution, the emergency distribution and the supplemental distribution. Wellington is eligible for the ordinary distribution only. The ordinary distribution is based upon a formula which takes into consideration the sales tax collections and population.

The Beverage Tax represents taxes in the form of license renewals levied on manufacturers, distributors, vendors and sales agents of alcoholic beverages in Florida in accordance with Florida Statutes Section 561.342. Wellington's share is 38%, with 24% distributed to the county and 38% retained by the State of Florida.

State Revenue sharing is distributed to eligible municipalities and counties. The Municipal Revenue Sharing Trust Fund receives 1.3653% of net sales and use tax collections and the net collections from the 1¢ municipal fuel tax. Beginning January 1, 2025, 25% of the natural gas 4¢ excise tax shall also be transferred to the fund. The State's apportionment of such revenues to eligible municipalities is composed of three equally weighted portions: population, sales tax collected in the municipality and local ability to raise revenue.

The state department of revenue provides an estimate of State Shared Revenue for each municipality around late June each year. The revenues are budgeted in the Intergovernmental Revenue grouping.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Wellington receives Community Development Block Grant funds distributed through the US Department of Housing & Urban Development (HUD) to carry out community development activities for the purpose of supplying decent housing, a suitable living environment and/or economic opportunities to low to moderate income residents. The annual CDBG program funding is subject to annual appropriations by the U.S. Congress and eligibility is based on population.

Wellington became a metropolitan city as a result of the 2010 US Census population and began receiving direct entitlement funds in October 2012. Up to 20% of the annual funds may be used for administrative purposes and the remainder for qualifying projects and programs. The annual funding is allocated to the General Fund based on annual action plans approved by HUD.

CDBG revenues are included in the Intergovernmental Revenue group.

STATE HOUSING INITIATIVES PARTNERSHIP (SHIP)

Wellington began distributing funding for the Florida Housing Finance Corporation's SHIP affordable housing program in FY 2023. The program was enacted into law in 1992 through the William E. Sadowski Affordable Housing Act and is funded by a percentage of documentary stamp surtax on real estate transfers. Entitlement cities submit a Local Housing Assistance Plan (LHAP) to outline the policies and procedures that best serve the community by homeownership and rental strategies.

Wellington receives approximately $400,000 per year to provide this assistance to low-income residents.

SHIP revenues are included in the Intergovernmental Revenue group.

SALES SURTAX

The 1¢ discretionary sales surtax approved pursuant to FL Statutes, Section 212.055, is effective for 10 years beginning in January 2017, or when a maximum of $2.7 billion in revenue is collected. The surtax is used by the county, municipalities and the school board to finance, plan, construct, reconstruct, renovate, and improve infrastructure. The revenue source reached its limit in Fiscal Year 2026 and will no longer be collected.

GAS TAXES

The Local Option Gas Tax is authorized by the FL Statutes, Section 336.025. Municipalities generally must qualify for participation in the program under Chapter 218, FL Statutes. However, the Charter specifically states in §9H, that Wellington became entitled to receive Local Option Gas Tax revenues beginning October 1st, 1996, with the funds distributed pursuant to Ordinance 86-23 of Palm Beach County.

The Local Option Gas Tax is levied by Palm Beach County and distributed between all municipalities and the county. The county levies two separate local gas taxes pursuant to F.S. 336.025: the total countywide tax is $0.11 per gallon of fuel, with $0.06 authorized in 1986 and the additional $0.05 implemented in 1994. The county shares the proceeds of both of these taxes with its local municipalities through interlocal agreements. The county receives two thirds of the proceeds from the first tax, and 79% of the proceeds from the second tax with the rest distributed to municipalities. These monies may only be used for transportation expenses as defined by the State of Florida. Budget estimates are furnished by the State and based on the anticipated sales of motor fuel and special fuel sold within Palm Beach County. Wellington's pro rata share is based 70% on lane miles located within the Village for which it maintains, and 30% upon population. Gas Tax revenues have remained relatively stable over the last several years and no significant increases are anticipated and a future decline is possible as driving habits change and more fuel-efficient vehicles are introduced.

Gas Tax revenues are budgeted in the Local/Fuel/Use Taxes report grouping.

FINES AND FORFEITURES

Fines, forfeitures and civil penalties collected by Palm Beach County for violations of municipal ordinances, violations of Chapter 316, Florida Statutes, committed within a municipality, or infractions under the provisions of Chapter 318 committed within a municipality shall be fully paid monthly to the municipality as provided by the Florida Statutes. Due to potential time lags associated with disputes over violations, court time, or other administrative processes at the county, receipt of these funds often lag. The Village's share of these revenues is estimated based on actual revenues received in the prior year.

Other revenues in this category include lien search fees, payments of code enforcement liens, parking fines and water conservation violation fees.

Any potential revenues from violations are not recorded until received.

CHARGES FOR SERVICES

Charges for services primarily result from recreation fees for sports programs, community programs, special events, tennis and pool usage fees and facility fee rentals. Included are fees for administration of planning and zoning applications. Wellington has a fee structure that would enable Wellington to recover some of the administrative costs associated with permitting. Other revenues in this category include charges for drainage services provided to neighboring communities pursuant to interlocal agreements, license fees for operation of the Wellington Athletics Center, engineering fees and repayment of loans.

MISCELLANEOUS

Miscellaneous revenues primarily consist of agreements with and fuel sales to other local governments, proceeds from auction of used equipment, contributions, copies, purchasing card rebates and other miscellaneous revenues, including contributions and trust funds.

INTEREST

Interest has historically been conservatively budgeted to counteract the impact of market fluctuations. Interest reflects the current portfolio yield on investments. As cash balances decline in the future, yields on reinvestments could be minimally lower.

IMPACT FEES

Wellington's Council voted to begin collecting Impact Fees for new dwellings effective March 1st, 1999 (Ordinance 98-31). The Comprehensive Plan and Land Development Regulations state that all development must pay for the project's impacts on public facilities, roads, utilities, parks, etc., and that the fees be reviewed every five years. During FY 2024 the impact fee structure was updated by Raftelis, and updated to add a Public Facilities impact fee based on anticipated future facility, road and park projects. Ordinance No. 2024-01 set the Multi-Modal transportation impact fee for new construction at $0.864 per square foot for single family homes, and $1.125 per square foot for multi-family dwellings. The Parks and Recreation impact fee is $4,046 for single family new construction, and multifamily is $3,376. The new Public Facilities impact fee is set at $1,125 per single family dwelling unit, with the multi-family rate at $935.

UTILITY SERVICES

Wellington maintains and operates a Water and Wastewater Utility System, which is funded by utility rate revenue for water and wastewater usage and various user charges for related services. Debt service and operating expenses for the Water and Wastewater Utility System are paid strictly from utility rate revenue and user charges. Neither general governmental revenues nor non-ad valorem assessments are used to pay for the Water & Wastewater Utility System and vice versa. Standby revenues represent charges to developers for "readiness to serve".

Water and wastewater revenues are generated from the sale of water to customers and a monthly service charge for the collection of wastewater and are largely determined by customer growth, weather and water restrictions.

Most utility services revenues are budgeted under the Charges for Services revenue grouping.

The average monthly billing for residential customers inside the village (assuming average usage of 5,000 gallons) totals $90.11. Water and Wastewater utility rates increased 10% for FY 2025, which raises the average monthly bill by about $8.26. The higher revenue from the rate increase will be used for capital renewal and replacement of the utility infrastructure.

SOLID WASTE COLLECTION AND RECYCLING SERVICES

Effective October 1st, 1998, Wellington began operations of solid waste collection and recycling services via contracts. As of October 1st, 1999, all solid waste activities became accounted for in an Enterprise Fund. Revenues for solid waste collection and recycling services are primarily collected through non-ad valorem special assessments.

The annual Solid Waste assessments for FY 2026 are $320 per curbside unit and $235 per containerized unit.

INTERFUND ALLOCATIONS & TRANSFERS

Indirect costs are assessed on each enterprise fund at a rate of 10% of budgeted revenues. Indirect costs charged to the special revenue funds are based on a cost allocation model updated every three years. The cost allocation is charged to the separate funds via interfund transfers.

The revenue percentage and actual cost allocation results are compared to a methodology that is updated every three years in three layers for salaries and benefits, shared operating costs such as:

1. Specific employee salary and benefit costs are allocated to the divisions they serve. Salaries and benefits for these positions are budgeted in their reporting department and then allocated to the using departments and divisions.

2. Specific departments' costs are allocated within the department to each division. All costs in divisions such as Information Technology, Financial Services, and Human Resources are allocated out.
3. Administrative cost centers are allocated to each appropriate division. These costs are allocated on a pro-rata basis within each division as well as other departments that share resources. These are based on each division's share of the total costs for that department.

The result of the allocation helps determine if cost centers are recovering all the costs associated with the activities performed and if the current fee structures are adequate. Indirect cost allocations from all funds are shown in the budget as transfer revenue to the General Fund, where the expenses are incurred.

Transfers in may be excluded from some budget presentations to prevent double-counting of revenues, although they are included in the total budget balancing.

Fund Balance Analysis

THE VILLAGE OF WELLINGTON LONG-RANGE FINANCIAL PLAN

Fund Balance Analysis

Fund balance is the difference between assets and liabilities reported in a governmental fund at the end of the fiscal year. Governments seek to maintain adequate levels to mitigate current and future risks, to ensure stable tax rates and for long-term financial planning. Credit rating agencies carefully monitor levels of restricted and unrestricted fund balances in a government's general fund to evaluate a government's creditworthiness. Rating agencies favor higher levels of fund balance, although taxpayers and citizen's groups can consider high levels excessive. Over the past years, Wellington has been able to maintain healthy fund balances through growth management, strategic planning, and cost containment. Wellington's goal is to use surplus balances in ways that positively affect its financial plan while avoiding property tax increases and general debt.

Budgetary fund balance refers to the difference between the financial resources available and the obligations or expenditures that have been made. It is a crucial component in governmental budgeting, to assist with planning and ensuring that Wellington can meet its financial obligations without falling into deficit.

Fund balance for the enterprise or proprietary funds is expressed as the total net position, or capital and current assets, minus the current liabilities and long-term debt.

Wellington defines the Fund Balances in accordance with GASB 54 as follows:

> **Nonspendable**: Amounts that cannot be spent, such as inventories, prepaid amounts and long term loans
>
> **Restricted:** These balances are not available for spending and are legally restricted by outside parties for a specific purpose. These may be contractual obligations, debt requirements or statutory restrictions
>
> **Committed:** Amounts that can only be used for specific purposes pursuant to constraints imposed by formal Council action. These may include an authorization to use certain revenues for a specific purpose, such as for rate stabilization, insurance premiums and emergency incidents
>
> **Assigned:** Amounts intended to be used for specific purpose. These balances may be released by either Council action or by results of operations
>
> The remaining amounts are considered **Unassigned**, and may be used for expenditures as appropriated by Council

The Wellington Council has set a target for unassigned general fund balance between 25% and 30% of subsequent year's expenditures. 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, an increasing percentage 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.
- To fund operations during the gaps in the timing of the receipts of borrowed funds, property tax distributions, intergovernmental revenues, and other sources of funds

The policy for special revenue and capital funds is to comply with Governmental Accounting Standards Board statements, which is that no funds should report a negative amount for restricted, committed or assigned fund balances.

While fund balances and classifications are externally audited each year, fund balances and reserves are monitored internally throughout the year to ensure sufficient levels to provide for the needs of Village programs and to ensure compliance with Village financial policies and state statute. Additionally, fund balances are reviewed to determine that the Village holds only an appropriate amount in reserve to establish credibility with internal and external stakeholders.

Reserve Analysis – Governmental Funds

Fund balances and reserves are maintained for General Fund and other Governmental Funds. In addition to established Committed Reserve amounts, Wellington has a General Fund Unassigned Fund Balance target of 25% to 30% of total budgeted expenditures. Wellington's goal is to use any excess Unassigned Fund Balance to maintain Committed Reserve levels, fund one-time capital projects, and to preclude the need for additional debtor increases in the tax rate.

Sound financial management practice includes planning for future significant expenditures, and reserving sufficient amounts to address the expenditures without impacting operational needs. The Government Finance Officers Association states: "Reserves provide a government with options for responding to unexpected issues and a buffer against shocks and other forms of risk".

For this reason, the Village maintains several reserve funds. Shown below are descriptions and current amounts of Committed reserves.

RATE STABILIZATION RESERVE, CURRENT BALANCE $2,785,000

The Village Council created a "rainy day" reserve to protect against significant millage rate changes due to revenue fluctuations or operating cost increases over time. In 2005, the Rate Stabilization Reserve was established for $2.3 million and increased in subsequent years to the current $2.785 million.

INSURANCE RESERVE, CURRENT BALANCE $1,530,000

Also in 2005, the Council established an Insurance Reserve to defray the rising costs of health insurance. In FY 2015, the Village implemented a hybrid health insurance plan which reduced insurance costs through self-insurance of some plan features. Florida statutes pertaining to self-insurance require that a government hold insurance reserves equal to 60 days of expected claims. The Village currently maintains an insurance reserve of $1.5 million.

EMERGENCY RESERVES, CURRENT BALANCE $2,132,000

A reserve for emergency events was established in FY 2007 in the amount of $3.0 million to pay expenditures arising from a future storm event. Hurricanes and storms require significant cash outlays for storm response and debris removal that were not reimbursed in full or in a timely manner by FEMA. The

Reserve was be used to fund debris removal costs from Hurricane Milton in 2024, and will be reimbursed in FY 2026 from FEMA payments for the storm.

FACILITY & INFRASTRUCTURE (F&I) RESERVE, CURRENT BALANCE $4,749,554 (INCLUDES FY 2025 YEAR-END ASSIGNMENT)

Established in 2016 as a result of long-term financial planning, the Facility & Infrastructure reserve retains funds to defray the future cost of facility, technology systems and infrastructure repair, replacement or rehabilitation. The Reserve would mitigate the budgetary impact of a major rehabilitation project in any future year. In FY 2024, $7,000,000 of the F & I Reserve has been assigned to the new Aquatics Center via Council-approved budget amendment. The $7,000,000 will be reimbursed to the Reserve from Sales Surtax collections pending Council approval of a mid-year budget amendment in May 2026. Subsequent to the FY 2025 year-end audit, an additional $1.95 million was assigned to the Reserve, representing 20% of the General Fund balance in excess of the policy amount.

ENVIRONMENTAL, RESILIENCE, AND OPEN SPACE RESERVE, CURRENT BALANCE $6,390,000 (INCLUDES FY 2025 YEAR-END ASSIGNMENT)

Established in 2025 to reserve funds for the advancement of environmental stewardship, improving community resilience to climate and environmental risks, and preserving open spaces for the benefit of current and future generations. Initial funding of the Reserve totaling $6.0 million was approved via resolution from settlement funds for an extensive foreclosure case. In years when the General Fund's unassigned fund balance exceeds the target of 30%, 5% of the excess, as determined by the year-end audit, shall be assigned to the Reserve in that year. $390,000 was added to the reserve in 2026.

The following table summarizes the fund, fund balance classification and type, the audited balances as of September 30, 2025, and the estimated balances as of September 30, 2026. The unassigned general fund balance at September 30, 2025 comprised 43% of FY 2026 budgeted General Fund expenditures. This is in excess of the target fund balance percentage adopted by the Village Council.

		Special Revenue Funds							
Fund Balance	General Fund	Building	Acme	Gas Tax Operations	SHIP	Debt Service	Sales Surtax Capital	Other Capital Projects Funds	Total
NONSPENDABLE	$ 1,485,762	19,919	7,214	4,895					1,517,790
									-
RESTRICTED	-	5,244,100	2,399,529	2,615,688	13,799	321,400	7,300,757	(959,570)	16,935,703
COMMITTED									
Rate Stabilization	2,785,000								2,785,000
Insurance	1,530,000								1,530,000
Emergencies	2,132,000								2,132,000
Infrastructure	2,799,554	5,250,000							8,049,554
Environmental & Resilience	6,000,000								6,000,000
ASSIGNED	3,266,453	50,000	469,091	230,289	162,633		9,065,503	42,246,536	55,490,505
FY 2026 Budgeted Use	2,303,863	-	784,483	2,000,000				45,305	5,133,651
UNASSIGNED, SPENDABLE	31,681,554								31,681,554
AUDITED BALANCES 9.30.25	$ 53,984,186	$ 10,564,019	$3,660,317	$4,850,872	$ 176,432	$ 321,400	$ 16,366,260	$ 41,332,271	*$ 131,255,757*

UNASSIGNED FUND BALANCE	$ 31,681,554
FY 2026 Completed & Planned Fund Balance Amendments/Entries:	
F & I Reserves 2025 Entry	(1,950,000)
EROS Reserves 2025 Entry	(390,000)
PROJECTED UNASSIGNED BALANCE 9.30.26	$ 29,341,554

General Fund Unassigned Fund Balance from the prior year exceeding 30% of General Fund expenditures by the end of any fiscal year are presented during the budget process for replenishment of the Facility and

Infrastructure, Environmental, Resilience and Open Space, and/or Rate Stabilization Reserves, or appropriation for capital improvements. Adopted policy amendments in FY 2026 committing excess General Fund Unassigned Fund Balance to the Facility & Infrastructure and Environmental Reserve are shown in the chart. Planned Mid-Year amendments are not yet included.

FY 2026 BUDGETARY FUND BALANCE – GOVERNMENTAL FUNDS

			FY 2026 BUDGET			
Governmental Funds	**Prior Year Ending Balance (Audited)**	**Restrictions & Commitments**	**Budgeted Increase/Decrease to Fund Balance**	**Fund Balance Budget Amendments & Commitments**	**Ending Unassigned Budgetary Fund Balance**	**Budgetary Unassigned %**
GENERAL	**$ 53,984,186**		**$ (2,303,863)**			
Restrictions & Commitments		**$ (19,998,769)**				
Rate Stabilization		(2,785,000)				
Insurance Reserve		(1,530,000)				
Emergencies		(2,132,000)				
Facility & Infrastructure		(2,799,554)		(1,950,000)		
Environmental, Resilience & Open Space Reserve		(6,000,000)		(390,000)		
Budget Amendments to Unassigned						
TOTAL GENERAL FUND	**$ 53,984,186**	**$ (19,998,769)**	**$ (2,303,863)**	**$ (2,340,000)**	**$ 29,341,554**	**40%**
SPECIAL REVENUE [(1)]						
Building	**10,564,019**	**(5,319,949)**	**-**	**-**	**$ 5,244,070**	
Acme	**3,660,317**	**(1,260,788)**	**(784,483)**	**-**	**$ 1,615,046**	
Gas Tax Road Maintenance	**4,850,872**	**(2,235,184)**	**(2,000,000)**	**-**	**$ 615,688**	
SHIP	**176,432**	**(176,432)**	**-**	**-**	**$ -**	
CAPITAL IMPROVEMENT [(2)]						
Governmental Capital	**30,572,318**	**(27,938,540)**	**-**	**-**	**$ 2,633,778**	
Park Impact Capital	**2,627,583**	**(1,957,012)**	**175,000**	**-**	**$ 845,571**	
Sales Surtax	**16,366,260**	**(10,883,941)**	**-**	**-**	**$ 5,482,319**	
Gas Tax Capital	**6,477,119**	**(5,311,371)**	**-**	**-**	**$ 1,165,748**	
Road Impact Capital	**1,636,511**	**(1,089,435)**	**(238,000)**	**-**	**$ 309,076**	
Public Facilities Capital	**18,740**	**-**	**-**		**$ 18,740**	
DEBT SERVICE	**321,400**	**(321,400)**	**17,695**	**-**	**$ 17,695**	
TOTAL GOVERNMENTAL	**$ 131,255,757**	**$ (76,492,821)**	**$ (5,133,651)**	**$ (2,340,000)**	**$ 47,289,285**	

Notes: (1) All Special Revenue Fund Balances are restricted to use for the specific purpose of the fund revenues. Balances represent spendable amounts; (2) Capital Project Funds Restrictions & Commitments are previous project balances carried forward

After FY 2026 amendments to date, the General Fund Unassigned Fund Balance as a percent of FY 2026 expenditures stands at 40%. In the General Fund, each $1.0 million in fund balance is 1.4% of subsequent year's expenditures (i.e., 1% fund balance = $730,000)

As Wellington moves into the future, it will always be challenged to balance the need for higher levels of services and facilities with the community's willingness to pay for them. Because current budget decisions contribute to subsequent years' financial strength and stability, this level of reserves allows Wellington to establish a sound fiscal foundation, to provide financial flexibility for future operations, and to maintain operations should some catastrophic event occur which could interrupt the normal flow of revenues.

Enterprise Net Position

Fund balance for the enterprise or proprietary funds is expressed as total net position, or capital and current assets, minus the current liabilities and long-term debt.

FY 2026 Budgetary Fund Balance – Enterprise Funds Net Position

			FY 2026 BUDGET			
Enterprise Funds	**Prior Year Ending Net Position (Audited) [1]**	**Restrictions & Commitments**	**Budgeted Increase/Decrease to Fund Balance**	**Fund Balance Budget Amendments & Commitments**	**Ending Unassigned Budget Fund Balance**	**Budgetary Unassigned %**
WATER & WASTEWATER UTILITY	**$ 191,429,179**		**$ (1,652,515)**		**$ 189,776,665**	
Net investment in Capital Assets		(149,292,560)			**$ (149,292,560)**	
Restricted for OPEB		(349,917)			**$ (349,917)**	
Restricted for Capital & Operations		(18,685,737)			**$ (18,685,737)**	
Restricted - Capacity Fees		(5,584,462)			**$ (5,584,462)**	
TOTAL WATER & WASTEWATER	**$ 191,429,179**	**$ (173,912,676)**	**$ (1,652,515)**	**$ -**	**$ 15,863,989**	**39%**
SOLID WASTE	**$ 1,812,199**	**$ (18,389)**	**$ 289,013**	**$ -**	**$ 2,082,823**	**29%**
TOTAL ENTERPRISE	**$ 193,241,378**	**$ (173,931,065)**	**$ (1,363,502)**	**$ -**	**$ 17,946,812**	

Notes: Does not include projected depreciation

(1) Enterprise Funds budgetary fund balance is expressed as Total Net Position

Enterprise funds may retain a renewal, replacement and improvement account to fund capital improvement needs. Capacity fees retained fund facility expansion projects, and balances in the renewal and replacement accounts are retained for current and future major replacement programs.

For the FY 2026 budget, Wellington projects to use $1.65 million in unrestricted funds, while Solid Waste balances rise $290,000. In future budgets, rate increases are planned in both funds to maintain fund balances.

Capital Improvement Plan

THE VILLAGE OF WELLINGTON LONG-RANGE FINANCIAL PLAN

Capital Planning Overview

As a municipal government with needed and desired services, Wellington provides and maintains capital facilities and equipment, including roadways, buildings and parks. A Capital Improvement Plan (CIP) is developed every year to schedule the expenditure of funds for acquisition and construction of needed improvements that support the long-term commitment to improving and maintaining the public facilities, roadways, drainage infrastructure, and parks systems in Wellington.

The CIP represents a multiyear forecast of the Village's capital infrastructure needs over the next five and ten years. Capital planning includes not only the identification of the priority improvement projects but also the financing required and the expected impact on the operating budget. Capital expenditures differ from annual operating and maintenance expenses in several ways:

- The large dollar amounts often require special financing
- Capital projects are usually multi-year and occur at irregular intervals
- Projects involve the development or addition of assets that are expected to last several years
- Asset and facility additions will result in increases to the operating budget

While the entire CIP is adopted each year, only the first year of the plan becomes a part of the Village annual budget once adopted. The future CIP years become a planning tool for expected funding requirements and may be adjusted each year according to Village Council goals and the economic environment. Only projects that meet the definition of a capital improvement are included. Capital improvements are defined as physical assets, constructed or purchased, generally having a minimum cost of $25,000 and an expected useful life in excess of one year. Fixed assets and tangible personal property (TPP) replacements with a cost over $5,000 each are included in the annual capital budget. Capital projects in progress and those that are proposed are presented during master-planning meetings with senior staff and Council. Visioning sessions and regular public meetings are all opportunities for discussion of potential capital projects and programs.

CAPITAL IMPROVEMENT PLAN (CIP) PROCESS

While the CIP development runs concurrent with the budget process, the 10-year capital improvement program planning involves department staff responsible for completing the projects and programs.

1. **Departmental CIP Meetings –** Capital program management staff from Engineering, Public Works, Strategic Planning and Utilities meet with OFMB staff to propose new projects and revise the projected 10-year capital plan. Project funding needs are aligned with current and forecasted revenues.

2. **Senior Staff Development –** New and revised capital projects are evaluated, ranked by the fit with the five fundamentals and scored according to twelve (12) criteria and the extent to which the project:
   1) Contributes to health, safety, and welfare
   2) Is needed to comply with law
   3) Conforms to adopted program, policy, or plan
   4) Remediates a deficiency
   5) Upgrades Facilities or Equipment
   6) Supports environmental initiatives
   7) Contributes to long-term community needs
   8) Impacts operating costs
   9) Measures of net present value and internal rate of return

10) Service area size
11) Department Priority
12) Delivers levels of service desired by the community

Project ranking determines funding prioritization in the new budget year. Project timelines are established and funding assigned as available. One-time revenues are identified for capital expenditures as appropriate and the pay-as-you go approach is utilized to allocate funding over several years where possible.

A variation of the scoring approach is applied to Utilities projects to take into consideration regulatory requirements.

3. Present the Draft CIP to Village Manager – The recommended CIP is established by the Village Manager for presentation to Council.

4. CIP Workshop(s) – The capital plan is presented to the Village Council in one or more public workshops for discussion and approval.

5. CIP Adoption – The five- and ten-year capital improvement plan is adopted with the annual budget in September, including carry forward of budgets for projects in progress and any reallocations from completed or deferred projects budgeted in prior years. The first year of the five-year CIP is formally adopted by the Council as the capital budget for the new budget year with the following four years reflecting projected, but unfunded, requirements.

CAPITAL PROJECT REPORTING

The CIP represents a large portion of public monies and is presented in a number of documents prepared by the Village. Reports and multi-year schedules of capital programs are prepared and presented in planning meetings and in the annual Long-term Financial Plan. In addition to the capital section of the annual budget document, a separate annual Capital Improvement Plan is published each year and available electronically to all users.

Monthly capital planning meetings are held with responsible staff to identify issues, update schedules and coordinate amongst departmental project managers. The status of capital projects in progress are updated on the Village's website and social media. Updates identify expected completion date, a brief synopsis of activity, and any current issues. This information is also available in a weekly status report provided to the Village Manager and Council. On-demand capital spending reports are available at any time to monitor spending.

FUNDING SOURCES AND USES

Every capital project must have an appropriate and sufficient source of funding identified prior to inclusion in the recommended CIP. Since many funding sources are to be used for specific purposes (i.e., impact fees), a complete and accurate project description is relied upon to assist in identifying the appropriate funding source.

Grant sources provided by federal, state or local agencies are considered for all qualifying projects and recorded in the grant tracking system maintained by OFMB. Use of grant funds is restricted to the original purpose specified in the grant documents.

The primary funding sources for most governmental projects are transfers from the General Fund and Special Revenue Funds into the capital funds. These governmental revenues, include non-recurring fund balance allocations and recurring ad-valorem property taxes, public service taxes, communication services tax, franchise fees, state-shared revenue, gas tax and Acme assessments.

GOVERNMENTAL CAPITAL REVENUE SOURCES

Some capital revenues are dedicated funding sources, which are usually not recurring, that may be used for a singular or special purpose only:

Intergovernmental Revenues and Grants: Specific projects may be fully or partially funded by grants, contributions and intergovernmental agreements. The Village participates in the Community Development Block Grant and SHIP programs and regularly applies for grants through the U.S. and Florida Departments of Transportation (USDOT, FDOT), the Florida Department of Environmental Protection (FDEP), the Palm Beach County Municipal Planning Organization (MPO), the Federal Emergency Management Agency and the Florida Department of Justice. Grants are budgeted at the time of acceptance via budget amendment.

Building Permit Fees: Permit fees are assigned for capital investment to provide facilities and assets that support building permitting and inspection activity.

Impact Fees: Impact fees assign growth-related capital costs to the new residents responsible for such costs. Wellington has recognized this capital funding strategy as an appropriate method for funding the increased capital requirements resulting from growth and has been adopted for recreation, transportation, and water and wastewater services.

Sales Surtax Revenue: In FY 2017, Palm Beach County voters approved a one-cent sales surtax to fund capital improvements throughout Palm Beach County. The countywide 1-cent surtax is distributed to the schools, county and cities over the next ten years. While collections of the Surtax ceased on December 31, 2025, remaining balances may be assigned for future projects.

Borrowing: While Wellington has made it a practice to fund most capital outlay from current operating budgets rather than through long-term financing, debt financing may prove to be the most cost-effective means of future funding for infrastructure improvements. It is Village policy to confine long-term borrowing to capital improvements too large to be financed from current revenues and to be paid back within a period not exceeding the useful life of the capital project.

In FY 2016, the Village was issued a $4.3 million, 15-year note on behalf of the Saddle Trail Park neighborhood in order to complete major improvements to the area's infrastructure. The note will be paid in full from special assessments on the properties in Saddle Trail only.

In FY 2023, the Village acquired a $33 million bond through a public-private partnership to construct the Wellington Athletic Center training facility on Village property.

In FY 2025 and FY 2026, the Village was approved for up to $11.7 million in borrowing through the State Revolving Loan Program to fund utility capital investment in the water meter replacement program.

ENTERPRISE CAPITAL REVENUE SOURCES

Utility (Water & Sewer) Capital Accounts: Essentially an operating reserve, the capital accounts are funded for renewal, replacement and betterment of utility system assets.

Utility (Water, Fire Line & Sewer) Capacity Accounts: Funded from capacity fees, the capacity accounts provide funding for projects associated with utility system expansion.

Utility Borrowing: Bond issuance or bank loans secured by utility operating revenues for the purpose of maintaining utility facilities in top operation and meeting customer demand. Utility borrowing is leveraged for rehabilitation and improvement capital projects, and the Village utilized this funding source in FY 2019 to fund major R & R projects for the Water Treatment and Water Reclamation facilities and in and FY 2026 for water meter replacements.

5-YEAR CAPITAL PROJECTS BUDGET BY FUNDING SOURCE – PRELIMINARY FY 2027 – 2031

Funding Source	FY 2026 Adopted	Prelim FY 2027	FY 2028 - 2031	Total FY 2027 - 2031
General Revenues	$5,495,000	$4,340,000	$11,260,000	**$15,600,000**
Acme Assessments	2,600,000	2,200,000	$14,840,000	**$17,040,000**
Building Permits	1,665,689	-	-	**-**
Gas Tax Capital	1,625,000	2,110,000	8,190,000	**$11,020,000**
Recreation Impact Fees	50,000	-	-	**-**
Transportation Impact	450,000	-	-	**-**
Public Facilities Impact	-	-	-	**-**
Sales Surtax	718,000	-	-	**-**
Utility Operating Revenues	9,190,000	11,500,000	55,921,864	**$67,421,864**
Utility Borrowing	-	-	-	**-**
TOTALS	**$21,793,689**	**$20,150,000**	**$90,931,864**	**$111,081,864**

Utility Capacity Fees are not included in future years due to uncertainty of development timing.

CAPITAL PROGRAMS

Wellington applies the "pay-as-you-go" approach to funding capital projects to minimize the need for borrowing. Capital programs have been established to set aside smaller amounts of funding over several years to pay for high-cost improvements in the future. Where a construction project affects the budget over the short term (one or two years), capital programs will receive funding over several or all budget years. The annual capital planning process identifies the specific projects to be completed each year under these programs, and an adjustment in the annual budget may be indicated. Wellington's recurring capital programs by type are:

Public Facilities

- Village-owned Facility Improvements

Landscape & Hardscape

- Streetscape Program

Parks & Recreation

- Neighborhood Parks Programs
- Equestrian Trails Improvements
- Parks Capital Improvements for Community Parks

- Athletic Field & Facilities Improvements

Surface Water Management

- Acme Renewal & Replacement Program
- Pump Station & Surface Water Management System Improvements

Technology

- Communications & Technology Investment

Transportation

- Multi-Purpose Pathways & Bicycle Lane Expansion
- Turn Lanes & Traffic Engineering
- Traffic Calming Program

Water & Wastewater Utilities

- Communications & Technology Investment
- General Facility Improvements
- Gravity Collection System Improvements
- Force Main Wastewater System Improvements
- Reuse System Improvements
- Water Distribution & Transmission Improvements
- Water Reclamation Facility Improvements
- Water Repump & Storage Improvements
- Water Supply Improvements
- Water Treatment System Improvements

Wellington has established these capital programs for upgrading equipment, structures, surfaces, and technology to minimize maintenance costs, expand usability, increase safety, and enhance efficiency. The status of most capital programs is ongoing.

CAPITAL IMPROVEMENT PROGRAMS FY 2026 & FY 2027

Wellington has established governmental capital programs that receive annual funding to reduce large budget impacts in a given year. The budget amounts fund multi-year plans for improvements to facilities and infrastructure. Upgraded replacements of equipment, structures, surfaces, and improvements to technology are scheduled to minimize maintenance costs, expand usability, increase safety, and enhance efficiency. The status of most capital programs is ongoing.

GOVERNMENTAL CAPITAL IMPROVEMENT PROGRAMS FY 2027

Program	Sub-Projects	Current Balance*	FY 2027 Preliminary
ACME RENEWAL & REPLACEMENT PROGRAM	• Pump Station #2 R & R • Stormwater Pump Stations #3,4,6,7,8,9	$10,200,000	$1,600,000
ATHLETIC FACILITY IMPROVEMENT PROGRAM	• Field Renovations • Field Construction	925,000	600,000
COMMUNICATIONS & TECHNOLOGY INVESTMENT	• Park Cameras • Broadcasting	1,100,000	-
EQUESTRIAN TRAILS IMPROVEMENTS	• Crossings & Signage • Trail Connections	1,700,000	1,750,000
FACILITY IMPROVEMENTS - GOVERNMENTAL	• Maintenance Facilities	1,100,000	650,000
MULTI-PURPOSE PATHWAYS & BICYCLE LANES	• Greenbriar Blvd. • C-8 Canal Pathway	6,100,000	510,000
NEIGHBORHOOD PARKS PROGRAM	• Greenbriar Park • Primrose Park	475,000	630,000
PARKS IMPROVEMENT PROGRAM	• ADA Improvements • Playground Shade	1,600,000	360,000

Program	Sub-Projects	Current Balance*	FY 2027 Preliminary
PUMP STATION & SWM SYSTEM REHABILITATION PROGRAM	• Culvert slip-lining • VFDs and pump reconditioning	1,400,000	600,000
STREETSCAPE PROGRAM	• Big Blue Trace	1,700,000	550,000
TRAFFIC CALMING PROGRAM	• SS4A Improvements • Grant funded projects	-	-
TRAFFIC SIGNAL IMPROVEMENTS	• Throughout the Village	400,000	400,000
TURN LANES & TRAFFIC ENGINEERING	• VP Roundabouts • Stribling Turn Lane	760,000	1,200,000
VILLAGE ENTRANCE SIGN PROGRAM	• Major Entrance Signs	185,000	100,000
GOVERNMENTAL PROGRAM TOTALS		**$27,645,000**	**$8,950,000**

**Includes any budget amendments in progress*

CAPITAL PROJECTS FY 2026 & FY 2027

Capital projects are one-time additions and expansion of facilities and infrastructure. Funding may span multiple years to prevent large single-year outlays and support the Village approach to pay-as-you-go wherever possible.

GOVERNMENTAL PROJECTS

Governmental Project	Current Balance*	FY 2027 Preliminary
LITTLE RANCHES BRIDGE DEMOLITION	507,000	-
LAKE WORTH ROAD & 120TH INTERSECTION	4,500,000	-
PUBLIC SAFETY ANNEX	6,245,000	-
SR7 CORRIDOR LANDSCAPING	103,000	-
TOWN CENTER IMPROVEMENTS	1,900,000	-
WELLINGTON ENVIRONMENTAL PRESERVE EXPANSION	960,000	-
WELLINGTON SPORTS ACADEMY	800,000	-
GOVERNMENTAL PROJECT TOTALS	**$15,015,000**	**$ -**

**Includes any budget amendments in progress*

UTILITIES PROJECTS AND PROGRAMS

Utilities Major Project or Program	Sub-Projects	Current Budget*	FY 2027 Preliminary
GENERAL FACILITIES IMPROVEMENTS	• Permanent Generator	$230,000	-

Utilities Major Project or Program	Sub-Projects	Current Budget*	FY 2027 Preliminary
COMMUNICATIONS & TECHNOLOGY PROGRAM	• MultiSmart Replacement • Technology Plan	540,000	-
GRAVITY SYSTEM PROGRAM	• Polo Sewer Repairs	400,000	-
FORCEMAIN WASTEWATER SYSTEM	• South Shore Force main • Lift Station Upgrades	3,000,000	1,750,000
REUSE SYSTEM EXPANSION	• Peaceful Waters Rehabilitation	225,000	-
WATER DISTRIBUTION PROGRAM	• Meter Upgrades	100,000	-
WATER METER REPLACEMENT	• Multi-year Replacement	13,500,000	-
WATER RECLAMATION FACILITY R & R	• RAS/WAS Replacement • Hydroxide Tank • Aeration Basin	3,370,000	2,050,000
WATER REPUMP & STORAGE PROGRAM	• Booster Station Mechanical & Electrical • Storage & Clearwell	5,000,000	-
WATER TREATMENT PLANT	• Generator 3 • Chemical System • Injection Well MIT	500,000	-
WATER TREATMENT – MEMBRANE PLANT EXPANSION & REPAIRS	• Plant 1 Post Treatment • Plant 2 expansion & HPP9	7,900,000	3,400,000
WATER SUPPLY IMPROVEMENTS	• Well Construction • Wellfield Rehabilitation • VFP Improvements	2,800,000	4,300,000
UTILITIES PROJECT TOTALS		**$37,565,000**	**$11,500,000**

**Includes any budget amendments in progress*

Financial Policies

THE VILLAGE OF WELLINGTON LONG-RANGE FINANCIAL PLAN

Relevant Financial Policies

This section contains a summary of the various accounting and financial policies that are used to develop the annual budget and prepare the Annual Comprehensive Financial Report. Recommendations for policy updates are provided at the end of the policy summary and included in the Executive Summary section of the Long-Term Financial Plan.

GENERAL POLICIES

The Village of Wellington Charter Ordinance establishes the primary budget policies:

A. *Fiscal year.* The Village shall have a fiscal year which shall begin on October 1 of each year and end on September 30 of the succeeding year.

B. *Budget adoption.* The Council shall by resolution adopt a budget on or before the 30th day of September of each year, following a minimum of two public hearings on the proposed budget. A resolution adopting the annual budget shall constitute appropriation of the amounts specified therein as expenditures from funds indicated.

C. *Appropriation amendments during the fiscal year.*

1. *Supplemental appropriations.* If, during the fiscal year, revenues in excess of those estimated in the budget are available for appropriation, the Council by resolution may make supplemental appropriations for the year in an amount not to exceed such excess.
2. *Reduction of appropriations.* If, at any time during the fiscal year, it appears probable to the Village Manager that the revenues available will be insufficient to meet the amount appropriated, the Village Manager shall report same to the Council without delay, indicating the estimated amount of the deficit, any remedial action taken, and recommendations as to any other steps that should be taken. The Council shall then take such further action as it deems necessary to prevent or minimize any deficit and, for that purpose, the Council may by resolution reduce one or more appropriations accordingly.
3. *Limitations; effective date.* No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated, or by more than the unencumbered balance thereof. Other provisions of law to the contrary notwithstanding, the supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption.

General policies and practices that are applied in the annual budget process and forecasting are:

- Balanced Budget: In accordance with Florida Statues 166.241(2), Wellington must adopt a balanced budget where planned revenues equal the total appropriations for planned expenditures.
- Budget to Actuals: Financial results comparing actual versus budgeted revenues and expenditures will be analyzed and communicated to key stakeholders on a monthly basis.
  - Monthly reporting provides the opportunity to address issues with department heads or senior management promptly.
  - Budget to actuals are also reviewed by every department at Year-in-Progress Evaluation meetings to prepare for the new year's budget preparation

- **National, state and local economic conditions** will be monitored on an ongoing basis to ensure that the Village is aware of the effects economic conditions have on the budgeting process.
    - Multiple price indices are reported monthly and used to forecast revenues and expenditures.
- Wellington shall establish and maintain a **standard of accounting practices.**
    - The Wellington Accounting Manual sets forth all accounting practices and guidelines.
- Except for long-term capital projects and goods/services not fully received by fiscal year-end, encumbrances will lapse at the end of each fiscal year. Carry forward requests will be analyzed by the OFMB/Finance Department.
    - Purchase orders are reviewed for closing at fiscal year-end to roll forward only those for projects in progress.
    - Carry forward requests are considered in the budget preparation process to reduce repeat funding requests for projects not started. Carry forwards are estimated and included in the budget adoption agenda items.
- Current year **revenue and expenditure projections** will be updated and reviewed monthly to ensure accuracy and compliance. Projections will be realistic and conservative. Corrective action (line-item transfers and budget amendments) will be initiated if significant budget variances are anticipated or noted.
    - A mid-year budget amendment is prepared to correct revenue or expenditure changes as needed.
    - Changes in scope or costs of capital projects may prompt a budget amendment for Council consideration.
- Wellington will seek to comply with the suggested criteria of the GFOA in producing **a budget document that meets the Distinguished Budget Presentation program criteria** as a policy document, as an operations guide, as a financial plan, and as a communication device.
- **Budgetary control** is maintained at the department level, with the OFMB/Finance Department providing support to other departments in the administration of their budgets. Line-item transfers within a department, except for personnel services, can be initiated at the department level. Transfers between departments that cross funds or increase revenues or expenditures must be approved by Council.
- Wellington uses the **Uniform Accounting System Chart of Accounts** developed by the State of Florida Department of Banking and Finance as an integral part of its accounting system.
- **Grant revenues and required matching funds** are budgeted by resolution when the grant agreement is executed.
- **Indirect Cost Allocations** are analyzed yearly though are audited every three years, and budgeted at the last audited amount until the next update. The Indirect Cost Allocation will not be budgeted to any fund requiring a transfer from the General Fund to cover annual expenses.
    - The Road Maintenance Fund requires annual contributions from the General Fund, and no Indirect Cost Allocation is appropriated from the fund in FY 2026.

BUDGETARY ACCOUNTING

Wellington prepares a comprehensive annual budget for each fiscal year on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP). The two significant exceptions to GAAP are the treatment of capital outlay and debt service, including principal payment in the Governmental Funds (reflected as an expenditure) and capacity fees in the Enterprise Funds (reflected as revenues). Conversely, both of these items are balance sheet items in the Annual Comprehensive Financial Report.

Budgets are prepared and adopted by resolution and consistent with the accrual accounting basis: revenues are recorded when earned and expenditures when incurred. The same basis is used in the Wellington audited financial statements.

IMPLEMENTING, MONITORING & AMENDMENTS — BUDGET CONTROL

Upon the final adoption of the budget, staff will implement the new fiscal year budget through the ERP system and begin the process of continuous monitoring and ensuring budgetary control throughout the fiscal year. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the village's governing body. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level.

Monthly reports assist directors and managers in monitoring their department's revenues and expenditures and determine their expenditures over and under budget. In addition, these reports (available on Wellington's internal network and internet) can be generated daily or at any time by authorized employees. Monthly, a financial team reviews economic and financial trends as part of the financial reporting process. At this time, actual year-to-date totals are compared to the budget, revenue and expenditure patterns are examined and compared to provide forecasts and recommend corrective action as needed.

Wellington also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at the year's end. However, encumbrances for one-time purchases roll forward to the new fiscal year. Recurring purchases are generally re-appropriated as part of the following year's budget. All expenditures, other than personnel services, are controlled by a procurement system which encumbers purchase orders against the budget prior to issuance to vendors. Purchase orders are not issued until appropriations are made available.

During ongoing monitoring, staff may note that corrective action is needed to help accomplish planned or needed programs and activities and request budget amendments. The Council must approve by resolution changes or amendments to the total budget of the village or a department. Changes within a department or changes to a division which do not affect total governmental expenditures, may be approved at the administrative level. All budget amendments, once approved, are processed by the Budget Office, tracked by Wellington's computerized financial system, and posted to the Village website.

Amendments are prepared annually to roll forward budgets for purchase orders and projects in progress in order to span fiscal years. All other budget amendments are presented to Council for approval via resolution, consistent with the method of budget adoption.

CONTINGENCY AND FUND BALANCE

- Wellington may establish a contingency in each year's budget to:
  - Provide for temporary funding of unforeseen needs of an emergency or nonrecurring nature
  - Permit orderly budgetary adjustments when revenues are lost through the action of other governmental bodies
  - Provide a local match for public or private grants, or
  - Meet unexpected increases in service delivery costs
- Unassigned fund balance will be maintained at a level of at least 25% to 30% of the General Fund's annual operating expenditures.

- The following is a description of the fund balance classifications used by Wellington. GASB 54 established a hierarchy of fund balance classifications based on the extent to which governments are bound by constraints placed on resources.
    - **Non-spendable** – amounts that are not in a spendable form or are required to be maintained intact: Inventory, Prepaids, Inter-fund loans, Long-term receivables in the general fund
    - **Restricted** – amounts constrained to specific purposes by their providers: Debt covenants, grant proceeds, impact fees, gasoline tax, tax levies, building department, legal settlements with restrictions, budget stabilization, unspent bond proceeds
    - **Committed** – amounts constrained to specific purposes by the government itself: Disaster recovery, rate stabilization, insurance, facility & infrastructure, encumbrances, program fees to be used for program expenses
    - **Assigned** – amounts a government intends to issue for a specific purpose: Road and capital maintenance, subsequent year's expenditure
    - **Unassigned** – amounts that are available for any purpose

In the fund financial statements, governmental funds report amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose as non-spendable, restricted or committed. Fund balance amounts that are reported as assigned or unassigned fund balances represent tentative plans for financial resource use in a future period.

SUMMARY FINANCIAL POLICIES

- Investments will be analyzed monthly to ensure full compliance with the investment policy. Corrective action will be initiated immediately if the policy is violated.
- Investments will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity and financial return, in that order.
- Wellington will seek to maintain and, if possible, improve current bond rating in order to minimize borrowing costs and preserve access to credit.
- Cash flow forecasts are updated on an as-needed basis to ensure liquidity and reduce risks.
- Wellington will seek to comply with the suggested criteria of the GFOA in producing an Annual Comprehensive Financial Report that meets the Certificate of Achievement for Excellence in Financial Reporting program criteria as a high quality comprehensive annual report in the spirit of transparency and full disclosure.
- In accordance with Section 218.32, Florida Statutes, Wellington will file its Annual Financial Report with the Florida Department of Financial Services within 45 days of receiving the auditor's report on the financial statements.
- Various internal auditing procedures have been developed for different aspects of Wellington's daily operations. These procedures will be performed to ensure continued compliance with applicable laws and the Village's policies and procedures. As necessary, corrective action will be communicated to the applicable personnel in charge of daily operations. Follow-up audits will be scheduled to ensure that corrective actions have been initiated.
- Wellington utilizes a double entry system that includes the general ledger, books of original entry and suitable subsidiary records. The general ledger information is stored in an automated general ledger system. The books of original entry are posted and the general ledger and subsidiary ledgers are kept current and balanced to the control accounts quarterly, as necessary.

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.

REVENUE OPTIONS

Wellington, like many Florida communities, has a limited number of revenue options. Taxpayers rightfully expect fiscal prudence from their professional staff while simultaneously demanding excellence in service. The public's demand for fiscal conservatism often conflicts with demands for increased services. The dilemma is how to provide the quality of services that the public demands within the imposed fiscal constraints. However, Wellington is in a unique situation in that its flexibility to establish a revenue strategy is greater than is normally found in Florida municipalities. This is due to the unique circumstances of incorporating from an improvement district, which historically funded drainage, parks and recreation, roadside maintenance services and general operations. In accordance with the Plan of Reclamation, the services provided by this dependent district are funded by a non-ad valorem assessment program. The challenge faced by Wellington is determining the best balance between the application of ad valorem taxes and non-ad valorem assessments against the land.

The degree to which any locality can diversify its revenue base and decrease its dependence on a single revenue stream lessens a local government's exposure should one of its revenue options become unstable. Further, a diversified revenue base provides a municipal council with a variety of options to draw from to avoid unpopular property tax increases and to more closely tie the service being provided to those who benefit from service availability. The effective utilization of ad valorem taxes represents a broad-based method of meeting a community's overall service provision goals.

Because the decision to adopt a certain level of ad valorem taxation is only part of ensuring that an equitable and legally defensible revenue strategy is intact, Wellington continues to examine all possible components of its revenue-generating programs. This includes, reviewing and analyzing information on the revenue sources of other communities, non-ad valorem and special assessments, home rule provisions and neighborhood strategies.

REVENUE POLICIES

- Wellington will seek a balanced tax base through support of economic development and through annexation of a sound mix of residential and commercial development.
- Wellington, recognizing the potential cash flow problems associated with property tax collection, will maintain a balanced mix of revenue sources.
- Wellington will place increased emphasis on user fees to finance municipal services costs and will maintain its various fees, and charges in a central reference manual. All revenue schedules, including taxes, rates, licenses, user fees and other charges, will be reviewed annually to ensure that these revenue sources are kept up to date.
- Wellington will avoid dependence on temporary revenues to fund mainstream municipal services. One-time revenues will generally be used only for one-time expenditures.
- All revenues received for the purpose of storm water management system operations and improvement shall be allocated to the Acme Surface Water Management Fund. Such revenues shall only be used to fund operations, maintenance, rehabilitation and improvements of the storm water management system and debt service in support of such functions.

- All potential grants shall be carefully examined for matching requirements (both dollar and level-of-effort matches) to ensure matching funds are available.
- Wellington will aggressively seek League of Cities policy positions and state legislation for municipally earmarked revenues and/or revenue and authorizations which are inflation-responsive and for improved property valuation methods.
- Water and sewer rate structures will be maintained to adequately ensure that enterprise funds remain firmly and separately self-supporting, including the costs of operation, capital plant maintenance, debt service, depreciation and moderate system extensions. Comprehensive rate studies will be conducted every 5 years and updates performed to these studies annually unless changes in the operating environment dictate a full-scope study. Capital revenues will not be used to pay for operating expenses and will be used solely for system improvements and expansion.
- An administrative transfer fee shall be paid by the Enterprise Funds to the Governmental Funds for services provided. The fee is reimbursement for the cost of personnel, equipment, materials, construction, facilities or service usage provided by governmental funds' departments. The administrative transfer fee is assessed on each enterprise fund at a rate of 10% of budgeted revenues.
- Revenue forecasts for the next five years shall be conservative; long range revenue projections and will be reviewed and updated on an as-needed basis, but at least annually.
- The Florida Legislative Committee of Intergovernmental Relations and the Florida Department of Revenue prepare revenue forecasts, which is the basis for Wellington's state revenue sharing and half-cent sales tax budgets.
- All revenue received that is restricted by enabling legislation will be accounted for separately, based on which fund the monies belong.

EXPENDITURE POLICIES

- All assets will be maintained at a level that protects capital investment and minimizes future maintenance and replacement costs.
- All current operating expenditures will be paid with current operating revenues. Budgetary procedures that fund current expenditures at the expense of future needs, such as postponing expenditures, accruing future revenues or rolling over short-term debt, will be avoided.
- The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital infrastructure and equipment.
- All equipment needs and replacements for the next five years will be projected and the projection will be reviewed and updated each year.
- Future operating costs and maintenance will be determined to the extent estimable prior to construction of all new capital facilities.
- Before any actions are taken or agreements are entered into that create fixed costs, current and future operating and capital cost implications will be fully determined.
- Where practical, performance measures and productivity indicators will be integrated into the budget.
- Expenditure forecasts for the next 5 years shall be all-inclusive and will be reviewed and updated on an as-needed basis, but annually at the very least.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The General Fund, Special Revenue Funds, and Capital Project Funds 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, licenses, and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items reported in governmental funds are considered measurable and available only when cash is received by Wellington. 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.

The Water/Wastewater, Solid Waste, and Professional Centre enterprise funds are reported using the economic resources measurement focus and the full accrual basis of accounting. Depreciation is not budgeted, and is presented in the audited financial statements.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Annual Comprehensive Financial Report (ACFR) presents the status of Wellington's finances on a basis consistent with Generally Accepted Accounting Principles (GAAP).

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of Wellington's activities and its component unit. 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 are offset by program revenues. Direct expenses are those that are clearly identified 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, proprietary, 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 non-major governmental funds are aggregated and reported as non-major funds.

DEPOSITS AND INVESTMENTS

Cash and investments of each fund, except certain investments in the debt service fund, 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 of investments 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 an annual physical count. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

RESTRICTED ASSETS

Certain debt proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

CAPITAL ASSETS AND DEPRECIATION

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items) and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined 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 assets of the Village 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 assets. General capital assets are carried at historical cost. Where cost cannot be determined from the 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 is the same as those used for general capital assets.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other repairs and maintenance costs are expensed as incurred.

Throughout the year and/or during the annual fixed asset inventory it may be determined that an asset has a decline in service utility or value. These impaired assets are adjusted to reflect the loss of value and any cost to restore the asset to full functioning capacity. Based on the reason of impairment, GASB 42 sets forth prescribed methods in which to test the validity and measure of the impairment.

Depreciation is provided over the estimated useful life using the straight-line method of depreciation and the estimated lives for each major class of depreciable fixed assets are as follows:

Major Class	Years
Buildings	30
Furniture and Fixtures	15
Improvements other than buildings	10-20
Computer Equipment and Software	3-20
Vehicles	5-10
General Equipment	5-10
Major Machinery and Equipment	15
Wells	20
Distribution Lines	40

The street network is not depreciated; instead, Wellington uses the modified approach in accounting for its streets. This approach allows governments to report as expenses in lieu of depreciation, infrastructure expenditures that 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 maintenance efforts. Land is not depreciated as well due to its indefinite useful life.

COMPENSATED ABSENCES

Village employees are granted compensated absence pay for annual leave based on length of service. Annual leave is accrued as a liability when benefits are earned by the employees. That is, the employees have rendered services that give rise to the liability, and it is probable that Wellington will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement. Benefits for employees include major illness leave, which accrues at 4 hours per month per employee. Employees may utilize this benefit for an illness lasting more than three consecutive days. Upon separation of service, and with 10 years of continuous service, any balance of these hours are valued at the current hourly pay rate, and are paid into the Retirement Health Savings Plan. In this plan, monies are used by individuals to pay for qualified medical expenses, including premiums. For individuals that leave prior to 10 years of service, this time is forfeited. Compensated absences are accrued when incurred in government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured. For governmental funds, compensated absences are liquidated by the fund in which employees are compensated.

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 assets. 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.

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 withheld from the actual debt proceeds or not, are reported as debt service expenditures.

NET ASSETS

Equity in the government-wide statement of net assets is displayed in three categories: 1) invested in capital assets net of related debt, 2) restricted, 3) unrestricted. Net assets invested in capital assets, net of related debt consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by enabling legislation or external restrictions by other governments, creditors, or grantors. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

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. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

DEBT POLICY

The Village's overriding goal in issuing debt is to respond to and provide for the needs of its citizens while maintaining its fiscal responsibilities. The Village issues debt instruments, administers debt proceeds and debt service payments, acting always with prudence and diligence and attention to the prevailing economic condition.

- Achieve the lowest cost of capital
- Maintain a prudent level of financial risk
- Preserve future financial flexibility

- Maintain strong credit ratings and good investor relations
- Ensure that local, small, veteran and disadvantaged investment banking and financial firms will be considered for, and utilized in, lead and senior manager roles

An important goal of the Village is to maintain Wellington's high rating by the credit rating agencies. Wellington's ratings reflect positively upon the general reputation of the Village and its management and allow the issuance of debt at a lower interest rate compared to entities with lower ratings. The Village will also seek to minimize borrowing costs by taking advantage of favorable economic conditions. Awareness of market conditions and investor sentiment are an important means of minimizing the cost of debt and the burden on the citizens. To accomplish this, the Village will seek input from financial consultants who closely monitor the financial markets.

The Village will adhere to the following legal requirements for the issuance of debt.

- State law, which authorizes the issuance of debt
- The federal and state laws which govern the eligibility of tax-exempt status
- The federal and state securities laws, which govern disclosure, sale and trading of debt

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 adopted a policy whereby the maximum General Obligation debt limit for the Village is 20% of non-ad valorem General Fund expenditures. Wellington has no general obligation debt outstanding.

The Village of Wellington long-term debt consideration is subject to policy, law, and several tests:

- Before any long-term debt is issued, the impact of debt service on total annual fixed costs will be analyzed.
- Proceeds from long-term debt will not be used for current and ongoing operations.
- Long-term borrowing will be confined to capital improvements too large to be financed by current revenues.
- Bonds and other long-term borrowings will be paid back within a period not to exceed the expected useful life of the capital project.
- Where ever possible, special assessment, revenue or other self-supporting bonds will be used instead of general obligation bonds.
- Wellington will utilize the form of borrowing that is most cost-effective, including not just interest expense but all costs, including upfront costs, administrative and legal expenses, and reserve requirements.
- Good communication with investment bankers, bond counsel, and bond rating agencies will be maintained and a policy of full disclosure on every financial report and bond prospectus will be followed.
- All debt service payments will be paid on time, in accordance with the applicable debt service terms.

TARGETS FOR GENERAL GOVERNMENTAL DEBT

The Village shall use an objective analytical approach to determine whether it can afford to assume new debt. Governmental debt is defined as debt that is non-self-supporting and is paid from a revenue stream that could support any lawful Village purpose. This process shall compare generally accepted measures of affordability to the current values of the Village.

These measures shall include:

- Debt per Capita
- Debt as a percent of taxable value
- Debt service payments as a percent of current revenues and expenditures
- The level of overlapping net debt of all taxing jurisdictions

In assessing affordability, the Village shall also examine the direct cost and benefits of the proposed project. The decision on whether or not to assume new general debt shall be based on these costs and benefits, current conditions of the municipal market and the Village ability to "afford" new debt as determined by the previous measurements.

Funds and Fund Types

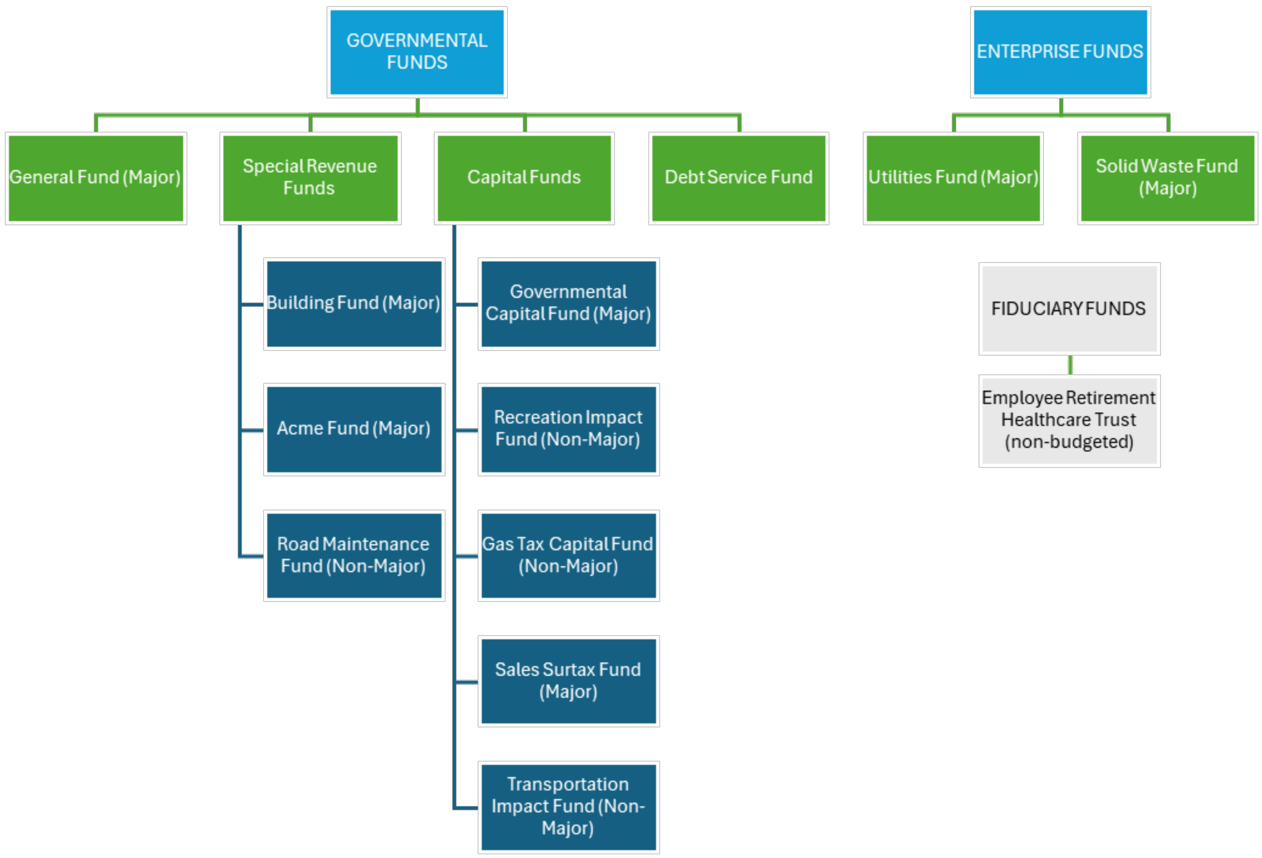
Wellington reports its funds as governmental and enterprise, or proprietary, fund groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. The Village's only fiduciary fund is the Other Post-Employment Benefits (OPEB) Trust fund, which is not budgeted and only reported in the Annual Comprehensive Financial Report; therefore, all of its proprietary funds reported herein are enterprise funds. The budget presentations in this document therefore show fund groupings as governmental and enterprise funds. The budget presents all appropriated funds, which are also included in the Village's financial statements. All funds are accounted for according to GAAP, and each must have a balanced budget.

Funds are mapped to governmental and business-type activities as follows:

- Governmental activities: Governmental Funds - General Fund, Special Revenue Funds, Capital Funds, and Debt Service Fund
    - The General Fund is the primary operating fund and accounts for most governmental activities. Special Revenue funds account for expenditures linked to specific revenues, such as building permits, Acme assessments, gas taxes, and SHIP federal grants.
- Business-type Activities - Enterprise Funds - Utilities Water & Wastewater Fund, Solid Waste Fund, (former) Professional Centre Fund

The chart below shows the Wellington fund structure with major fund designations.

FUND STRUCTURE



The following funds are appropriated in the Fiscal Year 2025-2026 Budget:

GENERAL FUND

The General Fund accounts for the financial resources and related expenditures applicable to all Village operations including both activities resulting from incorporation (i.e., acquisition of additional roads, additional staffing and administrative expenditures, and recreational activities), as well as any activities assumed by Wellington which were previously performed by the dependent taxing district (Acme Improvement District). The primary funding source is ad valorem taxes assessed against all taxable properties within Wellington's boundaries. Other municipal revenue sources are recorded here including State Revenue Sharing, ½-cent Sales Taxes, and Utility Service Taxes.

SPECIAL REVENUE FUNDS

BUILDING FUND – used to account for all financial resources and expenditures applicable to the operations of Wellington's Building division. The purpose of this fund is to segregate various building permitting and inspection services and to ensure that the fee structure for such activities is accurate. Any shortfall (revenues less than expenditures) is funded by the fund's operating reserves.

ACME IMPROVEMENT DISTRICT FUND – used to account for all financial resources and expenditures applicable to the operations of the Acme Improvement District, a dependent district of Wellington, related to surface water management in accordance with the Plan of Reclamation and existing operations, construction of capital facilities and maintenance of Surface Water Management facilities. Funding basis is non-ad valorem assessment against all taxable units within the District.

ROAD MAINTENANCE (GAS TAX OPERATIONS) FUND – Two funds are established to capture gas tax revenues and related expenditures: Gas Tax Operations and Gas Tax Capital funds. The Gas Tax Operations Fund reflects activity for road operations and maintenance revenue and expense only. This enables Wellington to demonstrate not only the separate accounting of gas tax revenue, but also to account for expenditures funded by certain types of fees.

SHIP FUND - used to account for all financial resources and expenditures applicable to the State Housing Initiative Partnership program. Funding is the annual HUD allocation estimate.

CAPITAL PROJECT FUNDS

GAS TAX CAPITAL FUND – used to segregate road capital revenue and expenditures from maintenance & operations reflected in the Gas Tax Operations Fund.

RECREATION (PARK), TRANSPORTATION (ROAD), AND PUBLIC FACILITY IMPACT FUNDS – used to ensure that impact fees be accounted for separately, therefore capital project funds were established to capture the activity for all impact fees. This enables Wellington to demonstrate not only the separate accounting of impact fee revenue, but also to account for expenditures of impact fees for specific capital projects related to growth.

GOVERNMENTAL CAPITAL FUND – used to segregate all financial activity applicable to governmental capital expenditures from governmental operating expense. These expenditures are funded by the General Fund, Recreation Fund and Surface Water Management through operating transfers.

SALES SURTAX CAPITAL PROJECTS FUND – used to account solely for the 1¢ sales tax revenue that was approved by voters in November 2016. The funds are spent on infrastructure capital projects such as roads, bridges, drainage improvements, canals, parks, and government buildings.

DEBT SERVICE FUND

The governmental Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs for debt collateralized by a pledge to covenant to budget and appropriate from legally available non-ad valorem sources on an annual basis sufficient to make the annual debt service payments.

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS

Enterprise Funds are used to account for operations which provide services on a user charge basis to the public and for activities where the period measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes. Proprietary fund activities and basis of accounting are similar to those often found in the private sector.

WATER AND WASTEWATER UTILITIES FUND – Accounts for water and wastewater services provided to customers on a user-charge basis.

SOLID WASTE FUND – used to account for Wellington Solid Waste Collection & recycling activities funded by non-ad valorem assessments.